

# TERCO

## European Territorial Cooperation as a Factor of Growth, Jobs and Quality of Life

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## Abbreviations

<b>AR</b>	Argentina
<b>BE</b>	Belgium
<b>BG</b>	Bulgaria
<b>CS</b>	Case Study
<b>CZ</b>	Czech Republic
<b>DE</b>	Federal Republic of Germany
<b>EU</b>	European Union
<b>EGTC</b>	European Group of Territorial Cooperation
<b>ENPI</b>	European Neighbourhood and Partnership Instrument
<b>ERDF</b>	European Regional Development Fund
<b>ESPON</b>	European Observation Network for Territorial Development and Cohesion
<b>ETC</b>	European Territorial Cooperation
<b>EU</b>	European Union
<b>FI</b>	Finland
<b>FR</b>	France
<b>GR</b>	Greece
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>TC</b>	International Territorial Cooperation
<b>LAU</b>	Local Administrative Units
<b>MA</b>	Morocco
<b>NO</b>	Norway
<b>NUTS</b>	Nomenclature of Territorial Units for Statistics
<b>PHARE</b>	Poland and Hungary: Assistance for Restructuring their Economies
<b>PL</b>	Poland
<b>RU</b>	Russian Federation
<b>SE</b>	Sweden
<b>SEM</b>	Structural Equation Model
<b>SK</b>	Slovakia
<b>TACIS</b>	TACIS – Technical Assistance to the Commonwealth of Independent States
<b>TR</b>	Turkey
<b>UA</b>	Ukraine
<b>UK</b>	United Kingdom
<b>UY</b>	Uruguay

## Introduction

This Report presents the final results derived from a Computer-Assisted Web Interviewing (CAWI), one of the main research tools of the "European Territorial Cooperation as a Factor of Growth, Jobs and Quality of Life" (TERCO) ESPON Applied Research project under Priority 1 (2013/1/9). In particular, the Report attempts to provide the "quantitative" counterpart of an effort to capture and conceptualise the determinants and outcomes of International Territorial Cooperation (TC), through the utilization of a conceptual Structural Equation Model (SEM).

The main objective of TERCO project is to assess the relationship between TC and the socio-economic development of the EU and its neighbouring regions. In line with this objective, there are four subordinate objectives: (a) to estimate the impact that various TC types have on socio-economic development; (b) to assess the adequacy of existing TC types and areas; (c) to identify key determinants of successful TC; and (d) to establish good practices of governance for successful TC.

The main research hypothesis of TERCO project is that TC is one of the factors underpinning the socio-economic development of territorial units. Related to this, on the one hand, factors behind TC itself (i.e. how it works, what it targets, how it is governed and functioned/mobilized, what factors and systems make it happen) are investigated, and on the other hand the outcomes of TC as regards the socioeconomic situation (i.e. to what extent, and whether all participating units / regions benefit) are examined.

To this end, nine case studies (CS), which cover nineteen countries, have been selected: (a) Belgium-France; (b) Finland-Russia; (c) Poland-Ukraine-Slovakia; (d) Poland-Germany-Czech Republic; (e) Greece-Bulgaria-Turkey; (f) Scotland-Sweden-Norway; (g) Spain-Morocco; (h) Spain-Argentina; and (i) Spain-Uruguay. The proposed CS areas capture all possible combinations of "old" and "new" EU member-states (EU-15 and EU-12, respectively) as well as the cooperation between EU member-states and EU external neighbours. They also include cooperation over land and sea of the European and the transcontinental borders. The finally selected combination of CS countries and regions optimises the inclusion of all different territorial constellations of TC, especially by not only conducting CS across two countries but also by, purposely, including triads of cooperation.

CAWI was designed in a way to collect the data, from the aforementioned CS, in a manner that simplifies both the process of responding and the process of data elaboration. The questions (see Annex 1) are formulated in a comparative way, so they relate, simultaneously, to five types of TC: (a) twinning city cooperation; (b) cross-border cooperation; (c) inter-regional cooperation; (d) macro-regional cooperation; and (e) transcontinental cooperation.

For each type of TC, CAWI collects facts and opinions on each construct existing in the SEM: (a) prevailing domains for each TC; (b) scope of cooperation by TC; (c) factors of TC; (d) resources utilized in TC; (e) involvement of TC stakeholders; (f) governance of TC; (g) impact of TC; and (h) future of TC main drivers of and attitudes toward TC. The rationale for questions posed in CAWI is rooted in TERCO literature review as well as in other empirical studies (see TERCO Interim Report). Hence, in relation to each construct there are specific questions in CAWI. The

design of CAWI is entirely linked to the logic of the SEM model (see TERCO Interim Report) and, as a result, CAWI consists of sections referring to the constructs of the SEM model.

CAWI targets local officials within CS municipalities or LAU2 (previously called NUTS 5) areas involved in TC. CAWI, also, targets those institutions which have not participated in any territorial cooperation and investigates why that is so. CAWI, directed to the municipalities, were conducted in the entire NUTS 2 regions embraced by the CS. This allows for an estimation of the “geographical penetration” of cross-border contacts. At this point, it has to be stressed that CAWI were applied, also, to other territories involved in cooperation, in addition to the regions involved in the CS, in cases where statistical and network analyses indicated so. Also, it has to be stressed that CAWI has been translated into national languages and was piloted by the TERCO partner responsible for the corresponding CS.

### Research Profile

The countries under consideration, in the framework of TERCO project, as well as their corresponding regions (i.e. NUTS 2 and NUTS3 spatial levels) are clustered, for the needs of the present Report, into three groups: (a) old EU member-states; (b) new EU member-states; and (c) non EU member-states (see Table 1). In total, respondents from eight old EU member-states, four new EU member-states, and seven non EU member-states, and their corresponding regions, have participated in the CAWI-based TERCO research.

CAWI was sent automatically, by e-mail, to each municipality included in the CS areas. During the period from July to November 2011, 470 CAWI were selected from the nine CS under consideration (see Figure 1, Table 2, Table 3, Table 4).

The prevailing number of the CAWI responses comes from CS4 (Poland-Germany-Czech Rep.) and CS3 (Poland-Ukraine-Slovakia). In particular, 103 responses (21.9%) come from CS4 and 102 responses (21.7%) come from CS3. CS6 (Scotland-Sweden-Norway) and CS5 (Greece-Bulgaria-Turkey), gathered a significant number of responses. In particular, 89 responses (18.9%) come from CS6 and 79 responses (16.8%) come from CS5. CS1 (Belgium-France) and CS2 (Finland-Russia), also, gathered a significant number of responses. In particular, 37 responses (7.9%) come from CS1 and 26 responses (5.5%) come from CS2. At this point, it should be mentioned that concerning CS7 (Spain-Morocco), CS8 (Spain-Argentina), and CS9 (Spain-Uruguay) the responses come only from Spain (34, 7.2%). That is because respondents from Morocco, Argentina, and Uruguay responded to another CAWI, specifically designed for non-European countries. Taking into consideration the responses to the other CAWI, it should be mentioned that 24 responses (30.4%) concern CS7, 26 concern CS8 (30.4%), and 29 concern CS9 (36.7%).

The spatial allocation of the CAWI responses per country indicates that most of responses comes from Poland (71, 15.1%), Czech Rep. (51, 10.9%), and Greece (44, 9.4%). In contrast, the minority of responses comes from Bulgaria (10, 2.1%), Russia (10, 2.1%), and France (8, 1.7%). Such decomposition reveals that CS3 seems to be the most “balanced” CS, in terms of responses per country involved (Poland, 33.3%; Ukraine, 37.3%; Slovakia, 29.4%). In contrast, CS1 seems to be least “balanced” CS (Belgium, 78.4%; France, 21.6%).

Concerning the spatial allocation of the CAWI responses per group of countries, a relatively “balanced” situation seems to exist. A fairly large segment of responses comes from old EU

member-states (200, 42.6%). Significant number of responses, though, comes from new EU member-states (162, 34.5%) and non EU member-states (108, 23.0%).

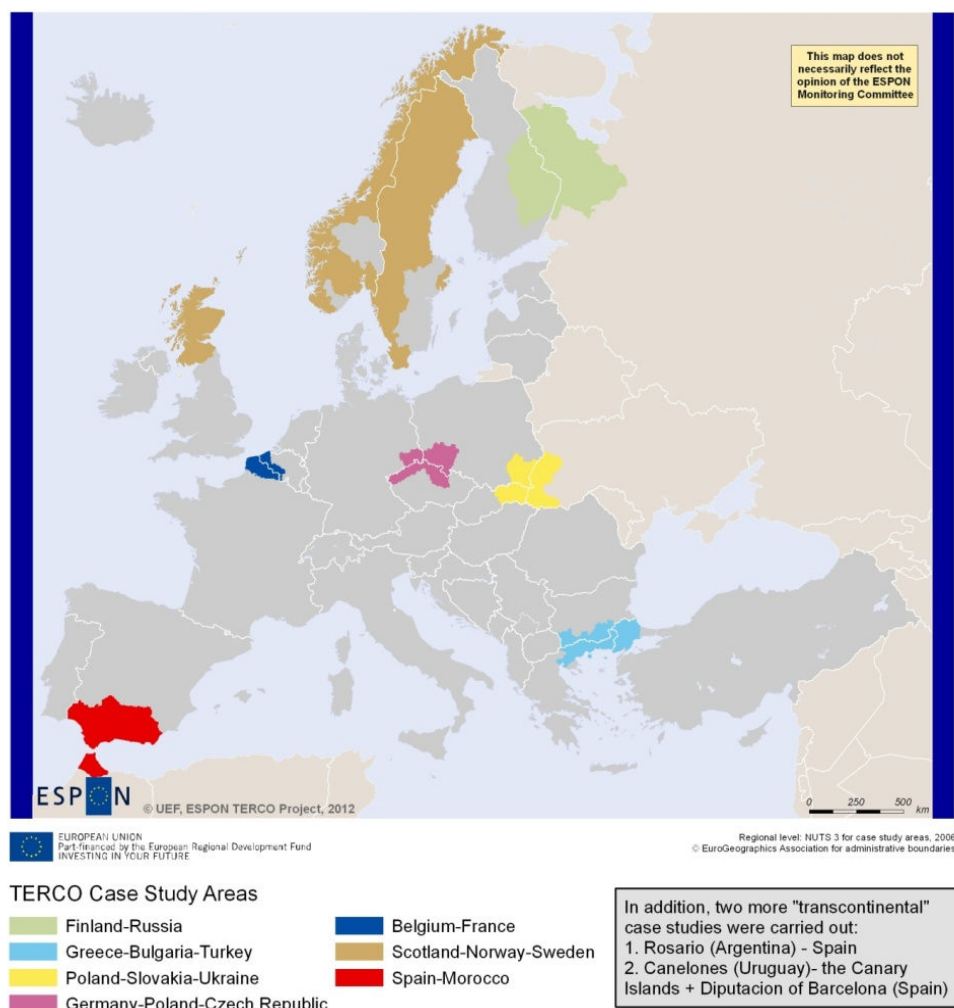
**Table 1.** Classification of the countries under consideration in the framework of TERCO project

	old EU member-states	new EU member-states	non EU member-states
<b>Country</b>	Finland, Germany, Sweden, United Kingdom, Belgium, France, Greece, Spain	Poland, Slovakia, Czech Republic, Bulgaria	Norway, Russian Federation, Ukraine, Turkey, Argentina, Uruguay, Morocco
<b>Subtotal</b>	<b>8</b>	<b>4</b>	<b>7</b>
<b>NUTS 2/3 level</b>	Andalucia (ES61), Canary Islands (ES70), Barcelona (ES511), Nord-Pas-de-Calais (FR30), West Flanders (BE25), Hainaut (BE32), East Finland (FI13), Eastern Scotland (UKM2), South Western Scotland (UKM3), North Eastern Scotland (UKM5), Highlands and Islands (UKM6), Stockholm (SE11), Skåne County (SE224), West Sweden (SE23), North Middle Sweden (SE31), Middle Norrland (SE32), Upper Norrland (SE33), Dresden (DED2), Anatoliki Makedonia and Thraki (GR11), Thessaloniki (GR122), Serres (GR126)	Dolnoslaskie Voivodeship (PL51), Podkarpackie Voivodship (PL 32), Severozápad (CZ04), Severovýchod (CZ05), Blagoevgrad (BG413) Haskovo (BG422), Smolyan (BG424), Kardzhali (BG425), Eastern Slovakia (SK 04)	Republic of Karelia (RU), Oslo og Akershus (NO01), Sør-Østlandet (NO03), Vest-Agder (NO042), Rogaland (NO043), Vestlandet (NO05), Trundled (NO06), Nord-Norge (NO07), Tekirdağ (TR21), Lviv Oblast (UA 024), Zakarpattia Oblast (UA 029), Tanger-Tetouan (MA16), Santa Fe (AR), Canelones (UY2),
<b>N2 Subtotal</b>	<b>17</b>	<b>6</b>	<b>14</b>
<b>N3 Subtotal</b>	<b>4</b>	<b>4</b>	
<b>Subtotal</b>	<b>21</b>	<b>10</b>	<b>14</b>

Source: Authors' elaboration

The spatial allocation of the CAWI responses per country indicates that the highest number of responses comes from Poland (71, 15.1%), Czech Rep. (51, 10.9%), and Greece (44, 9.4%). In contrast, the minority of responses comes from Bulgaria (10, 2.1%), Russia (10, 2.1%), and France (8, 1.7%). Such decomposition reveals that CS3 seems to be the most "balanced" CS, in terms of responses per country involved (Poland, 33.3%; Ukraine, 37.3%; Slovakia, 29.4%). In contrast, CS1 seems to be least "balanced" CS (Belgium, 78.4%; France, 21.6%).

Concerning the spatial allocation of the CAWI responses per group of countries, a relatively "balanced" situation seems to exist. A significant percentage of responses comes from old EU member-states (200, 42.6%). Significant number of responses, though, comes from new EU member-states (162, 34.5%) and non EU member-states (108, 23.0%).

**Figure 1.** Overview of Case Study Areas**Table 2.** The spatial allocation of the CAWI responses, Allocation per CS

Case-Study (CS)	Frequency	Breakdown per cent (%)	Breakdown per cent (%) <i>Incl. no EUR</i>
CS1: Belgium-France	37	7.9	6.7
CS2: Finland-Russia	26	5.5	4.7
CS3: Poland-Ukraine-Slovakia	102	21.7	18.6
CS4: Poland-Germany-Czech Rep.	103	21.9	18.8
CS5: Greece-Bulgaria-Turkey	79	16.8	14.4
CS6: Scotland-Sweden-Norway	89	18.9	16.2
CS7-C8-C9: Spain & ( <i>Morocco, Argentina &amp; Uruguay</i> )	34 + (79)	7.2	20.6
<b>Grand Total</b>	<b>470 (547)</b>	<b>100.0</b>	<b>100.0</b>

\* Respondents from Morocco, Argentina, and Uruguay responded to another CAWI, specifically designed for non-European countries. Concerning the responses of this CAWI, 24 come from Morocco (30.4%), 26 from Argentina (32.9%), and 36 from Uruguay (36.7%).

Source: Authors' elaboration

**Table 3.** The spatial allocation of the CAWI responses, Allocation per country

Country	Frequency	Breakdown per cent (%)	Breakdown per cent (%) <i>Incl. no EUR</i>
Belgium	29	6.2	5.3
Bulgaria	10	2.1	1.8
Czech Rep.	51	10.9	9.3
Germany	15	3.2	2.7
Spain	34	7.2	6.2
Finland	16	3.4	2.9
France	8	1.7	1.5
Greece	44	9.4	8.0
Norway	35	7.4	6.4
Poland	71	15.1	12.9
Russia	10	2.1	1.8
Scotland	12	2.6	2.2
Sweden	42	8.9	7.7
Slovakia	30	6.4	5.5
Turkey	25	5.3	4.6
Ukraine	38	8.1	6.9
<b>Subtotal EUR</b>	<b>470</b>	<b>100.0</b>	<b>85.6</b>
Argentina	26	32,4	4.7
Morocco	24	30,4	4.4
Uruguay	29	36,7	5.3
<b>Subtotal No EUR</b>	<b>79</b>	<b>100.0</b>	<b>14.4</b>
<b>Grand Total</b>	<b>549</b>	<b>100.0</b>	<b>100.0</b>

Source: Authors' elaboration

**Table 4.** The spatial allocation of the CAWI responses, Allocation per group of countries

Group	Frequency	Breakdown per cent (%)	Breakdown per cent (%) <i>Incl. no EUR</i>
Old EU member-states	200	42.6	36.4
New EU member-states	162	34.5	29.5
Non EU member-states	108	23.0	19.7
<b>Subtotal EUR</b>	<b>470</b>	<b>100,0</b>	<b>85.6</b>
Non Europe State	79	100.0	14.4
<b>Subtotal No EUR</b>	<b>79</b>	<b>100.0</b>	<b>14.4</b>
<b>Grand Total</b>	<b>549</b>	<b>100.0</b>	<b>100.0</b>

Source: Authors' elaboration

## General Information about Co-operation

### Experience in International Territorial Co-operation

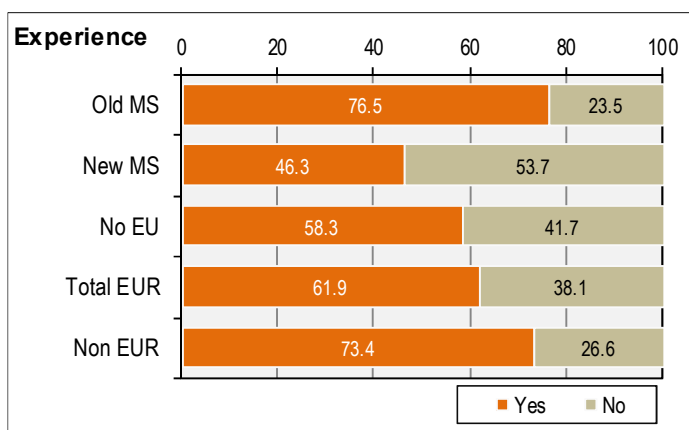
Proceeding to the analysis of the research findings, it should be mentioned that out of the 470 questionnaire respondents, 291 (62% of the sample) answered that their organizations have experience in International Territorial Cooperation (TC) projects, while 179 (38%) indicated no experience. In particular, although the ratio of “inexperienced” to total respondents is quite high in New MS (54%) and in Non MS (42%), it is rather low in the Old MS (23.5%) (see Table 5, Figure 2). This finding is justifiable since the stakeholders from the Old MS are more active compared to New MS and Non MS in the field, possibly because they started being eligible at an earlier stage in different EU territorial cooperation programmes. From the Non continental sample (Morocco, Argentina and Uruguay), 73% of the respondents appear to be experienced and 27% inexperienced in TC.

**Table 5.** Experience in International Territorial Co-operation projects

		Group				
		Old MS	New MS	No EU	Total EUR	Non EUR
Frequency	Yes	153	75	63	291	58
	No	47	87	45	179	21
	<b>Grand total</b>	<b>200</b>	<b>162</b>	<b>108</b>	<b>470</b>	<b>79</b>
Column%	Yes	76.5	46.3	58.3	61.9	73.4
	No	23.5	53.7	41.7	38.1	26.6
	<b>Grand total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Row%	Yes	52.6	25.8	21.6	100.0	
	No	26.3	48.6	25.1	100.0	
	<b>Grand total</b>	<b>42.6</b>	<b>34.5</b>	<b>23.0</b>	<b>100.0</b>	

Source: Authors' elaboration

**Figure 2.** Experience in International Territorial Co-operation



Source: Authors' elaboration



**Table 6.** Experience in TC by CS

	Case Study	Experience in TC	Group			
			Old MS	New MS	No EU	Total
Column (%)	CS1:BE/FR	Yes	73.0			<b>73.0</b>
		No	27.0			<b>27.0</b>
		<b>Subtotal</b>	<b>100.0</b>			<b>100.0</b>
	CS2:FI/RU	Yes	56.3		<b>90.0</b>	69.2
		No	43.8		<b>10.0</b>	30.8
		<b>Subtotal</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>
	CS3:PL1/UA/SK	Yes		57.8	50.0	54.9
		No		42.2	50.0	45.1
		<b>Subtotal</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	CS4:PL2/DE/CZ	Yes	73.3	36.4		41.7
		No	26.7	63.6		58.3
		<b>Subtotal</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
	CS5:BG/GR/TR	Yes	<b>79.5</b>	60.0	52.0	68.4
		No	<b>20.5</b>	40.0	48.0	31.6
		<b>Subtotal</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	CS6:UK/SE/NO	Yes	<b>90.7</b>		62.9	<b>79.8</b>
		No	<b>9.3</b>		37.1	<b>20.2</b>
		<b>Subtotal</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>
	CS7?:ES	Yes	64.7			64.7
No		35.3			35.3	
<b>Subtotal</b>		<b>100.0</b>			<b>100.0</b>	
Total	Yes	<b>76.5</b>	46.3	58.3	61.9	
	No	<b>23.5</b>	53.7	41.7	38.1	
	<b>Grand total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
Row (%)	CS1:BE/FR	Yes	<b>100.0</b>			<b>100.0</b>
		No	<b>100.0</b>			<b>100.0</b>
		<b>Subtotal</b>	<b>100.0</b>			<b>100.0</b>
	CS2:FI/RU	Yes	50.0		50.0	<b>100.0</b>
		No	87.5		<b>12.5</b>	<b>100.0</b>
		<b>Subtotal</b>	<b>61.5</b>		<b>38.5</b>	<b>100.0</b>
	CS3:PL1/UA/SK	Yes		66.1	33.9	<b>100.0</b>
		No		58.7	41.3	<b>100.0</b>
		<b>Subtotal</b>		<b>62.7</b>	<b>37.3</b>	<b>100.0</b>
	CS4:PL2/DE/CZ	Yes	<b>25.6</b>	<b>74.4</b>		<b>100.0</b>
		No	<b>6.7</b>	<b>93.3</b>		<b>100.0</b>
		<b>Subtotal</b>	<b>14.6</b>	<b>85.4</b>		<b>100.0</b>
	CS5:BG/GR/TR	Yes	64.8	<b>11.1</b>	24.1	<b>100.0</b>
		No	36.0	16.0	48.0	<b>100.0</b>
		<b>Subtotal</b>	<b>55.7</b>	<b>12.7</b>	<b>31.6</b>	<b>100.0</b>
	CS6:UK/SE/NO	Yes	69.0		31.0	<b>100.0</b>
		No	27.8		72.2	<b>100.0</b>
		<b>Subtotal</b>	<b>60.7</b>		<b>39.3</b>	<b>100.0</b>
	CS7?:ES	Yes	<b>100.0</b>			<b>100.0</b>
No		<b>100.0</b>			<b>100.0</b>	
<b>Subtotal</b>		<b>100.0</b>			<b>100.0</b>	
Total	Yes	52.6	25.8	21.6	<b>100.0</b>	
	No	26.3	48.6	25.1	<b>100.0</b>	
	<b>Grand tota</b>	<b>42.6</b>	<b>34.5</b>	<b>23.0</b>	<b>100.0</b>	

Source: Authors' elaboration

Looking into every CS (see Table 6), then for the case of BE/FR the share of experienced and inexperienced is 73% and 27%, respectively. In the case of FI/RU the share is 56%-44% for the Old MS and 90%-10%, for the Non MS, respectively. For the CS PL/UA/SK the shares are 58%-42% for the New MS and 50%-50% for the Non MS, respectively. In the CS PL/DE/CZ the shares of experienced and inexperienced are 73%-27% for the Old MS and 36%-64% for the New MS, respectively. In the CS GR/BG/TR the shares are 79.5%-20.5% for the Old MS, 60%-40% for the New MS and 52%-48% for the Non MS, respectively. In the case of UK/SE/NO the percentages are as follows: 91% and 9% for the Old MS and 63% to 37% for the Non MS. Finally, in the case of Spain, the share of experienced to inexperienced is 65% to 35%.

Hence, from the above analysis we can see that the highest percentage (91%) of experienced from the Old MS can be found in the case UK/SE/NO, from the New MS in the CS Greece/BG/TR (60%) and from the Non MS in the CS FI/RU (90%), even though for the last two observations the samples are quite small. On the other hand, the highest percentage of inexperienced from the Old MS can be seen in the case of FI/RU (44%), from the New MS in the case of PL/DE/CZ (64%) and from the Non MS in the CS PL/UA/SK (50%).

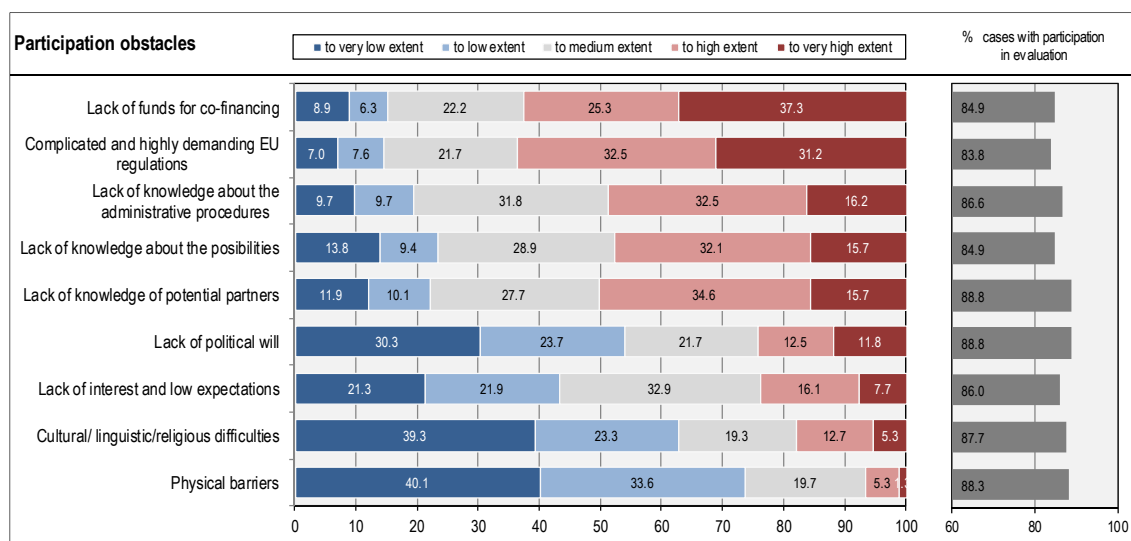
### Participating obstacles in International Territorial Co-operation

In an attempt to address the deterrents of participation in TC, a range of factors are detected that seem to inhibit the active involvement of the local governments (Figure 3). More specifically, the actual causes primarily involve (to a high and very high extent) the *Complicated and highly demanding EU regulations*, as indicated by 64% of the respondents that answered to this question (that is, the ones that do not have any experience in TC). Also seen as hinderers, are the *Lack of funds for co-financing* and *Lack of knowledge of the potential partners* (both being indicated by 63%). The parameters *Lack of knowledge about the administrative procedures* and *Lack of knowledge about the possibilities* are considered as hindering factors from a medium to high extent by 64% and 61% of the respondents, respectively.

On the other hand, *Physical Barriers*, *Cultural/Linguistic/Religious difficulties* and *Lack of Political will* are considered to be the parameters with the smallest weight as obstacles to participation of the organizations in ITS. In particular, the parameter *Physical Barriers* influences to a low or very low extent as indicated by 75% of the respondents, the *Cultural/Linguistic/Religious* factor – by 63%, while the aspect *Lack of Political will* – by 54% of the respondents.

Looking at the abovementioned parameters by group of countries (see Table 8), the following can be observed: The parameter *Complicated and highly demanding EU regulations* is considered a hindering factor (to a high or very high degree) by 61% of the respondents from the Old MS, by 62% of the respondents from the New MS and by 69% from the Non MS. The *Lack of funds for co-financing* as a hindering parameter (to a high and very high extent) is indicated by 62% of the respondents from the Old MS, 66% of the respondents from the New MS and 57% from the Non MS.

The *Lack of knowledge of the potential partners* receives a high indication in terms of significance from the Non MS (67%), while from the Old MS and the New MS this aspect acquires a lower significance indication, that is, 44% and 45%, respectively.

**Figure 3.** Participating obstacles in International Territorial Co-operation

Source: Authors' elaboration

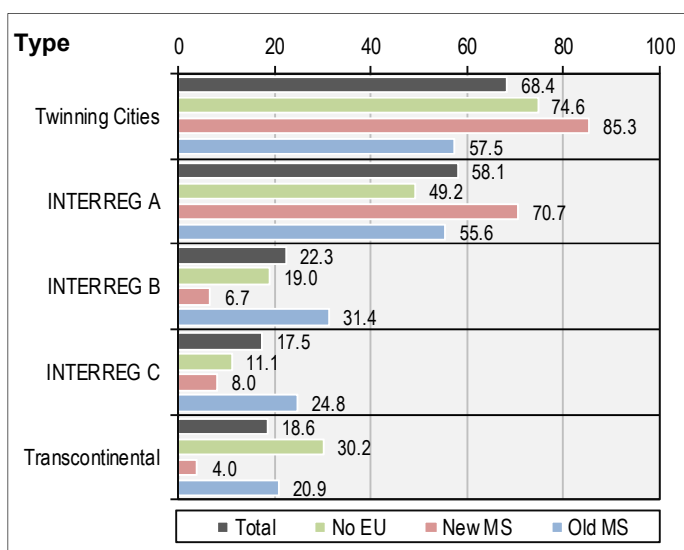
The same applies for the parameter *Lack of knowledge about the possibilities* parameter which is considered a hinderer to a high or very high degree by 57% of the respondents from the Non MS, while for the Old MS and the New MS the percentages are smaller, namely 50% and 41%, respectively. The *Lack of knowledge about the administrative procedures* is considered a hindering factor by 57% of the respondents from the Non MS, by 43% from the Old MS and by 47% from the New MS. The parameter *Physical Barriers* is considered of a low or very low importance by 89% of the respondents from the Old MS, by 64% from the New MS, and by 74% from the Non MS. The *Cultural/Linguistic/Religious* factor is perceived as of low to very low extent by 71% of the respondents from the Old MS, by 52% from the New MS, and by 76% of those from the Non MS. Finally, the parameter *Lack of Political will* is considered as low to very low noteworthy by 59% of the respondents from the Non EU MS, by 56% of those from the New EU MS and by 44% of those from the Old MS. For the respondents from the Non continental group (Morocco, Argentina and Uruguay) the most important (to a high or very high extent) hinderers appear to be the *Complicated and highly demanding EU regulations* and *Lack of funds for co-financing* (as indicated by 64% and 63%, respectively of the "inexperienced" respondents). The parameters *Lack of knowledge about the administrative procedures* and *Lack of knowledge about the potential partners* are considered as hinderers from a medium to high extent by 64% and 62%, respectively. Contrarily, the *Physical Barriers*, *Cultural/Linguistic/Religious difficulties* and the *Lack of political will* are not considered as obstacles (or considered obstacles to a low and very low extent) by 74%, 63% and 54%, respectively. Based upon the latter evidence, it is obvious that physical geography does not constitute a barrier in the contemporary era of technological tools (i.e. e-mail, Skype and other means) which eliminate all kinds of such obstacles. The fact that different cultural background (in terms of language or religion) is not perceived as obstacle indicates that eventually, local actors overcome social and cultural stereotypes, functioning in a more pragmatic manner. As far as the lack of political will is concerned, the low relevance with factors that hinder TC, suggest that there is a fertile ground for cooperation among local authorities in different countries, beyond the State's context.

### Involvement in International Territorial Co-operation by Type

Concerning the type of cooperation (see Figure 4), a large number of “experienced” respondents have been involved in Twinning Cities (68%), followed by INTERREG A (58%), INTERREG B (22%), Transcontinental (19%) and finally, INTERREG C (18%). The shaping of these results could be attributed firstly to the fact that in INTERREG C the Non MS countries have not been eligible for participation so far, and secondly, they started being eligible only recently under some INTERREG B programmes.

In more detail, in the Twinning Cities the biggest share belongs to the Old MS (44%) followed by the New MS with 32% and then, the Non MS with 24%. In INTERREG A the picture is more or less the same with the Old MS having a share of 50%, while the New MS and the Non MS have 31% and 18%, respectively. In the INTERREG B, the biggest share (74%) belongs to the Old MS, the remaining 26% being shared by the New MS and the Non MS in the proportion of 8% and 18%, respectively. In INTERREG C the pattern does not change with the Old MS having the biggest share (74%), while the New MS and the Non MS have 12% and 14%, respectively. In the Transcontinental type of cooperation, the share of the Old MS decreases to 59%, of the New MS – to 6%, while the share of the Non MS increases to 35%. Yet, what needs to be noted here is that for the INTERREG B, INTERREG C and Transcontinental the samples of respondents for the New MS and Non MS are quiet small.

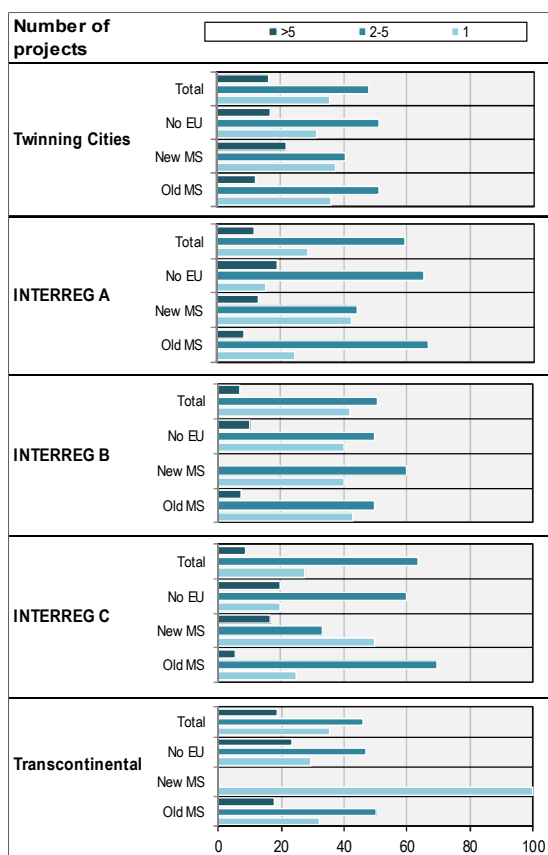
**Figure 4.** Involvement in International Territorial Co-operation by Type



Source: Authors' elaboration

In relation to the number of projects/agreements by type of cooperation (Twining Cities, Interreg, etc.), it seems that the prevailing number of the respondents indicate the involvement in 2-5 projects/agreements irrespective of the type of cooperation. In particular, within the Twinning Cities, the majority (51%) of the respondents from the Old MS and Non MS indicate their involvement in 2-5 agreements, whereas for the New MS this percentage is 41%. Within the same type of cooperation, 13% of the respondents from the Old MS have been involved in more than 5 agreements, 22% from the New MS and 17% from the Non MS. In only one agreement there has been a 36% percentage involvement of the Old MS, 37% of the New MS and 32% of the Non MS (see Table 9, Figure 5).

**Figure 5.** Number of projects/agreements by type of cooperation



Source: Authors' elaboration

In particular, in INTERREG A, 67% from the Old MS have been involved in 2-5 projects, while for the New MS and Non MS these shares are 44% and 65%, respectively. 9% of the respondents from the Old MS have been involved in more than 5 projects, 13% from the New MS and 19% from the Non MS. In only one project there has been an involvement of 25% of the respondents from the Old MS, 42% from the New MS and 15% from the Old MS.

In INTERREG B, in 2-5 projects there have been involved 50% of the respondents from the Old MS, 60% from the New MS and 50% from the Non MS. In more than 5 projects, there have been involved 7% of the respondents from the Old MS and 10% of the respondents from the Non MS, while from the New MS this share equals to zero. In only one project within this type of cooperation there have been involved 43% of the respondents from the Old MS, 40% from the New MS, and 40% from the Non MS.

Within INTERREG C, 69% of the respondents from the Old MS have been involved in 2-5 projects, 33% from the New MS and 60% from the Non MS. 6% of the respondents from the Old MS have been involved in more than 5 projects, 17% from the New MS and 20% from the Non MS. In just one project there has been an involvement of 25% of the respondents from the Old MS, 50% of the respondents from the New MS and 20% of the respondents from the Non MS.

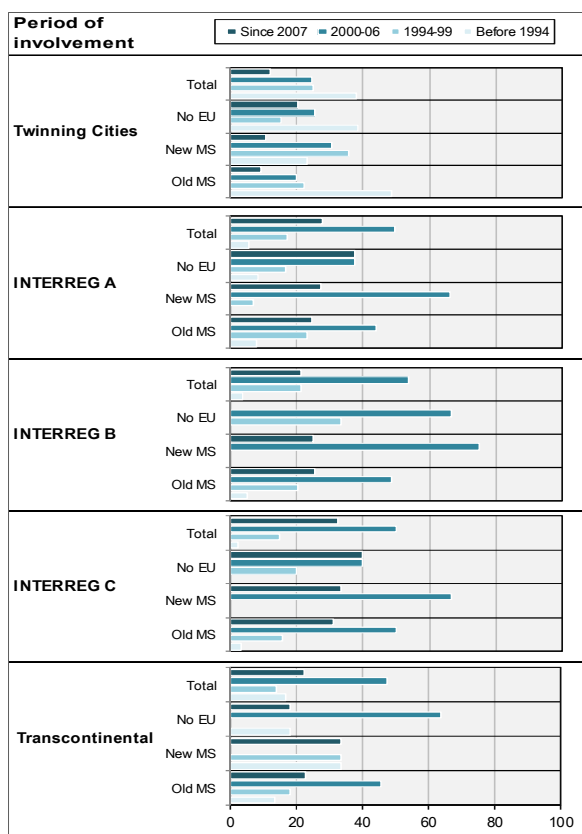
In the Transcontinental type of cooperation, the category 2-5 projects gathers 50% of the respondents from the Old MS and 47% from the Non MS. In more than 5 projects there are 18% from the Old MS and

23% from Non MS. The respondents from the New MS have participated by 100% in just one project of this type, while for the Old MS and Non MS the shares are 32% and 29%, respectively<sup>1</sup>.

### Period of initial involvement in International Territorial Co-operation

Quite many of the respondents firstly became involved in Twinning Cities agreements prior to 1994 (see Table 10, Figure 6), while in INTERREG A, B, C and Transcontinental projects – in the period 2000-2006. In particular, in the Twinning Cities a great deal (49% and 38%, respectively) of the respondents from the Old MS and from the Non MS were firstly involved prior to 1994, while the majority (34%) from the New MS - in the period 1994-99. In INTERREG A the majority of the respondents from all the three groups (44% from the Old MS, 66% from the New MS and 37% from the Non MS) firstly became involved in the period 2000-2006, even though another 37% of the respondents from the Non MS indicate the period of their initial involvement after 2007.

**Figure 6.** Period of initial involvement type of TC



Source: Authors' elaboration

The same picture can be seen in regards to the involvement in INTERREG B (49% from the Old MS, 75% from the New MS and 67% from the Non MS). The same in INTERREG C with 50% from the Old MS, 67% from the New MS and 40% from the Non MS, even though another 40% of the respondents from the Non MS also indicate 2007 and onwards as the period of their

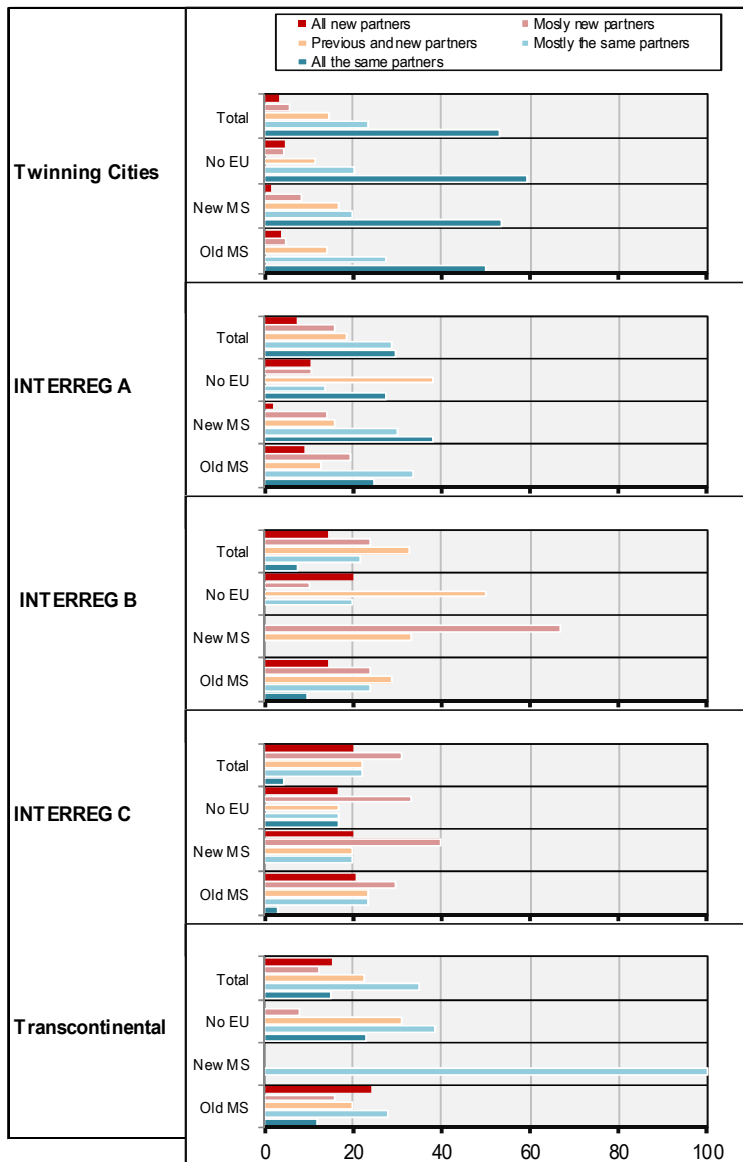
<sup>1</sup> For INTERREG B, INTERREG C and the Transcontinental the samples of respondents for the New MS and Non MS are quiet small.

initial involvement. In Transcontinental projects quite many of the respondents from the Old MS (45%) and from the Non MS (64%) firstly became involved in the period 2000-2006, while for those from the New MS their first involvement is distributed evenly between the period prior to 1994, 1994-99 and post 2007<sup>2</sup>.

**Change of cooperation partners since 2000**

In relation to the change of the partners from 2000 (see Table 11, Figure 7), the majority of the respondents indicate that in Twinning Cities and in INTERREG A they had mostly the same or all the same partners.

**Figure 7. Mode of Partnership since 2000 by type of TC**



Source: Authors' elaboration

<sup>2</sup> For INTERREG B, INTERREG C and the Transcontinental the samples of respondents for the New MS and Non MS are quite small.

In INTERREG B, C and Transcontinental the partners were more or less old and new together, with a predominance of new partners in INTERREG C and a predominance of old partners in Transcontinental.

In more details, in the Twinning Cities all the three groups (Old MS, New MS and Non MS) seems to have had all the same or mostly the same partners as indicated by 77%, 73% and 80%, respectively. In INTERREG A the partners were the same for the Old MS and New MS with 58% and 68%, respectively, while for the Non MS the partners were old and new with a bigger weight placed on old partners. In INTERREG B, for 76% of the respondents from the Old MS the partners were equally old and new as it was also for the stakeholders from the Non MS (as indicated by 80%), while for those (67%) from the New MS, the partners were mostly new. In INTERREG C the partners for the respondents from the Old MS seem to be equally old and new, while for those from the New MS and Non MS the partners have been more new than old. In Transcontinental projects the partners have been mostly the same for the New MS (according to 100% of the respondents) and Non MS (according to 62%), while for the Old MS they have been equally old and new<sup>3</sup>.

## Domains

### Assessment of domains

The most important domains (high to very high level of influence for the development of the respondents' respective areas), as can be seen in

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<sup>3</sup> For INTERREG B, INTERREG C and the Transcontinental the samples of respondents for the New MS and Non MS are quite small.

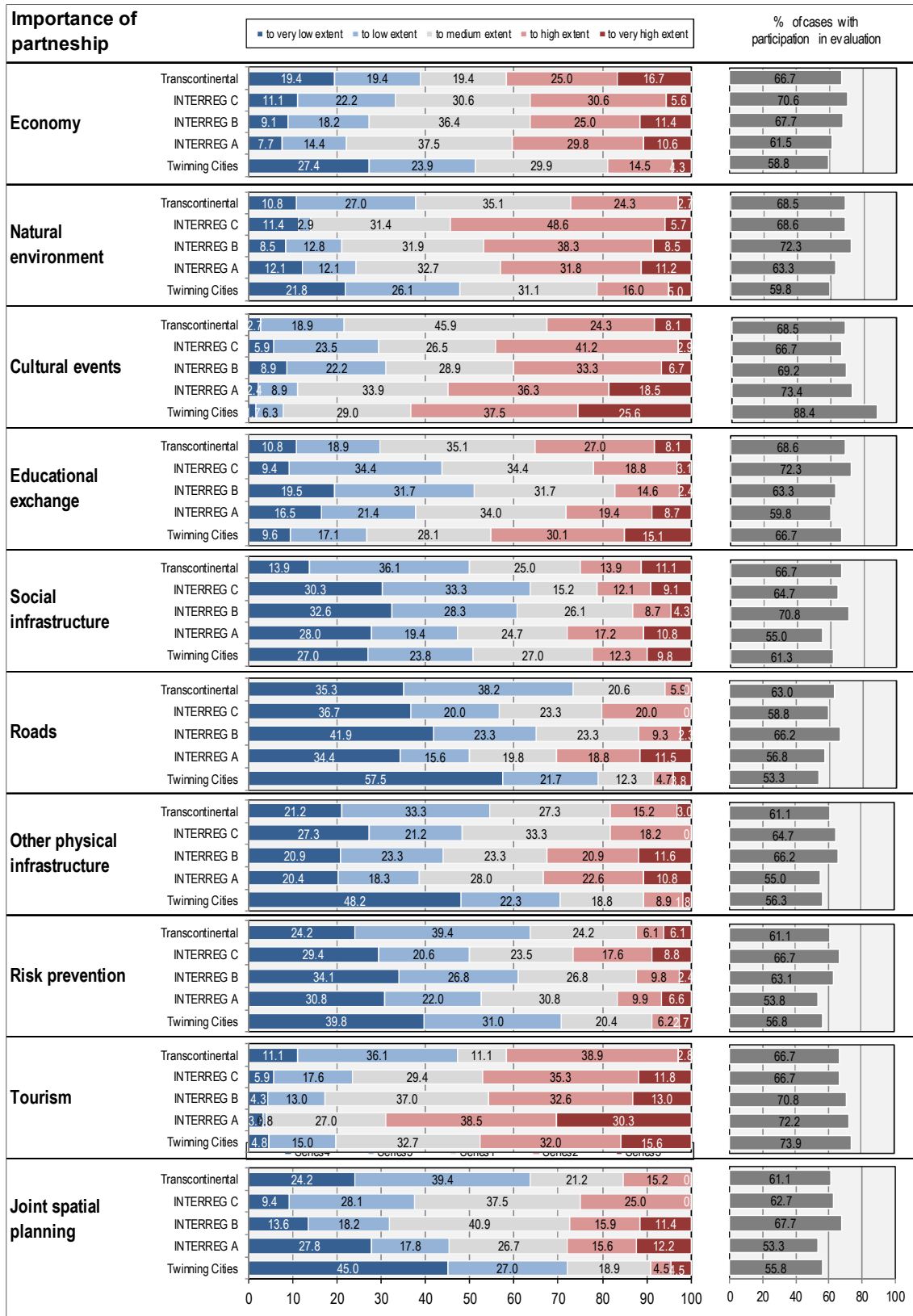


Figure 8, seem to be the *Tourism* and *Culture* (with an average of 50% and 47%, respectively, of the respondents), as well as the *Natural environment* (with 38%). On the other hand, the least important domains (low to very low extent) appear to be *Roads* (with an average of 65%), *Risk prevention* (60%) and *Social infrastructure* (54%).

In more details (see Table 12), within the Twinning Cities, the most important domains for the all three groups seem to be *Cultural events*, *Tourism* and *Educational Exchange*. What differs among the three groups is the weight and priority accorded to the three domains. That is, while the Old MS and the Non MS have the order *Cultural events* (with 53% and 73%, respectively), *Tourism* (42% and 51%, respectively) and *Educational Exchange* (41% and 43%, respectively), for the New MS the order is *Cultural Events* (69%), *Educational exchange* (53%) and *Tourism* (52%).

In the same type of cooperation, the least important (low to very low level of significance) domains for the Old MS seem to be *Roads* (with 83%), *Other Physical Infrastructure* (78%) and *Risk Prevention* (74%). For the New MS and the Non MS these domains are *Roads* (with 82% and 72%, respectively), *Joint Spatial Planning* (77% and 68%, respectively) and *Risk Prevention* (74% and 62%, respectively).

**Figure 8.** Assessment of important domains in TC



Source: Authors' elaboration

In INTERREG A the most important domains for the Old MS seem to be *Tourism* (66%), *Natural environment* (54%) and *Cultural Events* (48%). For the New MS these domains are *Tourism* (76%), *Cultural Events* (67%) and *Economy* (39%). For the Non MS these domains are *Tourism* (67%), *Cultural Events* (52%) and *Roads* (46%).

In the same type of cooperation, the least important (low to very low level of significance) domains for the Old MS seem to be *Roads* (53%), *Risk Prevention* (53%) and *Social Infrastructure* (51%). For the New MS these domains are *Risk Prevention* (62%), *Social Infrastructure* (59%) and *Joint Spatial Planning* (52%). For the Non MS these domains are *Roads* (38%), *Risk Prevention* (38%) and *Joint Spatial Planning* (36%).

In INTERREG B the most important domains for the Old MS appear to be the *Natural environment* (54%) and *Tourism* (44%). For the New MS the sample of the respondents is statistically insignificant, while for the Non MS these domains are *Cultural Events* (75%) and *Tourism* (71%).

In the same type of cooperation, the least important (low to very low level of significance) domains for the Old MS seem to be *Roads* (73%), *Social Infrastructure* (66%) and *Educational exchanges* (61%). For the New MS the sample of the respondents is statistically insignificant, while for the Non MS these domains are *Risk Prevention* (62%), *Joint Spatial Planning* (44%) and *Roads* (43%).

In INTERREG C the most important domains for the Old MS appear to be the *Natural environment* (61%) and *Tourism* (41%). For the New MS and the Non MS the sample of the respondents are statistically insignificant. The least important domains for the Old MS seem to be *Roads* (62%) and *Social Infrastructure* (61%).

In Transcontinental, the most important domains for the Old MS appear to be the *Economy* (39%) and *Educational exchanges* (35%). For the New MS the sample of the respondents is statistically insignificant, while for the Non MS these domains are *Tourism* (58%) and *Economy* (54%).

In the same type of cooperation, the least important (low to very low level of significance) domains for the Old MS seem to be *Roads* (76%), *Risk Prevention* (65%) and *Other Physical infrastructure* (65%). For the Non MS these domains are *Roads* (64%) and *Social Infrastructure* (64%)<sup>4</sup>.

Based upon the above evidence, one could argue that the domain-triptych of *tourism, culture and natural environment* can boost cooperation and enhance synergies and economies of scale that apply TC initiatives. In other words, strong added value could be achieved if territorial cooperation policies focus on interactive synergies that exist, by nature, among *tourism, culture and natural environment*.

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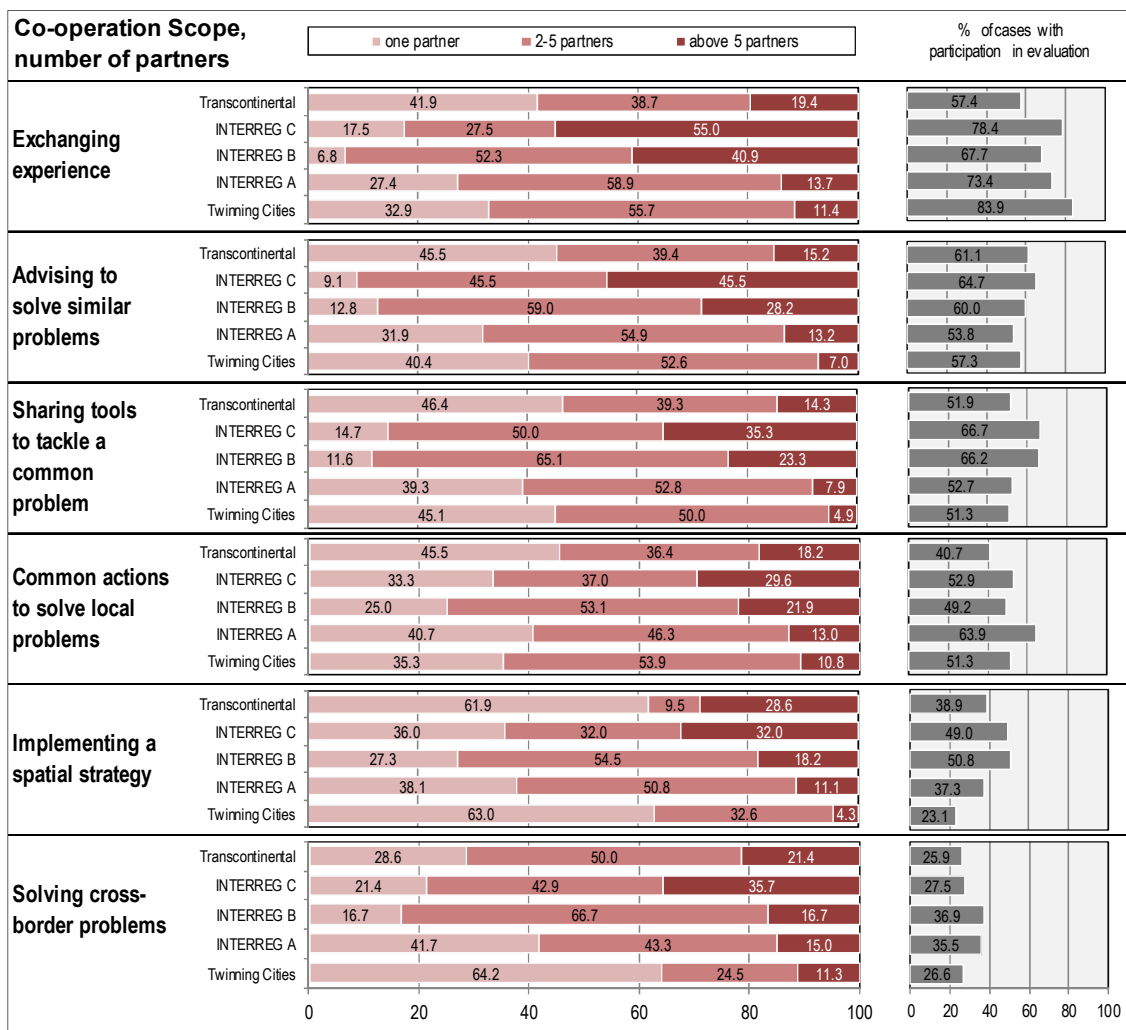
<sup>4</sup> For INTERREG B, INTERREG C and the Transcontinental the samples of respondents for the New MS and Non MS are quite small.

## Co-operation Scope and Intensity

### Prevailing types of co-operation in relation to the foreign partners

Attempting to assess the scope of the TC and based on the respondents' views (see Figure 9), it is evident that *Exchange of experience*<sup>5</sup> appears to be the prevailing scope of co-operation, with an average of 72% of the respondents. This is followed by *Advising to solve similar problems* and *Sharing tools to tackle a common problem* with 59% and 58%, respectively. *Implementing a spatial strategy* and *Solving cross border problems* as scopes of cooperation appear to be less prevailing, with 40% and 30% respectively.

**Figure 9.** Scope of co-operation in relation to the foreign partners by type of TC



Source: Authors' elaboration

In particular (see Table 13), the *Exchange of experience* in Twinning Cities has been preferred by all three groups (Old MS, New MS, Non MS with 59%, 60% and 44% respectively) with 2-5 partners, even though the Non MS also show a preference for the bilateral agreements (44%).

<sup>5</sup> In terms of exchange of information on technology and culture without undertaking common actions

In the same type of cooperation, *Advising to solve similar problems* is preferred with 2-5 partners by the New MS and the Non MS (58% and 59%, respectively), while the Old MS show a preference to one partner (47%). The *Sharing tools to tackle common problems* have the same picture as above in terms of preferences (55% and 52% for the New MS and the Non MS, respectively) and with 47% for the Old MS. *Common actions to solve local problems* is mainly preferred within the scheme of 2-5 partners by the New MS and the Non MS (58% and 59%, respectively), while for the Old MS there is an equal preference for both bilateral projects and projects that involve 2-5 partners. *Implementing a spatial strategy* is preferred by all three groups at a bilateral level, with 61%, 69% and 57%, respectively, as well as *Solving cross-border problems*, with 64%, 80% and 50%, respectively.

In INTERREG A, irrespective of the scope of cooperation, the Old MS and the Non MS had been more involved in the 2-5 partners scheme, while the New MS in the bilateral projects. For the New MS only the scope *Exchange of experience* can be excluded, since the scheme 2-5 partners has also been intense.

In INTERREG B, the Old MS seem to have been involved mostly in the 2-5 partners' schemes, irrespective of the scope of cooperation. For the New MS and the Non MS the respondents' samples are statistically insignificant.

In INTERREG C, the picture for the Old MS appears to be the same as in INTERREG B, with the exception of the *Exchange of experience* scope of cooperation where the partners involved were more than 5. For the New MS and the Non MS the respondents' samples are statistically insignificant.

In Transnational projects, the cooperation of the Old MS seems to have been more on a bilateral level, irrespective of the scope of cooperation. For the Non MS, the most often occurring scheme is the 2-5 partners, irrespective of the scope of cooperation, except the one of *implementing a spatial strategy* which has been more implemented on a bilateral level.

Overall, and in relation to the intensity of cooperation, in most of the cases referring to the scopes for cooperation the 2-5 partners scheme seem to be the one prevailing, except for *implementing a spatial strategy* which seems to have been more implemented on a bilateral level.

### Involvement in joint international infrastructure investments

In relation to the involvement in joint international infrastructure investments, it seems that, about 52% of the "experienced" respondents were involved in such type of activities. That is, for the Old MS this number is about 48%, for the New MS 55% and for the Non MS 60%. These results are quiet surprising since one would expect to see a different picture, as for instance the Old MS to have a bigger percentage in comparison to the New MS and the Old MS.

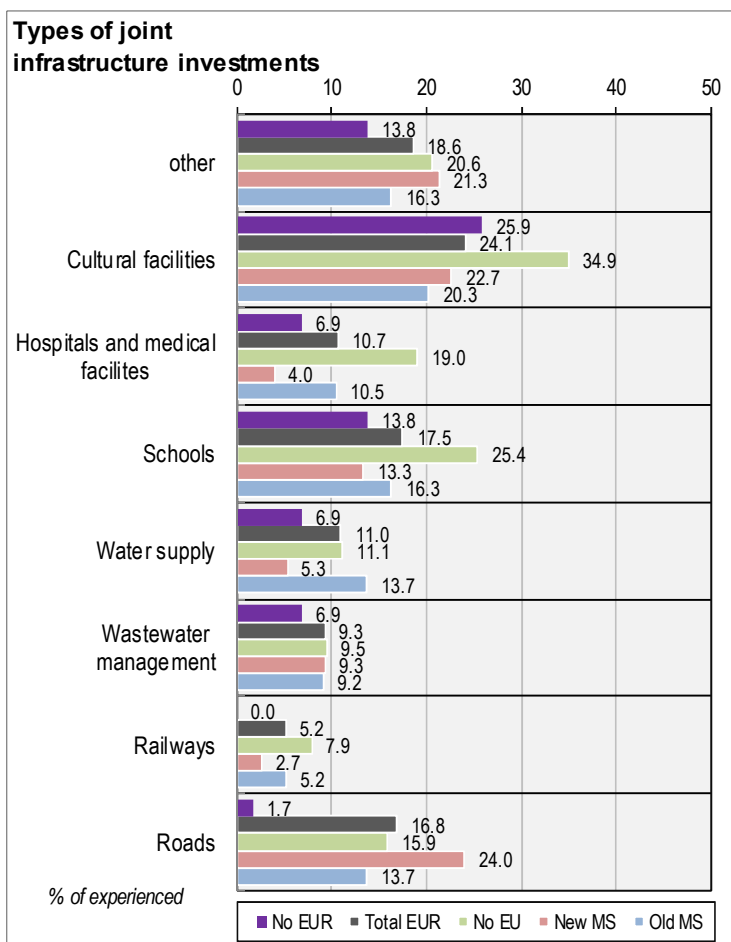
In relation to the type of infrastructure investments, *Cultural facilities* comes first (24%), followed by *Schools* (17.5%) and *Roads* (with 17%), while *Railways* (5.2%) occupy the smallest percentage.

In more details (see Figure 10), the Old MS seems to have been more involved in *Cultural facilities* (20%) and *Schools* (16%), while the smallest percentages are recorded for the *Railways* (5.2%). The New MS seem to have been more involved in *Roads* (24%) and *Cultural*

facilities (23%). The smallest percentages are recorded by this group in *Railways* (3%) and *Hospital and medical facilities* (4%). The Non MS indicate the *Cultural facilities* (35%) and *Schools* (25%), while the smallest percentages account for *Railways* (8%) and *Wastewater management* (9.5%).

In relation to the Non continental group, the “experienced” respondents indicated their implication firstly in *Cultural facilities* (26%) and *Schools* (14%), while the category *Roads* seems to have had a very small implication on behalf of the respondents (1.7%).

**Figure 10.** Involvement in joint international infrastructure investments



Source: Authors' elaboration

Within the Twinning Cities (see Figure 14) the Old MS and the Non MS seem to have been more involved in *Cultural facilities* and *Schools* (with 17%/28% and 16%/21%, respectively, of the total respondents involved in such type of investment and in this particular type of cooperation). Most respondents from the New MS have also been involved in *Cultural facilities* (16%), but also in *Roads* (12%).

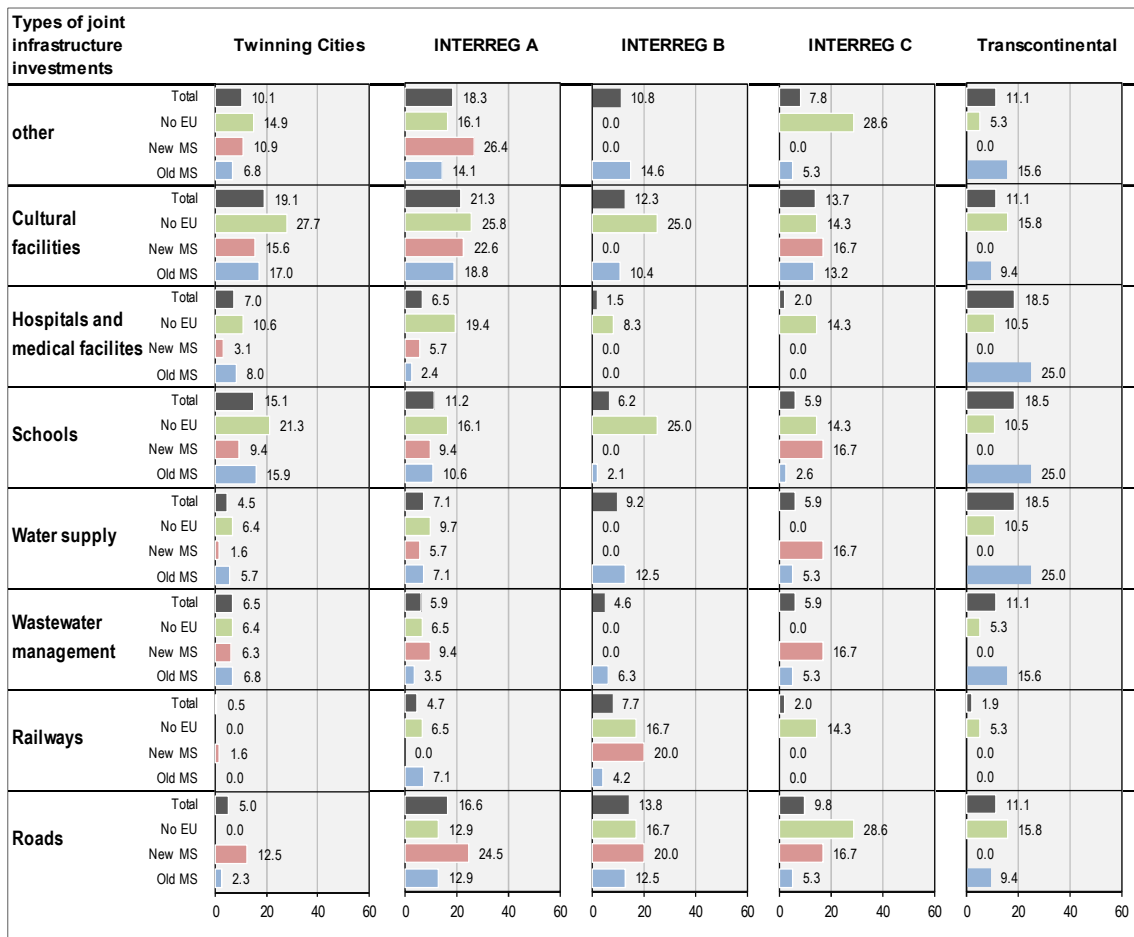
Within INTERREG A, the Old MS along with the Non MS have been mostly involved again in *Cultural facilities* (19% and 26%, respectively), and in *Schools* (11% and 16%, respectively), but also in *Roads* (13% each). The New MS have been mostly involved in *Roads* (24%) and *Cultural facilities* (23%).

In INTERREG B, the Old MS have been mostly involved in *Roads* and *Water supply* infrastructure projects (12.5% for each one). For the New MS the sample of respondents (n=2) is too small so that any conclusions can be drawn, while for the Non MS most of the respondents indicate the *Schools* and *Cultural Facilities*.

In INTERREG C, the respondents from the Old MS firstly indicate the *Cultural facilities* (13%), while for the New MS and the Non MS the samples are rather small (n=5 and n=7, respectively).

In Transcontinental projects, the Old MS indicate *Water supply*, *Schools* and *Hospitals and Medical facilities* as being the most implemented types of infrastructure (25% each). For the Non MS the most implemented types of infrastructure involved *Roads* and *Cultural facilities* (16% each), while for the New MS there was no involvement at all.

**Figure 11.** Involvement in joint international infrastructure investments by type of TC



Source: Authors' elaboration

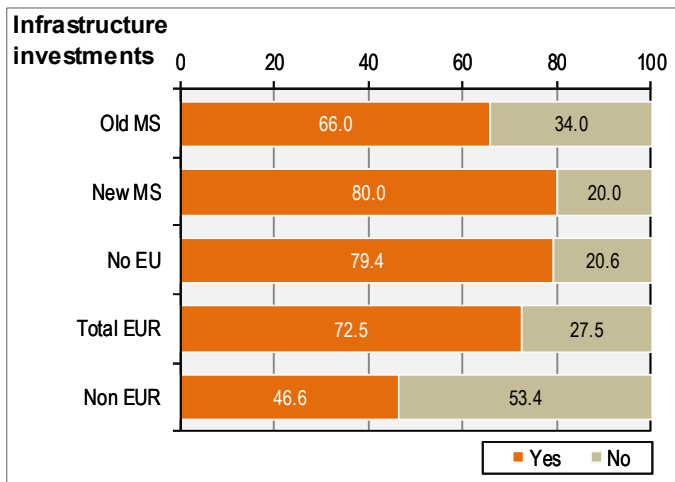
**Infrastructure investment as theme of Territorial Co-operation**

The great majority (72%) of the respondents (excepting the Non Continental group) that have experience in TC stated that infrastructure investments should constitute a theme for TC programmes (see Figure 12). In particular, 66% of the respondents from the Old MS, 80% from

those from the New MS and 79% from those from the Non MS have been positive on this idea. The respondents from the Non Continental group (Morocco, Argentina and Uruguay) are somehow sceptical about this idea, with 53% being against it and 47% in favour of it.

From those respondents that have indicated their past participation in joint international infrastructure investments (the previous question), 80% has the opinion that the infrastructure investment should be a theme of the TC. In particular, for the Old MS this perception is at 74%, 88% for the New MS and 84% for the Non MS. Even those respondents that had not participated in the past in joint international infrastructure investments declare that it should be a theme by 59% in the Old MS, 71% in the New MS and 72% in the Non MS.

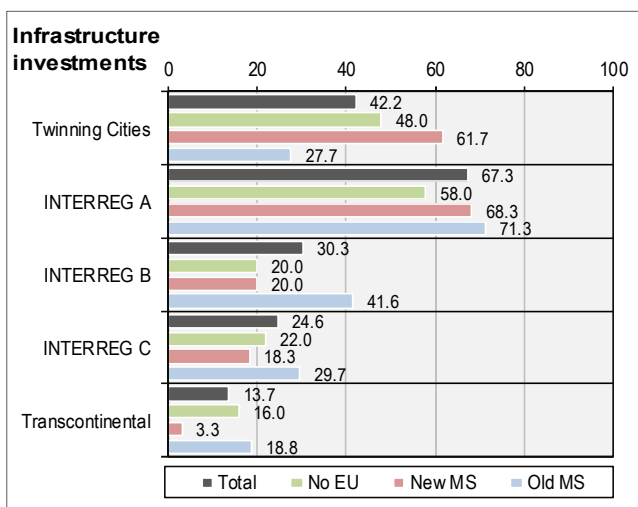
**Figure 12.** Infrastructure investment as theme of TC



Source: Authors' elaboration

The type of cooperation (see Figure 13) in which it should occur is declared in INTERREG A by 67% of the respondents, the next followed by Twinning Cities and INTERREG B (42% and 30%, respectively).

**Figure 13.** Infrastructure investment as theme of TC by type of TC



Source: Authors' elaboration



For INTERREG A, 71% of the Old MS respondents that replied to this question are in favour, while for the New MS and the Non MS these figures are 68% and 58%, respectively. For Twinning Cities are pro more in the New MS (62%), while in the Old MS and the Non MS these indicators are 28% and 48%, respectively.

The respondents of the Non Continental group that had been involved in infrastructure projects in the past are dichotomous about this idea, with half being pro and half against it. Those respondents that had not been involved in the past in infrastructure investments are more against this idea (56%), than pro it (44%).

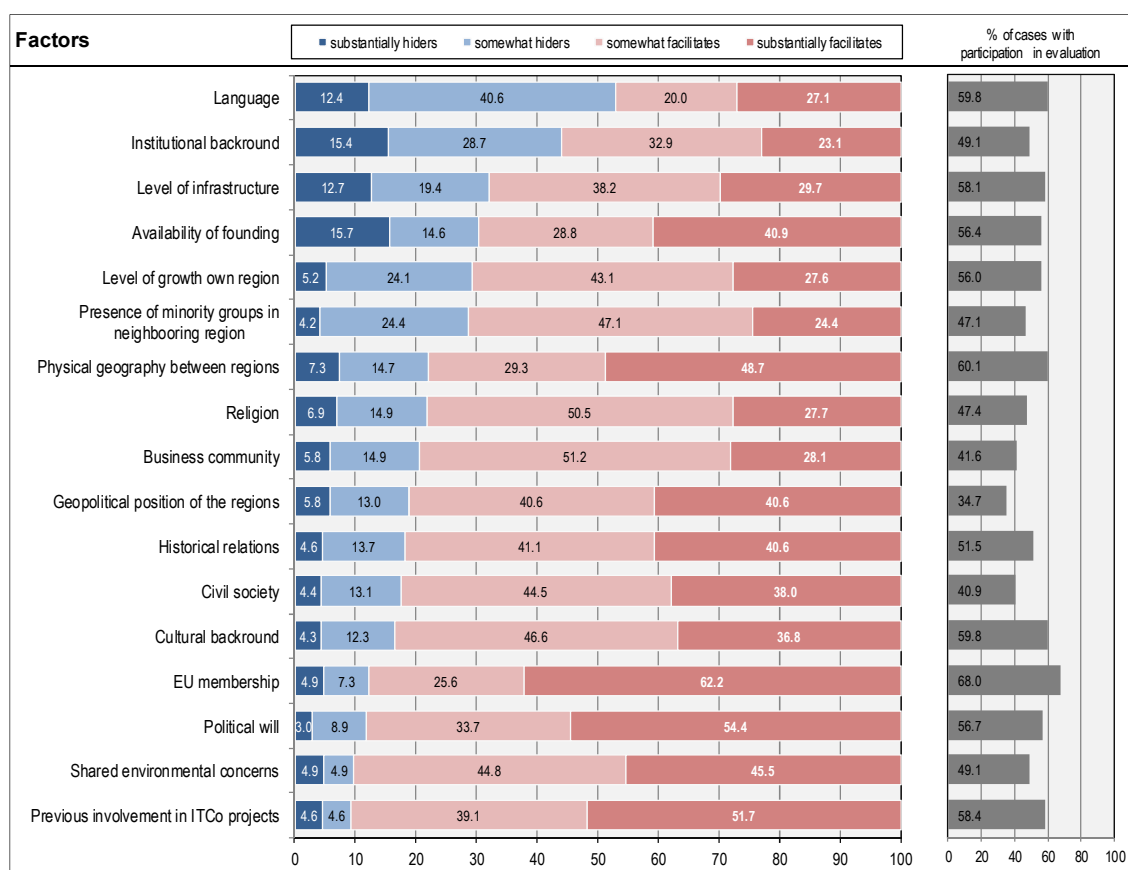
The above findings are consistent with the ESDP agenda, pointing out that within territorial cooperation: *“Support should be given to actions that seek to improve the physical interconnection of territories (e.g., investments in sustainable transport) as well as intangible connections (networks, exchanges between regions and between the parties involved). The actions envisaged include cross-border sections for the prevention of natural hazards, water management at the river basin level, integrated maritime cooperation and R&D/innovation networks”*(CEC 2005: 32).

## Territorial Co-operation Factors

### Facilitators and hinderers

The majority of the asked institutions declare that the only factor, from the ones listed in Figure 14, hindering the cross-border cooperation is that of *Language* (53%). The rest of the factors are considered facilitators (from a medium to a substantial extent) to cross-border cooperation, namely *Previous involvement in TC* (91%), *Shared environmental concerns* (90%), *EU membership* (88%), *Political will* (88%), *Cultural background* (83%), *Historical relations* (82%), *Physical geography between regions* (78%), *Level of growth of own region* (71%), *Availability of funding* (70%), *Level of infrastructure* (68%) and *Institutional background* (56%), while *Business community*, *Religion*, *Presence of minority groups (in in any of the neighbouring regions)*, *Geopolitical position* and *Civil society* are considered to a large extent as non-influential factors (neither facilitating nor hindering) for the cooperation with the foreign neighbours.

Figure 14. Factors of TC



Source: Authors' elaboration

In more details (see Table 14), in the Twinning cities type of cooperation the most important facilitating factor seems to be the *Previous involvement in TC* (as indicated by 94% of respondents from Old MS, 79% from New MS and 97% from Non MS), followed by *Shared*

*environmental concerns* (92%-Old MS, 93%-New MS, and 80%-Non MS) and *EU membership* (92%-Old MS, 88%-New MS and 78%-Non MS), while the least important is *Institutional background* (53%-Old MS, 47%-New MS and 68%-Non MS). A hindering factor in this type of cooperation is that of *Language* (as considered by 51% of Old MS, 58% of New MS and 53% of Non MS).

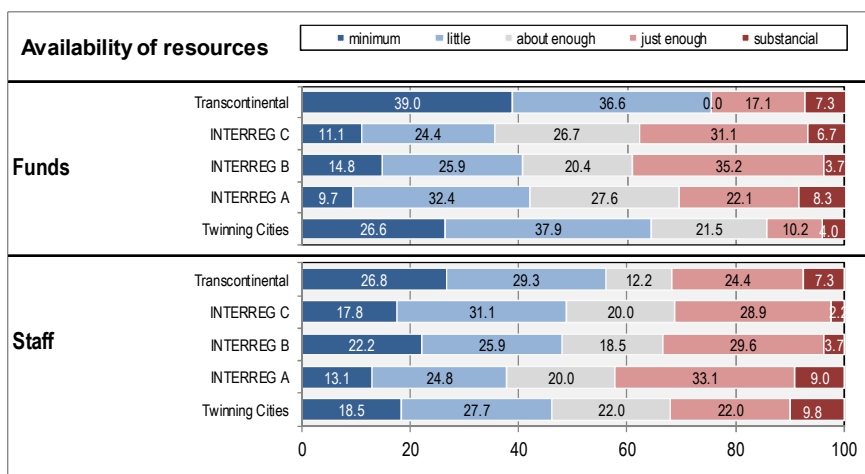
In INTERREG A the most important facilitating factor seems to be *Political will* (indicated by 94% from Old MS, 84% from New MS and 94% from Non MS), followed by *Previous involvement in TC* (pointed out by 96% from Old MS, 76% from New MS and 100% from Non MS) and *Shared environmental concerns* (specified by 90% from Old MS, 92% from New MS and 95% from Non MS), while the least important is *Level of infrastructure* (pointed out by 73% from Old MS, 56% from New MS and 71% from Non MS). Hindering factors in this type of cooperation include *Language* (pointed out by 49% from Old MS, 55% from New MS and 55% from Non MS) and *Institutional background* (indicated by 50% from Old MS, 56% from New MS and 153% from Non MS).

In INTERREG B the most important facilitating factor seems to be *Political will* (pointed out by 97% from Old MS, 100% from New MS and 93% from Non MS) together with the *Previous involvement in TC projects* (indicated by 96% from Old MS, 75% from New MS and 100% from Non MS), followed by *EU membership* (specified by 93% from Old MS, 100% from New MS and 50% from Non MS), while the least important is the *Availability of funds* (pointed out by 56% from Old MS, 40% from New MS and 75% from Non MS). Hindering factors in this type of cooperation are once again *Language* (indicated by 67% from Old MS, 75% from New MS and 75% from Non MS) and *Institutional background* (pointed out by 56% from Old MS, 67% from New MS and 71% from Non MS).

In INTERREG C and Transcontinental types of cooperation the samples of responses for all three groups are quiet low so that any sound conclusions can be drawn.

#### Availability of resources in terms of fund and staff

The prevailing number of the municipalities participating in TC, per respective programme, responded that they have almost enough funds available for participation in INTERREG A, INTERREG B and INTERREG C, while their participation in Twinning Cities and Transcontinental programmes is restricted since their funds seem to be scarcer (see Figure 15).

**Figure 15.** Availability of resources in terms of fund and staff

Source: Authors' elaboration

In particular (*see* Table 15), in the Twinning Cities about 70% of the respondents from the Old MS and 77% of the respondents from the Non MS declare that they have little to minimum funding. The majority (64.5%) of the respondents from the New MS indicate that they have little to almost enough funds.

In INTERREG A the Old MS seem to have enough funds with the responses being spread evenly between the 5 options (which show the extent). The majority (73%) of the respondents from the New MS declare that they have little to almost enough funds, while 54% of the respondents from the Non MS indicate that their funds are little to minimum.

In INTERREG B the Old MS seem to have enough funds, while for the New MS and Non MS the samples are too small for any conclusions to be drawn.

In INTERREG C the majority (72%) of the respondents from the Old MS have enough to more than enough funds, while for the New MS and Non MS the samples are too small to draw any conclusions.

The same picture can be seen in Transcontinental projects where the majority (72%) of the respondents from the Old MS have enough to more than enough funds, while for the New MS and Non MS the samples are too small to draw any conclusions.

In terms of staff, the municipalities responded that they are mostly about enough in INTERREG A, while there is a substantial lack in the rest of the programmes, with the Transcontinental one being in the worst position.

In more details, in Twinning Cities the majority (71%) of the respondents answered that have little to minimum staff, the New MS have enough to substantial staff (as indicated by 73%), while the Non MS seem to have enough staff (with the responses being spread almost evenly between the options).

In INTERREG A, 55.5% of the respondents from the Old MS indicate a less than enough level of staff, 71% of the respondents from the New MS – an enough to slightly more than enough level of staff, while 64% of the respondents from the Non MS indicate a more than enough to substantial level of staff.

In INTERREG B, 53.5% of the respondents from the Old MS indicate a less than enough level of staff, 67% of the respondents from the New MS – a slightly more than enough level of staff, while 75% of the respondents from the Non MS indicate a less than enough to enough level of staff.

In INTERREG C, 53% of the respondents from the Old MS indicate a minimum to little level of staff, 67% of the respondents from the New MS indicate an enough to slightly more than enough level of staff, while 57% of the respondents from the Non MS indicate a minimum to little level of staff.

In Transcontinental programmes 69% of the respondents from the Old MS indicate a minimum to little level of staff, 100% of the respondents from the New MS indicate a slightly more than enough level of staff, while 50% of the respondents from the Non MS indicate an enough to slightly more than enough level of staff.

Again, it should be noted that in INTERREG B, INTERREG C and Transcontinental types of cooperation the samples of respondents for the New MS and Non MS are quite small

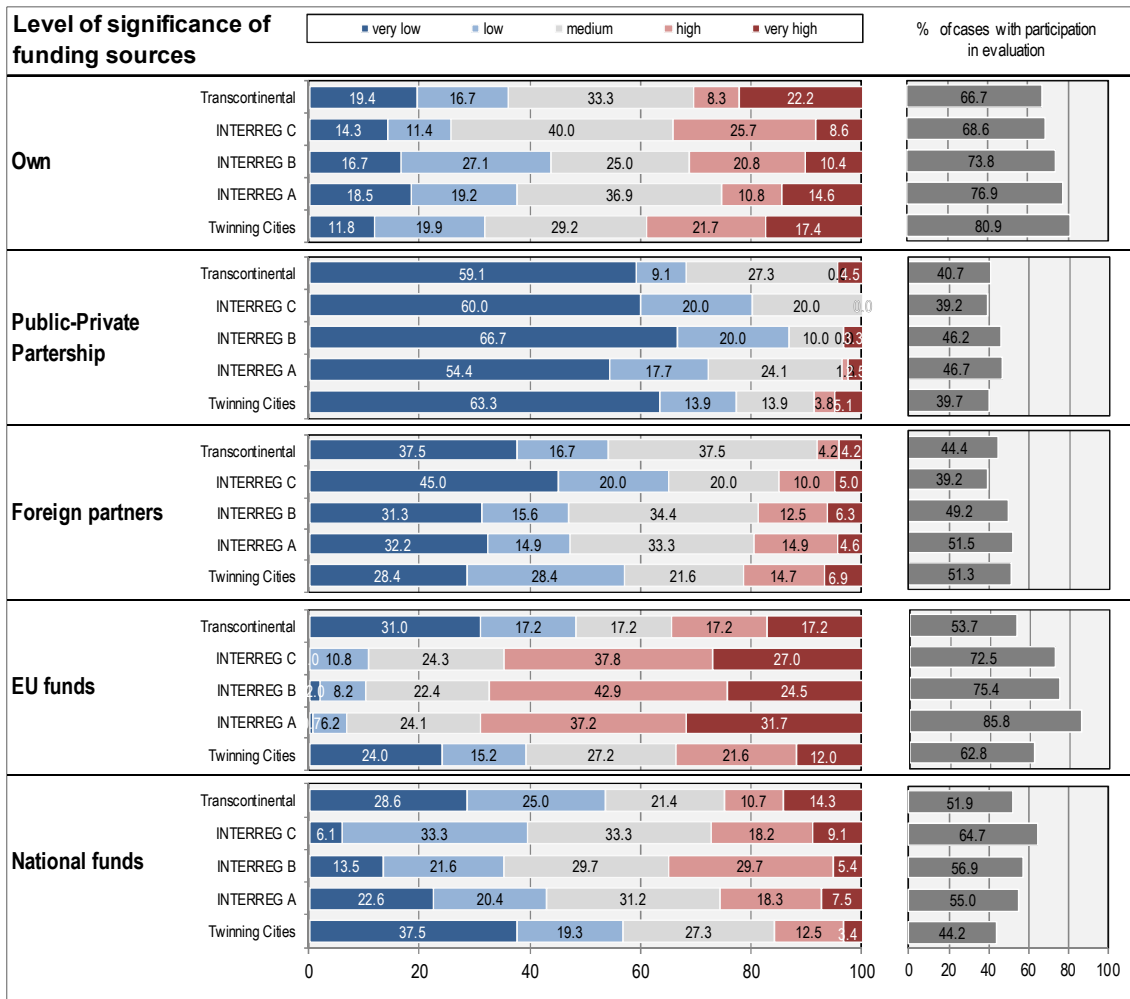
### Significance of the funding sources

For the level of significance of funding sources for participation in TC, the respondents assess with a high and very high degree the *EU funding* for INTERREG A, B and C, while for the Twinning Cities and Transcontinental the level of significance seems to be more moderate (*see* Figure 16). Next in the line of importance are *National funds* and *Own funds*, while *Foreign Partners* and *Public-Private Partnerships* seem to be of low significance, with the latest having a negligent level of significance.

In more detail (*see* Table 16), in Twinning Cities the *EU funds* have a medium level of significance for the Old MS, medium to high for the New MS and medium to low for the Non MS. In INTERREG A the level of significance for the Old MS, New MS and Non MS is high to very high, as indicated by 65%, 74.5% and 70%, respectively. In INTERREG B again, the level of significance for the Old MS, New MS and Non MS is high to very high, as indicated by 65%, 80% and 71%, respectively. In INTERREG C the level of significance for the Old MS is high to very high (as indicated by 71%), medium to high for the New MS and Non MS, as indicated by 67% and 100%, respectively. In the Transcontinental type of cooperation the samples of responses for all three groups are too small for any conclusions to be drawn.

The *National funds* in Twinning Cities have a medium to low level of significance for the Old MS, low to very low level for the New MS and a medium level for the Non MS. In INTERREG A the level of significance for the Old MS and Non MS is medium, while for the New MS it is low to very low (as indicated by 77%). In INTERREG B the level of significance for the Old MS is medium, for the New MS it is low to very low, while for the Non MS it is medium to high. In INTERREG C the level of significance for the Old MS is medium, medium to low for the New MS and medium to high for the Non MS. In the Transcontinental type of cooperation the samples of responses for all three groups are too small so that any conclusions can be drawn.

**Figure 16. Significance of the funding sources in TC projects**



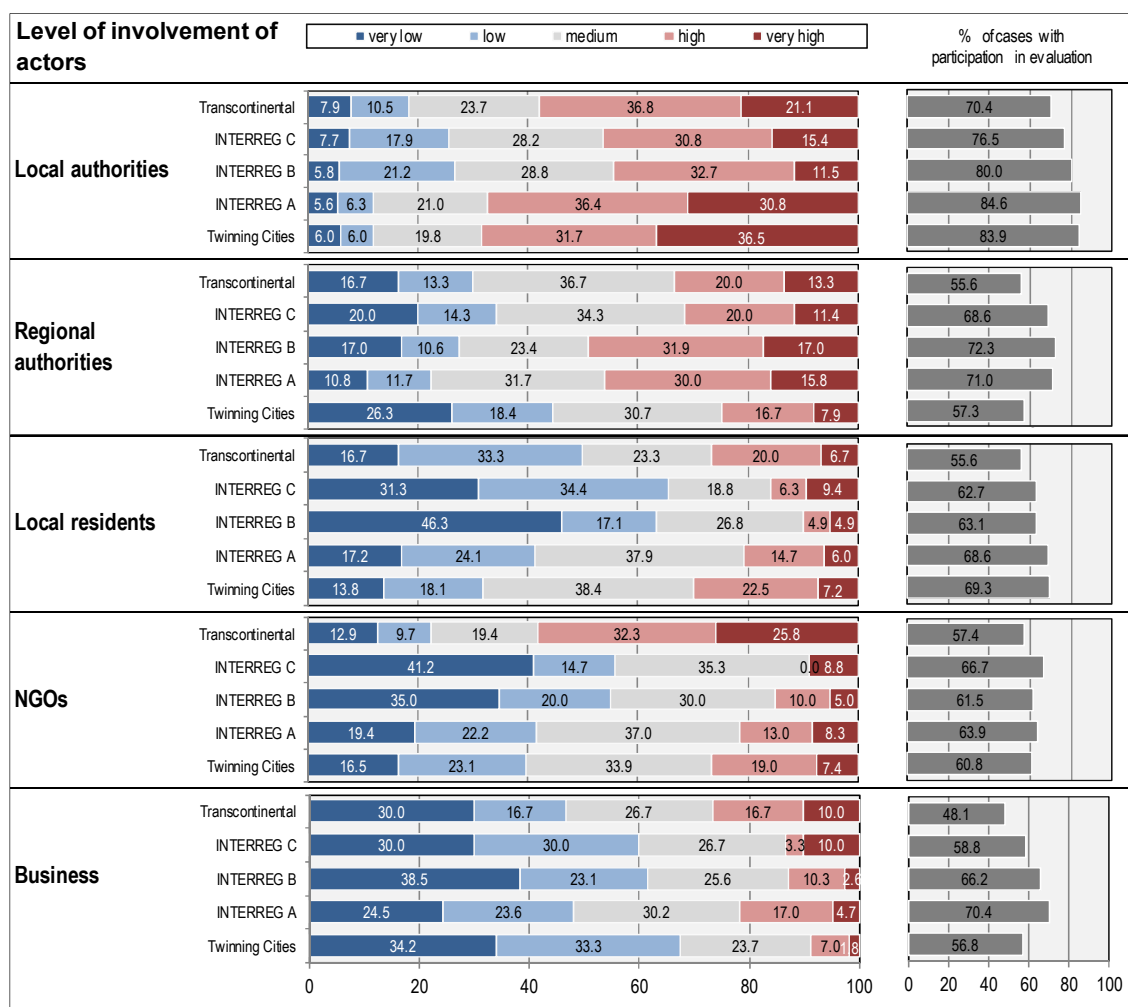
Source: Authors' elaboration

## Involvement of Stakeholders in Co-operation

### Involvement by type of stakeholders

Apparently, the involvement in TC depends, to a great extent, on the subject of TC. Yet, the active involvement of some stakeholders such as local authorities is considerable. That is, most of the municipalities responded that the *Local authorities* are, from highly to very highly, involved in all the types of territorial cooperation projects (see Figure 17). Next in line, in terms of involvement, are the *Regional authorities* with an overall medium level. The *NGOs* seem to have a high involvement (as indicated by 62%) only in Transcontinental programmes, while the *Local residents* and the *Businesses* have a rather low level of involvement in all the types of cooperation (except for the Twinning cities in which the formers ones are involved more to a medium level).

**Figure 17.** Level of Involvement of stakeholders by type of TC



Source: Authors' elaboration

In particular (*see* Table 17), the level of involvement of *Local authorities* in Twinning Cities is indicated by the majority (64%) of the respondents from the Old MS as high to very high, the same with the majority (80%) from the New MS, while those from the Non MS indicate it as medium to high. For INTERREG A the majority (83% and 81%, respectively) of the respondents from the Old MS and New MS indicate a medium to high involvement of the *Regional Authorities*, while those from the Non MS indicate a medium level of involvement. For the INTERREG B the majority of the respondents from the Old MS indicated a medium level of involvement of *Regional authorities*, while from the New MS – a high to very high level of involvement and from the Non MS – a medium to high. The involvement of *Regional authorities* in INTERREG C was indicated as medium by the majority (71% and 67%, respectively) of the respondents from the Old MS and New MS, while those (60%) from the New MS indicated a high to very high level of involvement. In Transcontinental programmes the majority of the respondents from all three groups (Old MS, New MS and Non MS) indicated a medium to high level of involvement by 83%, 100% and 75%, respectively.

In relation to the *Regional authorities'* involvement in Twinning Cities the majority (64%) of the respondents from the Old MS indicate the level of involvement of *Local authorities* in TC as high to very high, so does the majority (80%) from the New MS, while those from the Non MS indicate it as medium to high. In INTERREG A the majority of the respondents from all three groups (Old MS, New MS and Non MS) indicated a high to very high level of involvement by 59%, 89% and 57%, respectively. In INTERREG B the majority (74%) of the respondents from the Old MS indicated a medium to high level of involvement, while the New MS and Non MS – a high to very high level, by 87% and 57%, respectively. In INTERREG C the majority (78% and 80%) of the respondents from the Old MS and New MS indicated a medium to high level of involvement, while for the Non MS – a medium to low level, by 71.5%. In Transcontinental programmes the samples of responses for all three groups are too small for any conclusions to be drawn.

The *NGOs* seem to have a medium to low involvement in Twinning Cities as indicated by the majority (87%) of the respondents from the Old MS, and to medium – as indicated by those from the New MS and Old MS. In INTERREG A the majority of the respondents from all three groups (Old MS, New MS and Non MS) indicated a medium to low level of involvement by 85%, 76% and 69.5%, respectively. In INTERREG B the majority (69%) of the respondents from the Old MS indicated a low to very low level of involvement of the *NGOs*, while those from the New MS and Non MS – a medium to high level, by 100% and 75%, respectively. In INTERREG C the majority (65%) of the respondents from the Old MS indicates the involvement of *NGOs* as low to very low, while those from the New MS and Non MS – as medium. In Transcontinental programmes the samples of responses for all three groups are too small for any conclusions to be drawn.

The *Local residents*, according to the prevailing number of the respondents from all the three groups (Old MS, New MS and Non MS) have been involved to a medium extent in the Twinning Cities. The same opinion is shared by the respondents from the New MS and Non MS. In INTERREG A the involvement of *Local residents* is perceived by most of the respondents from the Old MS as medium to low, as it is also the case by those from the Non MS, while the respondents from the New MS assess the involvement as medium. The majority (73%) of the respondents from the Old MS consider the involvement of *Local residents* in INTERREG B as low



to very low, while the respondents from the New MS and Non MS consider it as medium. In INTERREG C the involvement is considered by the majority (69.5%) of the respondents from the Old MS as low to very low, as it is also considered by those (75%) from the New MS, while the respondents from the Non MS consider it as medium to low. In Transcontinental programmes the samples of responses for all three groups are too small for any conclusions to be drawn.

The *Business sector*, according to the majority of the respondents (83% and 70%, respectively) from the Old MS and New MS, has a low to very low involvement in the Twinning Cities, and a medium to low as indicated by 76% of respondents from the Non MS. The participation of the *Business sector* in the INTERREG A is considered as low to very low by a big percentage of the respondents in all three groups (Old MS- 46%, New MS-47% and Non MS-54.5%), while an additional 27%, 34% and 32% consider this involvement to a medium extent. The same opinion is shared by the respondents from the New MS and Non MS. In INTERREG A the involvement of the *Business sector* is perceived by the majority of the respondents from the Old MS as medium to low, as it is also by those from the Non MS, while the respondents from the New MS assess the involvement as medium. The majority (69%) of the respondents from the Old MS consider the involvement of the *Business sector* in INTERREG B as low to very low, those from the New MS as medium and those from the Non MS as medium to low. In INTERREG C the involvement is considered by the majority (64% and 75%, respectively) of the respondents from the Old MS and New MS, while by those from the Non MS – as medium. In Transcontinental programmes the samples of responses for all three groups are too small for any conclusions to be drawn.

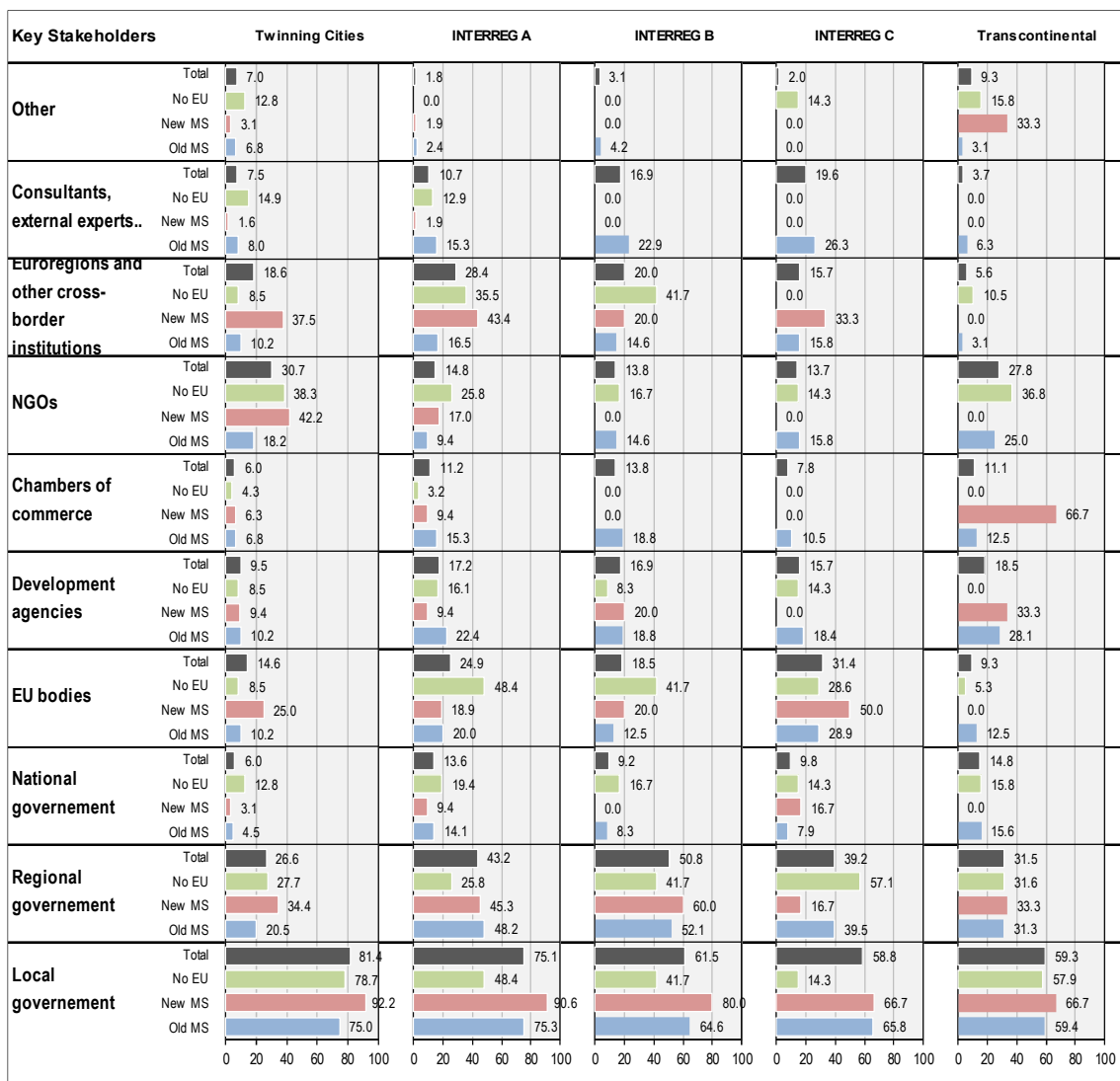
To be noted here again that in INTERREG B and INTERREG C the samples of respondents for the New MS and Non MS are quiet small.

**Governance**

**The key stakeholders initiating TC**

The high level of involvement of the municipalities in TC projects, showed by the results of the previous question, could be explained by the fact that a big part of the projects are mainly initiated by the local governments, as seen in Figure 18. Next in line, in terms of initiating TC, are *Regional Authorities* and *NGOs*, while last in line are *Chambers of Commerce* and *Consultants/External Experts*.

**Figure 18.** The key stakeholders initiating TC by type of TC



Source: Authors' elaboration

In more detail, 75% of the respondents from the Old MS, 92% of the respondents from the New MS and 79% of the respondents from the Non MS indicate that the *Local Authorities* initiate the TC in Twinning Cities. Next in line are the *NGOs* as indicated by 18% of the respondents from the Old MS, 42% from the New MS and 38% from the Non MS. This is then

followed by *Regional authorities* as pointed out by 20.5% of the respondents from the Old MS, 34% from the New MS and 28% from the Old MS. The lowest initiation of TC is attributed to the *National government* and the *Chambers of commerce* as pointed out by 4.5% and 7% of the respondents from the Old MS, 3% and 6% of those from the New MS and 13% and 4% by those from the Non MS, respectively.

Projects initiators in INTERREG A are firstly considered to be the *Local Authorities* by 75%, 91% and 48% of the respondents from the Old MS, New MS and Non MS, respectively. Next in line are the *Regional governments* as indicated by the 48%, 45% and 26% of the respondents from the Old MS, New MS and Non MS, respectively. The *Euroregions and other cross-border institutions* are also ones which are considered important by 16.5%, 43% and 35.5 % of the respondents from the Old MS, New MS and Non MS, respectively. The weakest initiators of TC in INTERREG A are considered to be *Consultants/External Experts* and the *Chambers of commerce* as indicated by 15% of the respondents from the Old MS, 2% and 9% of the respondents from the New MS and 13% and 3% of the respondents from the Non MS, respectively.

Projects initiators in INTERREG B are once again considered to be those of *Local Authorities* by 65%, 80% and 42% of the respondents from the Old MS, New MS and Non MS, respectively. The second important initiator in this type of cooperation is *Regional governments* by 52%, 60% and 42% of the respondents from the Old MS, New MS and Non MS, respectively. The pathetic initiators of TC in INTERREG B are considered *National government* and the *Chambers of commerce* as indicated by 8 and 19% of the respondents from the Old MS, not indicated at all by the respondents from the New MS and 17% and 0% of the respondents from the Non MS, respectively.

Projects initiators in INTERREG C are considered, once more to be those of *Local Authorities* by 66%, 67% and 14% of the respondents from the Old MS, New MS and Non MS, respectively. Again *Regional governments* are considered as the second most important initiator in this type of cooperation by 39.5%, 17% and 57% of the respondents from the Old MS, New MS and Non MS, respectively. The frailest initiators of TC in INTERREG C are considered to be *Chambers of commerce* and *National government* as indicated by 10.5% and 8% of the respondents from the Old MS, 0% and 17% by the respondents from the New MS and 0% and 14% by the respondents from the Non MS, respectively.

As Transcontinental project initiators are considered, once again, the *Local Authorities* accounting for 59%, 67% and 58% of the respondents from the Old MS, New MS and Non MS, respectively. Once more the Regional governments are considered as the second most important initiator in this type of cooperation by 31%, 33% and 32% of the respondents from the Old MS, New MS and Non MS, respectively. The feeblest initiators of TC in Transcontinental are considered to be *Consultants/External Experts* and *Euroregions and other cross-border institutions* as indicated by 6.3% and 3% of the respondents from the Old MS.

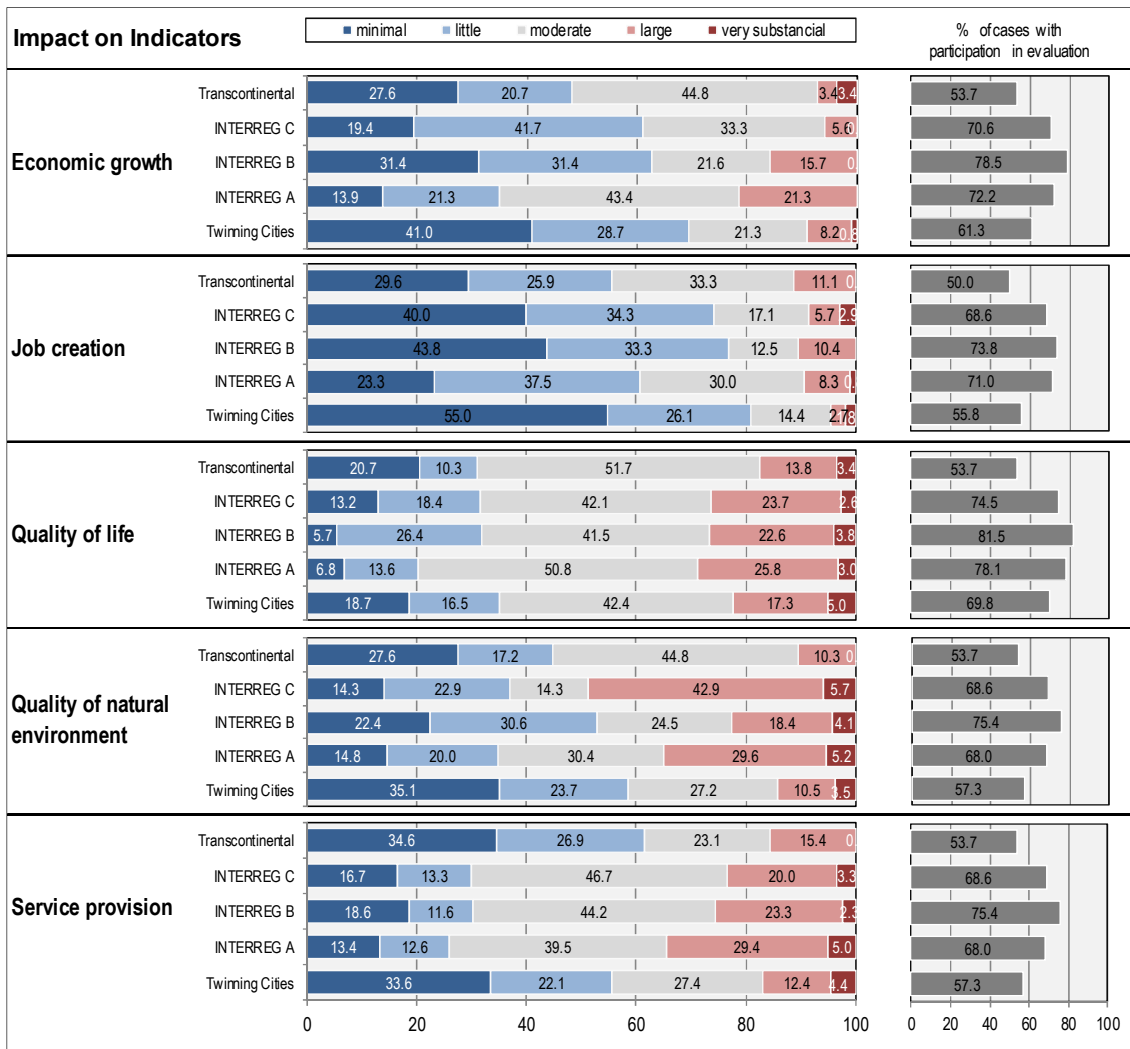
To be noted here again that in INTERREG B, INTERREG C and Transcontinental types of cooperation the samples of respondents for the New MS and Non MS are quiet small.

**Impact**

**Impact of Territorial Co-operation on socio-economic development**

The assessment of territorial cooperation as one of the factors underpinning the socio-economic development of territorial units constitutes the cornerstone hypothesis of the TERCO project. Within this context, the impacts of each type of TC on economic growth, job creation, quality of life, quality of environment and service provision by municipalities, have all been investigated. On the basis of information provided in Figure 19, it is quite obvious that the impact of TC on the socio-economic development is evaluated as minimal to moderate.

**Figure 19.** Impact of TC on socio-economic development by type of TC



Source: Authors' elaboration

This evidence brings to the fore the imperative need for further analysis of territorial objectives under the EU strategy and its association with the goals of territorial cohesion.

Having a closer view, a series of interesting observations can be drawn following the juxtaposition of CAWI results among the five types of TC and the three groups of respondents.

Beginning with Twinning cities (*see* Table 18), despite the fact that the highest values are found from a minimal to a moderate impact, a noteworthy variation is detected among specific themes and groups of territorial units. In more details, for the Old MS, minimal impact is recorded on *job creation* (65%), *economic growth* (54%), *natural environment* (53.5%) and *service provision* (49%), whilst mainly a moderate impact is observed on the *quality of life* (43%). For the New MS the picture is somehow different since the highest value of minimal impact is detected only for *job creation* (55%). As for the remaining values, a small impact is illustrated on *natural environment* (31%) and a moderate impact on *quality of life* (45%) and *service provision* (37%). The impact of TC on *economic growth* in particular, appears to be shared between the minimal (31%) and moderate (31%) levels. By contrast, the picture is substantially different for the Non MS, since values referring to minimal, little or moderate impacts are lower compared to the previous groups, while the perception of a large impact of TC on *quality of life* and *service provision* is notably high (25% and 26% respectively).

Moving on to INTERREG A, it is worth noting that for both Old MS and New MS most of the prevailing values are for moderate levels of impact on *economic growth* (41% and 56%, respectively), *quality of life* (56% and 53%, respectively), *service provision* (44% and 37%, respectively) and *natural environment* (34% only for the New MS). As for the Non MS, little impact is observed on *job creation* (44%), while the findings in the remaining themes do not allow for any clear evidence and assumptions, since they are almost evenly distributed.

While examining the remaining types of TC what ought to be noted is that only findings regarding the Old MS are taken into consideration, since the samples of observations (after filtering procedure) for New MS and Non MS are not statistically significant. The actual results with regards to INTERREG B, show that minimal (34%) or/and little (34%) impact of TC is perceived on *economic growth*, minimal impact on *job creation* (53%), little impact on *natural environment* (natural environment) and moderate impact on *quality of life* (41%) and *service provision* (39%). Similarly to the previous type, INTERREG C is assessed to have minimal impact on *job creation* (46%), little impact on *economic growth* (41%) and moderate impact on the *quality of life* (41%), while large appears to be the impact on *natural environment*. As for Transcontinental type of cooperation, minimal impact are detected on *service provision* (37.5%) and *job creation* (35%), whilst moderate impact is evaluated on *quality of natural environment* (50%).

To be noted here again that in INTERREG C and Transcontinental types of cooperation the samples of respondents for the New MS and Non MS are quiet small.

To sum up, in spite of the more than a two decades history of INTERREG programmes and given that current regulations, in particular, put forward a clear and overriding concern with the growth and jobs agenda, it seems that there is still a lot to be done on behalf of policy makers to meet the aforementioned goals.

### Impact of Territorial Co-operation on flows and exchanges

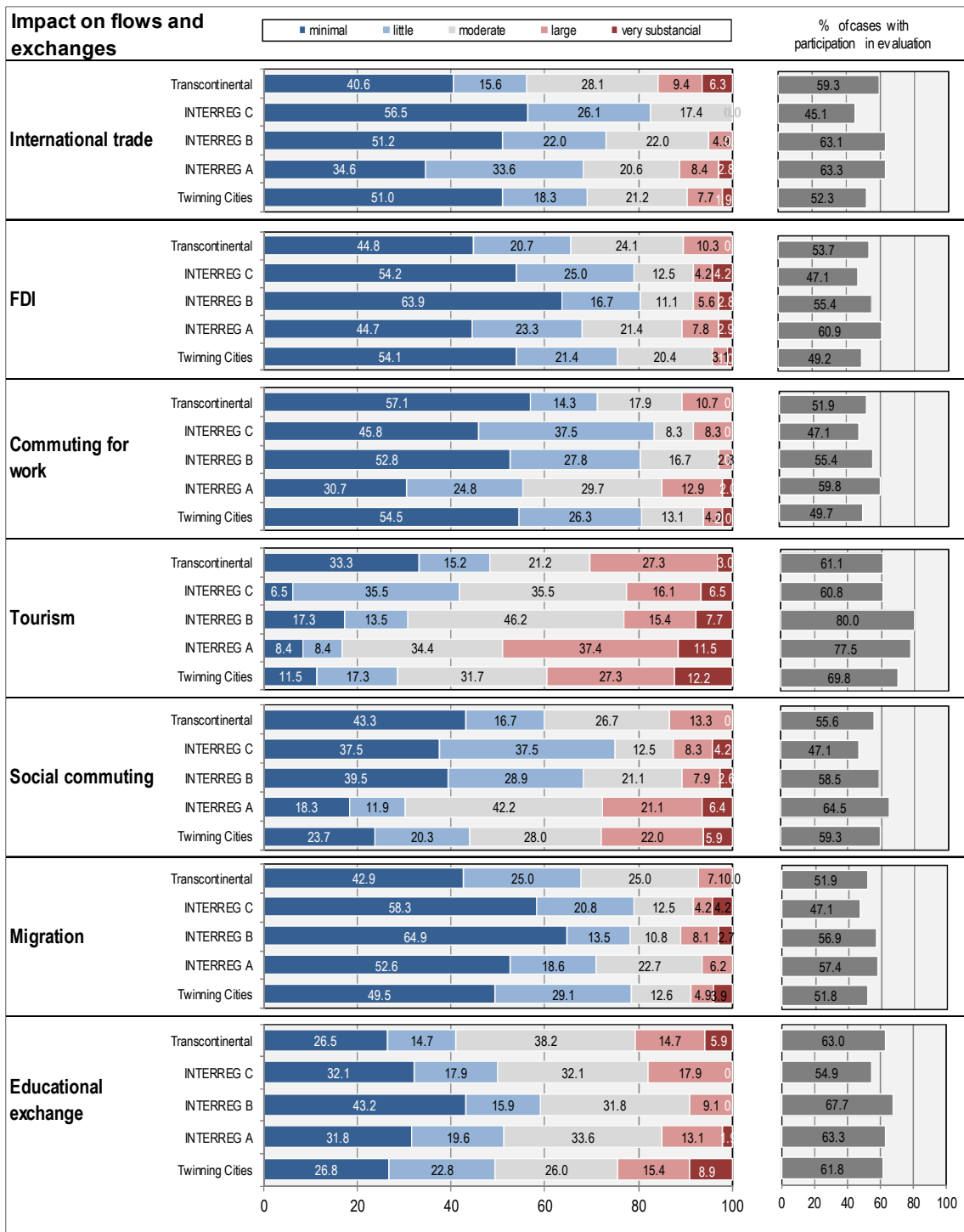
The key question in this section deals with the impact of TC on a series of flows and exchanges, such as *international trade, FDI, commuting for work, social commuting, tourism, migration* and *educational exchange*. It is worth pointing out that the findings (see Figure 20) are analogous to the aforementioned ones. Again, similar to preceding analysis, a great number of municipalities in all groups of respondents evaluate as minimal to moderate the impact of TC on the above mentioned flows and exchanges. The only exception is found with regards to *tourism* and *social commuting* which exhibit a different pattern of perceptions. Based upon information in Figure 20, there is a series of interesting observations which are worth discussing.

Looking into the Twinning cities in particular (see Table 19), findings show that only a minimal impact of TC is detected on *international trade, FDI, commuting for work, and migration*, indicating that economic flows of goods, investment and human capital are in no way affected by TC occurred in all groups of respondents. The only types of flows where moderate to large impact of TC are observed, are those of *tourism* primarily, and *social commuting* secondary. The latter findings allow one to claim that twinning activities mobilize flows and exchanges *in tourism and commuting at social level*.

As for INTERREG A, and in relation to the Old MS in particular, a minimal impact of TC is recorded on *FDI* (50%) and *migration* (42%), little impact on *international trade* (41%) and moderate impact on *tourism* (45.5%) and *social commuting* (43%). Observations related to the New MS show minimal impacts of INTERREG A on *migration* (69%), *commuting for work* (54%), *educational exchange* (48%) and *international trade* (39%). On the other hand, large impact is detected on *tourism* (51%) and moderate impact on *social commuting* (42%), reflecting the significant role that INTERREG A plays in these domains. As for the Non MS, minimal impact of INTERREG A is found again on *migration* (61.5%), *FDI* (40%) and on *international trade* (38%). Similarly to preceding findings, moderate to large impact of INTERREG A is recorded on *tourism* and *social commuting*, underlying the focal point of interest in such programmes.

Assessing INTERREG B, INTERREG C and the Transcontinental types of territorial cooperation, it is once again evident that only the findings regarding the Old MS are taken into consideration, since the samples of observations (after filtering procedure) for the New MS and Non MS are not statistically significant. Within this context, minimal impact from INTERREG B is found on *migration* (80%), *FDI* (79%), *commuting for work* (64%), *international trade* (59%), *social commuting* (50%) and *educational exchange* (50%). Again, moderate impact is detected on *tourism*. Moving on to INTERREG C, minimal impact is recorded for *migration* (67%), *FDI* (53%), *international trade* (53%) and *commuting for work* (47%). It is worth noting that INTERREG C, contrary to the preceding findings, appears to have little impact on *tourism* (45.5%) and on *social commuting* (47%). Examining the impact of transcontinental type of cooperation, it is remarkable that this impact appears to be minimal almost on every field of flows and exchanges.

**Figure 20.** Impact of Territorial Co-operation on flows and exchanges by type of TC



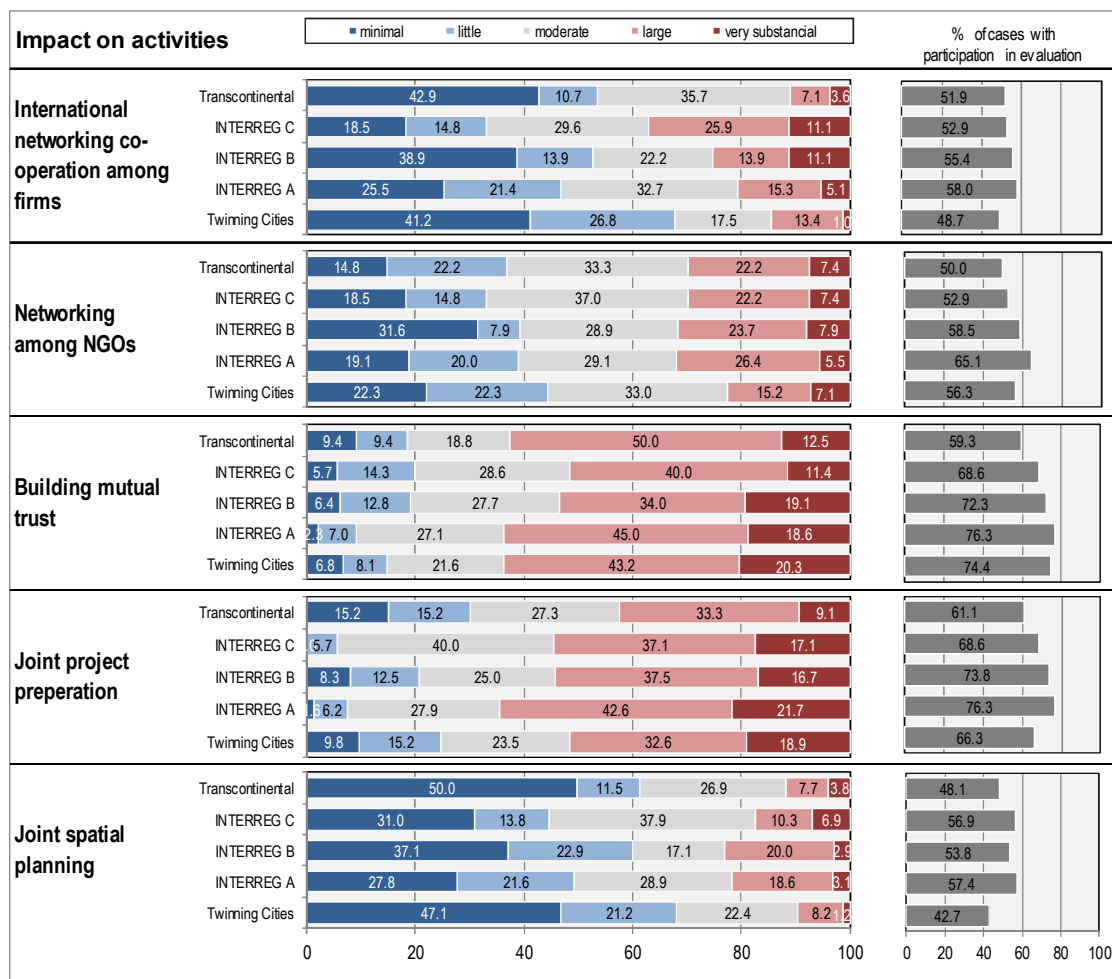
Source: Authors' elaboration

**Impact of Territorial Co-operation on specific activities**

This section traces the strength of the impacts of TC on a series of activities such as *networking among firms or NGOs, building mutual trust, joint project preparation and joint spatial planning*. Beginning with the overall picture depicted in Figure 21, it is obvious that all

types of TC have a large to moderate impact on *building mutual trust*, *joint project preparation* and *networking among firms*, while the remaining activities appear to have minimal impact in most of the cases. This evidence suggests that TC in general, offers the ground for building a stable basis upon mutual understanding among the key stakeholders preparing and launching common initiatives in social sphere, in particular.

**Figure 21.** Impact of Territorial Co-operation on specific activities by type of TC



Source: Authors' elaboration

Looking at Twinning cities in more details (see Table 20), and for the Old MS, minimal impact is found on *joint spatial planning* (59%) and on *networking among firms* (47%), while little impact on *networking among NGOs* (35%) and moderate impact on *building mutual trust* (44%) and *joint project preparation* (33%) is recorded. Concerning the New MS, again, the minimal impact of Twinning activities is found on *networking firms* (43%) and *joint spatial planning* (42%). On the other side of the spectrum, Twinning cities seem to have a large impact on *building mutual trust* (48%) and on *joint project preparation* (44%). As for the Non MS, it is hard to capture a clear picture, since one can observe meaningful values reflecting minimal to large impact of twinning almost on each of the specific activities under consideration.



Looking into INTERREG A and for the Old MS in particular, it is worth noting that large a impact is detected on *building mutual trust* (42%) and *joint project preparation* (41%), whilst moderate impact is seen on *joint spatial planning*. Similarly, with regards to the new EU MS, a large impact of INTERREG A is recorded on *building mutual trust* (52.5%) and on *joint project preparation*. On the other hand, moderate impact on *networking among NGOs* (42%) and *firms* (41%) is being highlighted, while at the same time the impact of INTERREG A on *joint spatial planning* appears to be at a minimal level (41%). As for the Non MS, it is interesting that almost in all types of activities, the highest values are found between moderate to large impact indicating the significant role that INTERREG A plays in external EU regions.

As for INTERREG B, INTERREG C and Transcontinental type of territorial cooperation, it is clarified (as mentioned before) that only values referring to the Old MS have been assessed due to the statistical insignificance of the respondents' sample from the New MS and Non MS. Having this in mind, the minimal impact of INTERREG B is found on *networking among firms* (44%) and *joint spatial planning* (38%), while large impacts are detected on *joint project preparation*. Moving on to INTERREG C, generally it is noticed that a moderate impact is expected on *joint project preparation* (44%) and on *joint spatial planning* (39%). Closing with Transcontinental type of cooperation, a minimal impact is recorded on *joint spatial planning* (56%) and on *networking among firms* (40%), whilst meaningful a large impact is detected on *building mutual trust* (58%).

To be noted here again that in INTERREG B, INTERREG C and Transcontinental types of cooperation the samples of respondents for the New MS and Non MS are quiet small.

### Territorial Cooperation without EU funding

If territorial cooperation funds were unavailable, a prevailing number of respondents indicated that they would not undertake similar activities (see Figure 25). It is worth noting that negative views are detected for all the types of territorial cooperation and in all three groups of municipalities. This finding can be interpreted either as a lack of trust towards the effectiveness of the territorial cooperation programmes, or/and as a sign of inability to undertake similar projects with domestic funds only. In more detail, and in relation to INTERREG A, the highest frequency of "no" is found in the Old MS (75%), followed by Non MS (58%), while for New MS the negative responses are slightly lower (51%). Looking into INTERREG B, it is remarkable that all the respondents from the New MS would not undertake TC activities without financial support indicating, in a way, the funding driven nature of INTERREG B. Similar to the previous types of cooperation the same picture is viewed in INTERREG C and Transcontinental cooperation. This clear evidence reflects the vital role the EU funding plays in territorial cooperation.

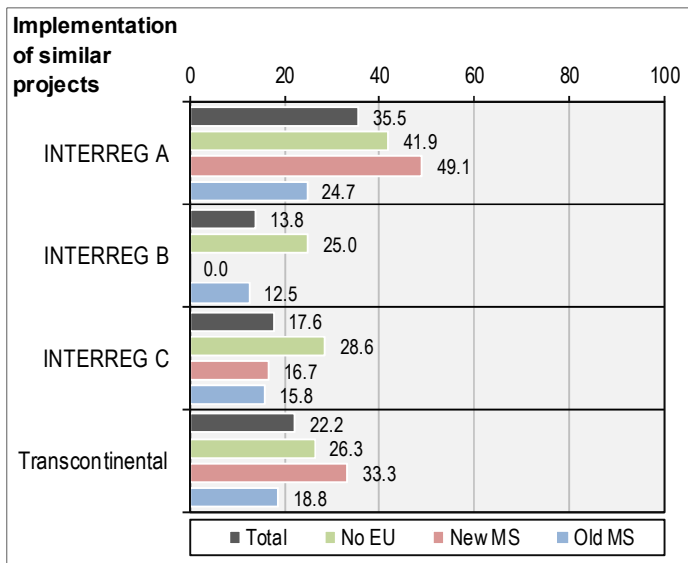
**Table 7.** Implementation of similar TC projects without EU funding by type of TC

Implementation of similar TCo projects, anyway		Group			
		Old MS	New MS	No EU	Total
<b>INTERREG A</b>	Yes, similar	24.7	49.1	41.9	<b>35.5</b>
	Not similar	75.3	50.9	58.1	<b>64.5</b>
	<b>Subtotal</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>INTERREG B</b>	Yes, similar	12.5	0.0	25.0	<b>13.8</b>
	Not similar	87.5	100.0	75.0	<b>86.2</b>
	<b>Subtotal</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>INTERREG C</b>	Yes, similar	15.8	16.7	28.6	<b>17.6</b>
	Not similar	84.2	83.3	71.4	<b>82.4</b>
	<b>Subtotal</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Transcontinental</b>	Yes, similar	18.8	33.3	26.3	<b>22.2</b>
	Not similar	81.3	66.7	73.7	<b>77.8</b>
	<b>Subtotal</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Grand Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Authors' elaboration

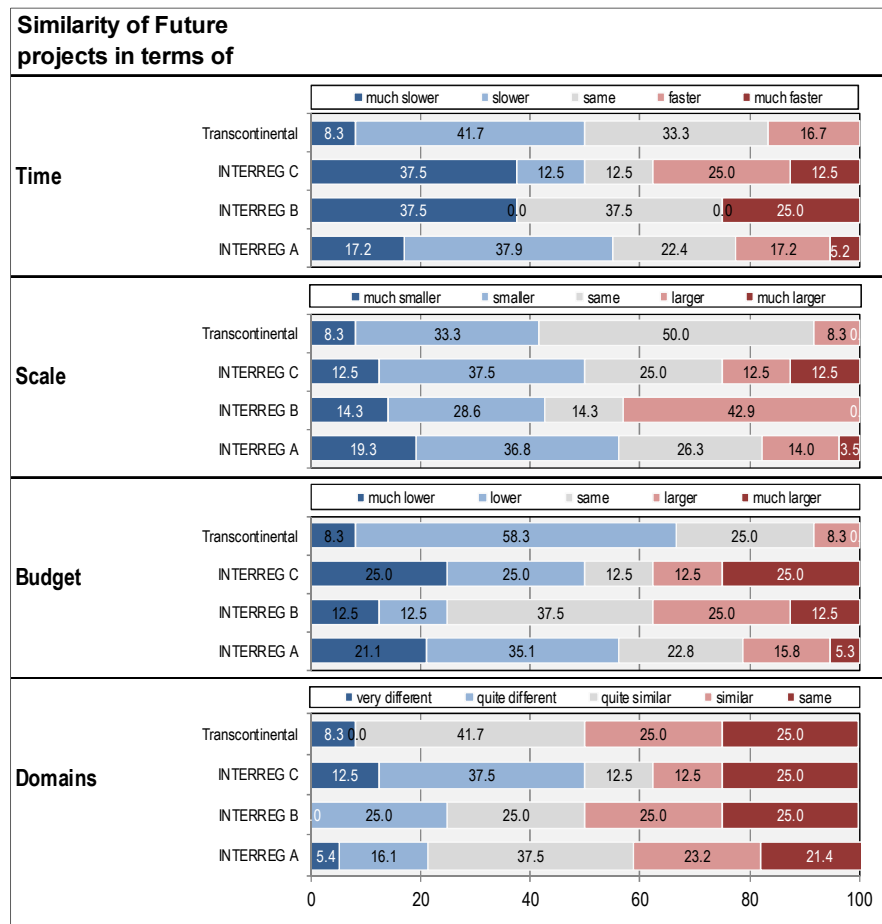
An interesting issue to be examined is to explore which type of territorial cooperation brings the highest value added in terms of time, scale, budget and domains. It should be noted that the values shown in *Figure 26* refer only to respondents who would undertake cooperating activities even without funding in the previous section. This means that the statistical sample with regards to INTERREG B, INTERREG C and Transcontinental types of cooperation does not allow for any reliable assumptions.

**Figure 22.** Implementation of similar TC projects without EU funding by type of TC



Source: Authors' elaboration

**Figure 23.** Similarity of future TC projects in terms of Time, Scale Budget & Domains by type of TC



Source: Authors' elaboration

Examining INTERREG A (*see* Table 25), a series of interesting observations can be highlighted. In terms of time, it is evident that many of the respondents would undertake territorial co-operation initiatives at a slower (New MS and Non MS) or the same (Old MS) pace in projects' implementation. This evidence indicates that territorial units would not be able to carry out the projects as fast as they can now with the INTERREG support.

In terms of scale, the Old MS would implement a TC project at the same (35%) or smaller (30%) scale, while a similar pattern is detected for the New MS (same-29%, smaller-33%). As for the Non MS, it is worth noting that most of the municipalities (54%) would undertake a smaller scale of projects that TC programs are really necessary for the implementation of successful cooperation referring to large geographical scales.

As far as the budget is concerned, the findings show that a prevailing number in all three groups would undertake a lower, much lower or the same project budget. The respondents from New MS and Non MS accord higher values for lower budgets (43.5% and 46%, respectively), while in the Old MS the highest values are distributed between much lower (29%) and the same (29%) budget. It is an uncontroversial observation that the level of TC budgets is strongly influenced by the existence of funds revealing the funding-driven nature of TC activities.

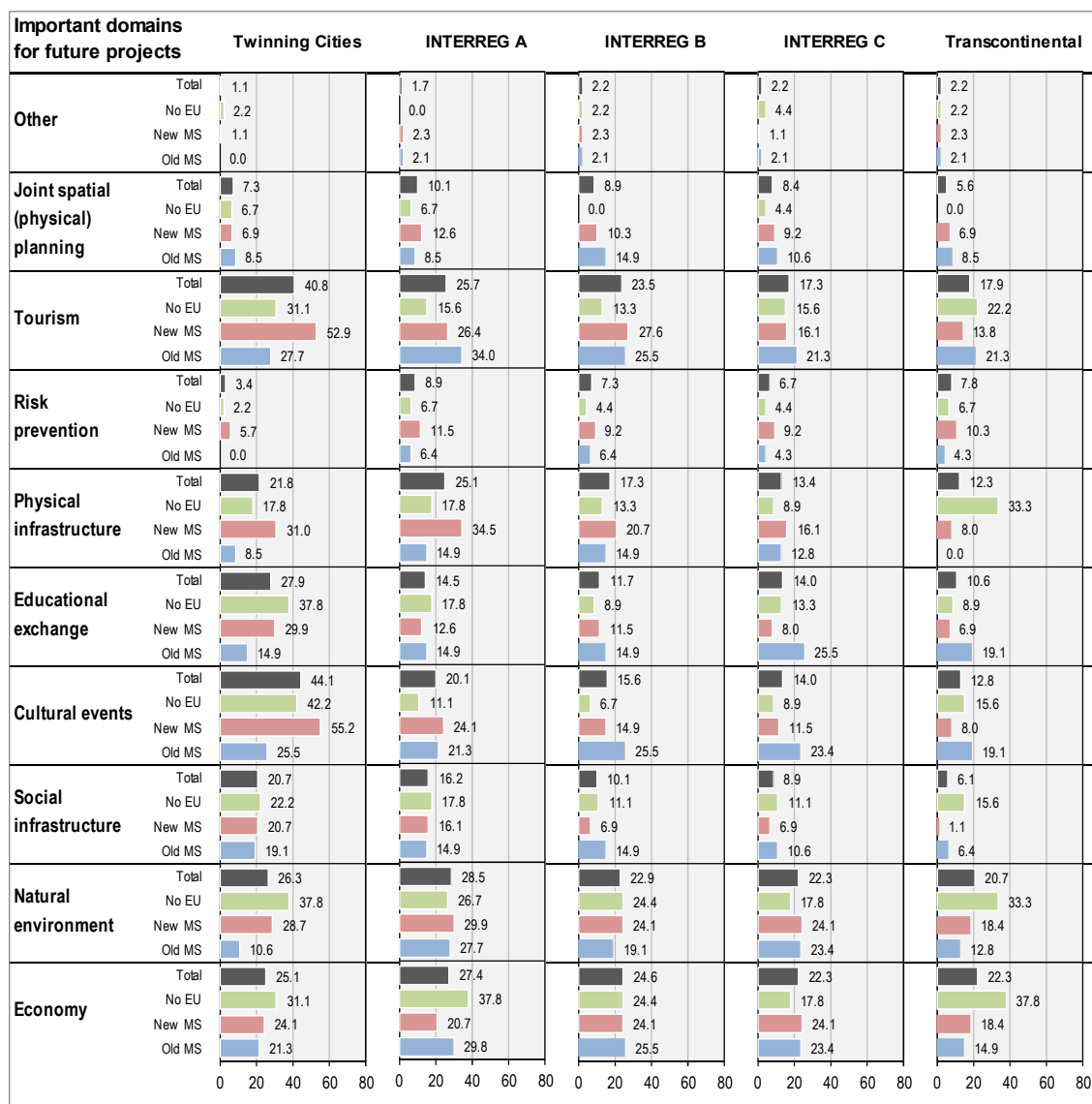
As for domains, it is obvious that municipalities from the Old MS and New MS would initiate the same fields of territorial cooperation implemented so far. In detail, 52% of the Old MS respondents consider that they would undertake quite similar activities. Almost the same results are recorded for the New MS respondents, since 48% of them would undertake similar to the past activities and domains. As far as the Non MS are concerned, the perceptions appear to be slightly different since 33% of the municipalities would undertake quite different cooperating initiatives, while at the same time 33% would undertake quite similar domains. To sum up, the accumulated empirical evidence suggests that TC programs bring high Value Added since they allow for bigger scale, faster changes and richer budgets.

**Future Prospects**

**Important domains for the future**

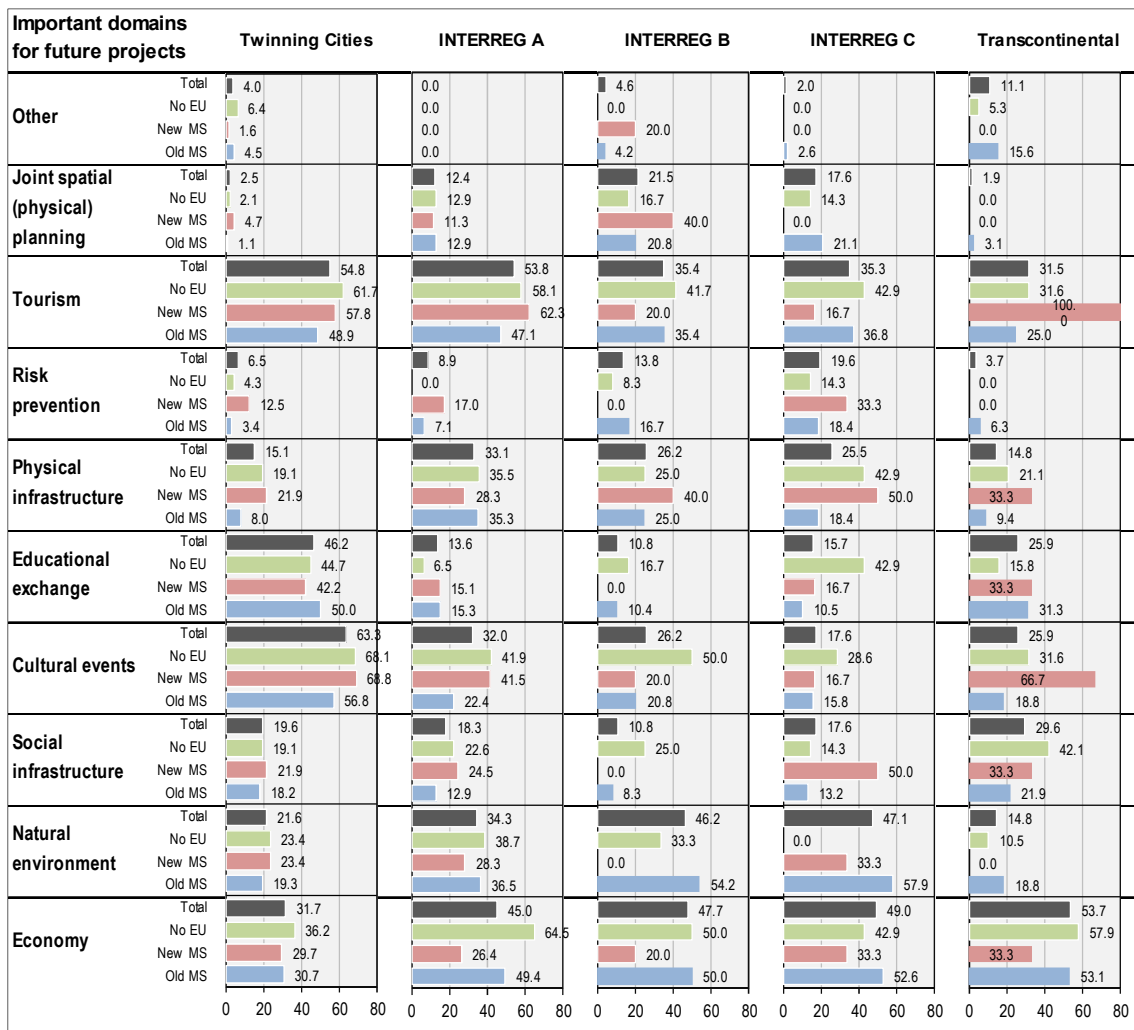
Figure 24 and Figure 25 present the summary information on the most significant domains for the future development, per each type of TC and group of regions (Old MS, New MS and Non MS). The information in Figure 24 is based on the municipalities “inexperienced” in territorial cooperation, while Figure 25 provides information based on the “experienced” ones.

**Figure 24.** Important domains for the future by type of TC (no experience in TC projects)



Source: Authors' elaboration

**Figure 25.** Important domains for the future by type of TC ( experience in TC projects)



Source: Authors' elaboration

As far as Twinning Cities are concerned, the three most important domains for both the “experienced” and “non-experienced” samples of respondents, appear to be the *Cultural events*, *Tourism* and *Educational exchange*, though a range of variations are detected among the particular groups. Interestingly, *Cultural events* (with the exception of Old MS from the “inexperienced” group) appear to be by far the most important domain in twinning activities, in all groups and in both Figures. In particular, a differentiation is detected with respect to the domains that follow within the three groups since for the “experienced” municipalities the Old MS the important domains are *Tourism* (49%) and *Educational exchanges* (50%), while for the “inexperienced” ones are *Tourism* (28%), *Cultural events* (26%), as mentioned above, and *Economy* (20%). The “experienced” municipalities in the New MS perceive *Culture* (69%), *Tourism* (58%) and *Educational exchange* (42%) as the most important domains for the future, whilst for the “inexperienced” ones the respective order is *Tourism* (53%) and *Educational exchange* (30%). As for the Non MS, it is notable that the *Cultural events*, *Educational exchange* and *Economy* appear to be the most important domains in both figures. On the other hand, it is obvious that compared to the other domains the least important ones in all cases appear to be *Joint spatial planning* and *Risk prevention*.

Findings in the case of INTERREG A suggest a different pattern of perceptions towards the future, reflecting the different nature and rationale of the actual type of territorial cooperation. Generally, *Tourism*, *Economy* and *Natural environment* appear to be the most significant domains, though the gravity among them is not the same within “experienced” and “inexperienced” municipalities. Going a step further, for the Old MS the domains of *Economy* (49%), *Tourism* (47%) and *Physical infrastructure* (35%) are detected as the most important ones for “experienced” respondents, while *Tourism* (34%), *Economy* (30%) and *Natural environment* (28%) are underlined by “inexperienced” ones. Looking at the New MS, *Tourism* (62%), *Culture* (41%) and *Natural environment* (28%) are seen as significant domains for the “experienced” respondents, while for the “inexperienced” ones, the respective order is *Physical infrastructure* (34.5%), *Natural environment* (30%) and *Tourism* (26%). Surprisingly, the domains of *Risk prevention* and *Joint spatial planning* are found on a lower scale of preference for future implementation.

In INTERREG B, the *Economy*, *Natural environment* and *Tourism* appear to be the most important domains in both Figures with minor variations in gravity among them. For the “experienced” municipalities from the Old MS the *Natural environment* (54%), *Economy* (50%) and *Tourism* (35%) seem to be very appealing domains. The respective order of domains for the “inexperienced” municipalities is *Tourism* (25.5%), *Economy* (25.5%), and *Culture* (25.5%). As far as the New MS and Non MS, only the findings for the “inexperienced” municipalities are taken into consideration since the sample for the “experienced” ones is not statistically significant. In this perspective, *Tourism* (28%), *Economy* (24%) and *Natural environment* (24%) are seen as the most important domains for the New MS. For the Non MS however, the domains of *Natural environment* (24%) and *Economy* (24%) are perceived as significant. Again, it is worth noting that *Risk prevention* and *Joint spatial planning* are detected as the least important domains.

Similarly to strand “B” of INTERREG, it is pointed out that *Economy*, *Natural environment* and *Tourism* seem to be the most important domains within INTERREG C for future development. Exactly the same order is detected for the “experienced” Old MS (49%, 47% and 35%, respectively), while for the “inexperienced” municipalities the highest values are found in the domains of *Economy* (22%), *Educational exchange* (23%) and *Tourism* (17%). As for the New MS (again only for the inexperienced), the most important domains appear to be *Economy*, (24%), *Natural environment* (24%) and *Tourism* (16%). Similarly to the previous one, for the Non MS the *Natural environment* (18%), *Economy* (18%) and *Tourism* (16%) are found as the domains with the highest potential. Contrary to this picture, the less appealing domains for the “experienced” municipalities appear to be *Educational exchange* (16%), *Social infrastructure* (18%), *Joint spatial planning* (18%) and *Culture* (18%). For the “inexperienced” respondents however, the least important domains are *Risk prevention* (7%), *Joint spatial planning* (8%) and *Social infrastructure* (6%).

At the Transcontinental level, the most important domains appear to be *Economy* (54%), *Tourism* (31.5%) and *Social infrastructure* (30%) for the “experienced” municipalities and *Economy* (22%), *Natural environment* (21%) and *Tourism* (18%) for the “inexperienced” ones. With a more detailed look into the Old MS, *Economy* (53%), *Educational exchange* (31%) and *Tourism* (25%) are recorded as the most important domains for the “experienced” respondents. Similarly, the respective order for the “inexperienced” municipalities includes *Tourism* (21%),

*Educational exchange* (19%) and *Cultural events* (17%). Examining the New MS, the domains of *Tourism* (100%) and *Culture* (67%) are detected as the most important for the “experienced”, while the *Economy* (18%), *Natural environment* (18%) and *Tourism* (14%) are the important domains for the “inexperienced” actors. Finally, the “experienced” municipalities from Non MS perceive the domains of *Economy* (58%), *Social infrastructure* (42%) and *Culture* (32%) as the most important, while a different pattern is detected for the “inexperienced” respondents with *Economy* (38%), *Natural environment* (33%) and *Physical infrastructure* (33%) being the most important domains. Closing this part, it should be noted that the less important domains at transcontinental level seem to be *Joint spatial planning* and *Risk prevention*.



## Conclusions

The present report is based upon the empirical results derived from the fieldwork conducted in nine (9) Case Studies, among nineteen (19) countries classified in three groups (Old MS, New MS and Non MS), and three (3) non-European countries (Morocco, Argentina and Uruguay). What has been examined through the actual survey was the basic hypothesis of the TERCO project along with its main and subordinate objectives as well.

Most of respondents have been involved in Twinning Cities firstly, followed by INTERREG A, then INTERREG B, Transcontinental and finally, INTERREG C. This could be attributed to the fact that in INTERREG C, Non MS countries have not been eligible for participation so far, and secondly, they started being eligible only recently through some programmes undertaken by INTERREG B. Irrespective of the type of cooperation, most of the institutions have been involved in 2-5 projects/agreements, with the same partners mainly, indicating a level of relatively intense activities within stable networks.

Since the main objective of the TERCO project is to assess the relationship between territorial cooperation and the socio-economic development of EU and its neighboring regions, the actual findings clearly indicate a rather minimal to moderate impact. This makes a lot of sense if one takes into consideration the declared territorial goals in official EU documents dealing with territorial agendas and territorial cohesion. Thus, at a macroscopic level firstly, further research aiming to connect territorial policies with development and territorial cohesion would be mostly useful. At a micro-spatial level, it is evident that specific territorial policies such as INTERREG should be adapted to specific territorial situations, addressing and monitoring effectively the extent to which the issues of growth, jobs and quality of life have been achieved.

Exploring the added value in relation to the prevailing fields of territorial cooperation, evidence suggests that tourism, culture and natural environment seem to be the preferred domain-triptych for all groups of territorial units and all types of territorial cooperation applied so far, and the ones that are to be applied in the future as well. Obviously, the development of synergies among these domains could enable key stakeholders and policy makers to integrate their territorial strategies and goals, achieving economies of scale and proliferating their effectiveness and competitiveness consequently.

Tracing the impact of TC on flows and exchanges, it is worth noting that only those related to tourism and social commuting are found to illustrate a large or substantial impact. On the other hand, TC indicates minimal to moderate impact on a series of flows such as trade, FDI, migration, commuting for work or educational exchanges. Having in mind the preceding analysis related to prevailing domains, the latter evidence has a particular interest from the policy making perspective, since it provides a sign that tourism in particular could operate as a territorial co-operation engine aiming to mobilize synergies among domains and interaction among actors and resources.

In consistence with the argumentation mentioned above, the empirical elaboration shows that TC has a medium to large impact on activities related to building mutual trust, joint project preparation and networking in general. The latter evidence reflects undoubtedly the added value of TC by offering a positive ground for building stability upon mutual understanding among local and regional actors on the fields of stereotypes towards each other and preparing joint initiatives.

Looking into the scope of co-operation, empirical outcomes show that the aspect of exchange of experience appears to be the prevailing scope. This is then followed by the aspect of advising to solve similar problems and that of sharing tools to tackle a common problem. On the other

hand, implementing a spatial strategy and solving cross border problems, proved to be less prevailing aspects. The above evidence reflects the need for a further deepening of cooperation in practice aiming to both address and solve real life problems.

Addressing the question if infrastructure should be a theme of TC, a great number of municipalities in all three groups of respondents clearly provides a positive answer. Within this frame, physical and social infrastructure contribute to the economic and social relationships among bordering areas by overcoming or limiting their isolation. Such infrastructure can certainly help the transfer of information-methodology and innovation. Evidence shows that INTERREG A in particular, should support physical (i.e. roads), environmental (i.e. joint waste management) and social (i.e. health facilities) infrastructure. However, what needs to be taken into consideration is that tendering procedures for infrastructure are long-term projects, whilst the TC projects have very limited implementation timeframes.

Assessing the factors that facilitate or hinder cross border co-operation with regions in the neighbouring countries, it is worth noting that all the parameters involved are perceived as facilitators in TC, highlighting in particular, the existing previous involvement in TC and shared environmental concerns. On the other hand, in an attempt to address the obstacles for participating in TC on behalf of inexperienced municipalities, empirical evidence indicates primarily the complicated and highly demanding EU regulations followed by the lack of funds for co-financing and also lack of knowledge on TC in general. Worth noting is the fact that physical geography is not considered as a barrier since contemporary technological tools tackle to a certain extent the problems of distance and geographic morphology. It is also interesting the fact that different cultural background is not perceived as an obstacle indicating the capability and flexibility of local actors to overcome stereotypes and problems of national interest.

Examining INTERREG A in particular, empirical evidences suggest that the territorial units prefer a slower pace in projects' implementation in terms of time and smaller projects in terms of scale. Contrary to general expectations, most of respondents would prefer the same project budget and therefore put under question the prevailing view that one of the key-success factors in implementing TC is large scale funding.

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## Appendix

**Table 8.** Obstacles to TC

Obstacle to ITCo	Level	Column%				Row%			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Lack of interest and low expectations	to very low extent	29.3	19.4	16.7	21.3	36.4	42.4	21.2	100.0
	to low extent	19.5	31.9	7.1	21.9	23.5	67.6	8.8	100.0
	to medium extent	24.4	33.3	40.5	32.9	19.6	47.1	33.3	100.0
	to high extent	24.4	8.3	21.4	16.1	40.0	24.0	36.0	100.0
	to very high extent	2.4	6.9	14.3	7.7	8.3	41.7	50.0	100.0
	% participation	87.2	82.8	93.3	86.6	26.5	46.5	27.1	100.0
Lack of knowledge about the possibilities	to very low extent	23.8	13.3	4.8	13.8	45.5	45.5	9.1	100.0
	to low extent	7.1	12.0	7.1	9.4	20.0	60.0	20.0	100.0
	to medium extent	19.0	33.3	31.0	28.9	17.4	54.3	28.3	100.0
	to high extent	35.7	29.3	33.3	32.1	29.4	43.1	27.5	100.0
	to very high extent	14.3	12.0	23.8	15.7	24.0	36.0	40.0	100.0
	% participation	89.4	86.2	93.3	88.8	26.4	47.2	26.4	100.0
Lack of knowledge of potential partners	to very low extent	17.1	11.8	7.1	11.9	36.8	47.4	15.8	100.0
	to low extent	14.6	11.8	2.4	10.1	37.5	56.3	6.3	100.0
	to medium extent	24.4	31.6	23.8	27.7	22.7	54.5	22.7	100.0
	to high extent	26.8	34.2	42.9	34.6	20.0	47.3	32.7	100.0
	to very high extent	17.1	10.5	23.8	15.7	28.0	32.0	40.0	100.0
	% participation	87.2	87.4	93.3	88.8	25.8	47.8	26.4	100.0
Lack of knowledge about the administrative procedures	to very low extent	14.3	10.0	4.8	9.7	40.0	46.7	13.3	100.0
	to low extent	9.5	12.9	4.8	9.7	26.7	60.0	13.3	100.0
	to medium extent	33.3	30.0	33.3	31.8	28.6	42.9	28.6	100.0
	to high extent	21.4	35.7	38.1	32.5	18.0	50.0	32.0	100.0
	to very high extent	21.4	11.4	19.0	16.2	36.0	32.0	32.0	100.0
	% participation	89.4	80.5	93.3	86.0	27.3	45.5	27.3	100.0
Complicated and highly demanding EU regulations	to very low extent	9.8	5.4	7.1	7.0	36.4	36.4	27.3	100.0
	to low extent	12.2	8.1	2.4	7.6	41.7	50.0	8.3	100.0
	to medium extent	17.1	24.3	21.4	21.7	20.6	52.9	26.5	100.0
	to high extent	31.7	33.8	31.0	32.5	25.5	49.0	25.5	100.0
	to very high extent	29.3	28.4	38.1	31.2	24.5	42.9	32.7	100.0
	% participation	87.2	85.1	93.3	87.7	26.1	47.1	26.8	100.0
Cultural/linguistic/religious difficulties	to very low extent	52.6	31.4	40.5	39.3	33.9	37.3	28.8	100.0
	to low extent	21.1	21.4	28.6	23.3	22.9	42.9	34.3	100.0
	to medium extent	7.9	24.3	21.4	19.3	10.3	58.6	31.0	100.0
	to high extent	18.4	12.9	7.1	12.7	36.8	47.4	15.8	100.0
	to very high extent	0.0	10.0	2.4	5.3	0.0	87.5	12.5	100.0
	% participation	80.9	80.5	93.3	83.8	25.3	46.7	28.0	100.0
Physical barriers	to very low extent	47.4	36.1	40.5	40.1	29.5	42.6	27.9	100.0
	to low extent	42.1	27.8	35.7	33.6	31.4	39.2	29.4	100.0
	to medium extent	5.3	27.8	19.0	19.7	6.7	66.7	26.7	100.0
	to high extent	5.3	5.6	4.8	5.3	25.0	50.0	25.0	100.0
	to very high extent	0.0	2.8	0.0	1.3	0.0	100.0	0.0	100.0
	% participation	80.9	82.8	93.3	84.9	25.0	47.4	27.6	100.0
Lack of political will	to very low extent	29.3	33.3	26.2	30.3	26.1	50.0	23.9	100.0
	to low extent	14.6	23.2	33.3	23.7	16.7	44.4	38.9	100.0
	to medium extent	26.8	21.7	16.7	21.7	33.3	45.5	21.2	100.0
	to high extent	14.6	11.6	11.9	12.5	31.6	42.1	26.3	100.0
	to very high extent	14.6	10.1	11.9	11.8	33.3	38.9	27.8	100.0
	% participation	87.2	79.3	93.3	84.9	27.0	45.4	27.6	100.0
Lack of funds for co-financing	to very low extent	15.0	3.9	11.9	8.9	42.9	21.4	35.7	100.0
	to low extent	10.0	5.3	4.8	6.3	40.0	40.0	20.0	100.0
	to medium extent	12.5	25.0	26.2	22.2	14.3	54.3	31.4	100.0
	to high extent	25.0	27.6	21.4	25.3	25.0	52.5	22.5	100.0
	to very high extent	37.5	38.2	35.7	37.3	25.4	49.2	25.4	100.0
	% participation	85.1	87.4	93.3	88.3	25.3	48.1	26.6	100.0
Other factor as obstacle to ITCo	to very low extent	14.6	11.1	23.8	48.0	25.0	33.3	41.7	100.0
	to low extent	2.4	2.8	4.8	10.0	20.0	40.0	40.0	100.0
	to medium extent	0.0	2.8	0.0	4.0	0.0	100.0	0.0	100.0
	to high extent	9.8	6.9	2.4	20.0	40.0	50.0	10.0	100.0
	to very high extent	12.2	5.6	0.0	18.0	55.6	44.4	0.0	100.0
	% participation	34.0	24.1	28.9	27.9	32.0	42.0	26.0	100.0
Total lack of Experience		23.5	53.7	41.7	38.1	26.3	48.6	25.1	100.0
Grand Total		100.0	100.0	100.0	100.0	42.6	34.5	23.0	100.0

Source: Authors' elaboration

**Table 9.** Number of Projects since 2000 by type of TC

Number of project	Column%				Row%				
	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	
Twinning Cities	1	36.3	37.3	31.7	35.6	45.3	34.4	20.3	100.0
	2-5	51.3	40.7	51.2	47.8	47.7	27.9	24.4	100.0
	>5	12.5	22.0	17.1	16.7	33.3	43.3	23.3	100.0
	% participation	90.9	92.2	87.2	90.5	44.4	32.8	22.8	100.0
INTERREG A	1	24.7	42.3	15.4	28.9	43.5	47.8	8.7	100.0
	2-5	66.7	44.2	65.4	59.1	57.4	24.5	18.1	100.0
	>5	8.6	13.5	19.2	11.9	36.8	36.8	26.3	100.0
	% participation	95.3	98.1	83.9	94.1	50.9	32.7	16.4	100.0
INTERREG B	1	42.9	40.0	40.0	42.1	75.0	8.3	16.7	100.0
	2-5	50.0	60.0	50.0	50.9	72.4	10.3	17.2	100.0
	>5	7.1	0.0	10.0	7.0	75.0	0.0	25.0	100.0
	% participation	87.5	100.0	83.3	87.7	73.7	8.8	17.5	100.0
INTERREG C	1	25.0	50.0	20.0	27.7	69.2	23.1	7.7	100.0
	2-5	69.4	33.3	60.0	63.8	83.3	6.7	10.0	100.0
	>5	5.6	16.7	20.0	8.5	50.0	25.0	25.0	100.0
	% participation	94.7	100.0	71.4	92.2	76.6	12.8	10.6	100.0
Transcontinental	1	32.1	100.0	29.4	35.4	52.9	17.6	29.4	100.0
	2-5	50.0	0.0	47.1	45.8	63.6	0.0	36.4	100.0
	>5	17.9	0.0	23.5	18.8	55.6	0.0	44.4	100.0
	% participation	87.5	100.0	89.5	88.9	58.3	6.3	35.4	100.0
Grand Total		100.0	100.0	100.0	100.0	42.6	34.5	23.0	100.0

Source: Authors' elaboration

**Table 10.** Period of initial involvement in TC projects by type of TC

Period of initial involvement		Column%				Row%			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Twinning Cities	Before 1994	48.7	23.2	38.5	38.0	56.9	20.0	23.1	100.0
	1994-99	22.4	35.7	15.4	25.1	39.5	46.5	14.0	100.0
	2000-06	19.7	30.4	25.6	24.6	35.7	40.5	23.8	100.0
	Since 2007	9.2	10.7	20.5	12.3	33.3	28.6	38.1	100.0
	% participation	86.4	87.5	83.0	85.9	44.4	32.7	22.8	100.0
INTERREG A	Before 1994	7.8	0.0	8.3	5.5	75.0	0.0	25.0	100.0
	1994-99	23.4	6.8	16.7	17.2	72.0	12.0	16.0	100.0
	2000-06	44.2	65.9	37.5	49.7	47.2	40.3	12.5	100.0
	Since 2007	24.7	27.3	37.5	27.6	47.5	30.0	22.5	100.0
	% participation	90.6	83.0	77.4	85.8	53.1	30.3	16.6	100.0
INTERREG B	Before 1994	5.1	0.0	0.0	3.8	100.0	0.0	0.0	100.0
	1994-99	20.5	0.0	33.3	21.2	72.7	0.0	27.3	100.0
	2000-06	48.7	75.0	66.7	53.8	67.9	10.7	21.4	100.0
	Since 2007	25.6	25.0	0.0	21.2	90.9	9.1	0.0	100.0
	% participation	81.3	80.0	75.0	80.0	75.0	7.7	17.3	100.0
INTERREG C	Before 1994	3.1	0.0	0.0	2.5	100.0	0.0	0.0	100.0
	1994-99	15.6	0.0	20.0	15.0	83.3	0.0	16.7	100.0
	2000-06	50.0	66.7	40.0	50.0	80.0	10.0	10.0	100.0
	Since 2007	31.3	33.3	40.0	32.5	76.9	7.7	15.4	100.0
	% participation	84.2	50.0	71.4	78.4	80.0	7.5	12.5	100.0
Transcontinental	Before 1994	13.6	33.3	18.2	16.7	50.0	16.7	33.3	100.0
	1994-99	18.2	33.3	0.0	13.9	80.0	20.0	0.0	100.0
	2000-06	45.5	0.0	63.6	47.2	58.8	0.0	41.2	100.0
	Since 2007	22.7	33.3	18.2	22.2	62.5	12.5	25.0	100.0
	% participation	68.8	100.0	57.9	66.7	61.1	8.3	30.6	100.0
<b>Grand Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>42.6</b>	<b>34.5</b>	<b>23.0</b>	<b>100.0</b>

Source: Authors' elaboration

**Table 11.** Mode of partnership in TC projects since 2000, By type of TC

Mode of partnership		Column%				Row%			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Twinning Cities	All the same partners	50.0	53.3	59.1	53.2	42.0	32.0	26.0	100.0
	Mostly the same partners	27.4	20.0	20.5	23.4	52.3	27.3	20.5	100.0
	Previous and new partners	14.3	16.7	11.4	14.4	44.4	37.0	18.5	100.0
	Mosly new partners	4.8	8.3	4.5	5.9	36.4	45.5	18.2	100.0
	All new partners	3.6	1.7	4.5	3.2	50.0	16.7	33.3	100.0
	% participation	95.5	93.8	93.6	94.5	44.7	31.9	23.4	100.0
INTERREG A	All the same partners	24.7	38.0	27.6	29.5	41.3	41.3	17.4	100.0
	Mostly the same partners	33.8	30.0	13.8	28.8	57.8	33.3	8.9	100.0
	Similar number of previous and new partners	13.0	16.0	37.9	18.6	34.5	27.6	37.9	100.0
	Mosly new partners	19.5	14.0	10.3	16.0	60.0	28.0	12.0	100.0
	All new partners	9.1	2.0	10.3	7.1	63.6	9.1	27.3	100.0
	% participation	90.6	94.3	93.5	92.3	49.4	32.1	18.6	100.0
INTERREG B	All the same partners	9.5	0.0	0.0	7.3	100.0	0.0	0.0	100.0
	Mostly the same partners	23.8	0.0	20.0	21.8	83.3	0.0	16.7	100.0
	Similar number of previous and new partners	28.6	33.3	50.0	32.7	66.7	5.6	27.8	100.0
	Mosly new partners	23.8	66.7	10.0	23.6	76.9	15.4	7.7	100.0
	All new partners	14.3	0.0	20.0	14.5	75.0	0.0	25.0	100.0
	% participation	87.5	60.0	83.3	84.6	76.4	5.5	18.2	100.0
INTERREG C	All the same partners	2.9	0.0	16.7	4.4	50.0	0.0	50.0	100.0
	Mostly the same partners	23.5	20.0	16.7	22.2	80.0	10.0	10.0	100.0
	Similar number of previous and new partners	23.5	20.0	16.7	22.2	80.0	10.0	10.0	100.0
	Mosly new partners	29.4	40.0	33.3	31.1	71.4	14.3	14.3	100.0
	All new partners	20.6	20.0	16.7	20.0	77.8	11.1	11.1	100.0
	% participation	89.5	83.3	85.7	88.2	75.6	11.1	13.3	100.0
Transcontinental	All the same partners	12.0	0.0	23.1	15.0	50.0	0.0	50.0	100.0
	Mostly the same partners	28.0	100.0	38.5	35.0	50.0	14.3	35.7	100.0
	Similar number of previous and new partners	20.0	0.0	30.8	22.5	55.6	0.0	44.4	100.0
	Mosly new partners	16.0	0.0	7.7	12.5	80.0	0.0	20.0	100.0
	All new partners	24.0	0.0	0.0	15.0	100.0	0.0	0.0	100.0
	% participation	78.1	66.7	68.4	74.1	62.5	5.0	32.5	100.0
Grand Total		100.0	100.0	100.0	100.0	42.6	34.5	23.0	100.0

Source: Authors' elaboration





**Table 13.** Co-operation Scope, number of partners by type of TC

Co-operation Scope	Number of partners	Twinning Cities				INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Exchanging experience	one partner	32.9	24.5	43.9	32.9	20.9	42.1	21.1	27.4	8.8	0.0	0.0	6.8	13.3	20.0	40.0	17.5	42.1	100.0	30.0	41.9
	2-5 partners	58.9	60.4	43.9	55.7	67.2	42.1	63.2	58.9	50.0	50.0	62.5	52.3	30.0	40.0	0.0	27.5	36.8	0.0	50.0	38.7
	above 5 partners	8.2	15.1	12.2	11.4	11.9	15.8	15.8	13.7	41.2	50.0	37.5	40.9	56.7	40.0	60.0	55.0	21.1	0.0	20.0	19.4
	% participation	83.0	82.8	87.2	83.9	78.8	71.7	61.3	73.4	70.8	40.0	66.7	67.7	78.9	83.3	71.4	78.4	59.4	66.7	52.6	57.4
Advising to solve similar problems	one partner	46.9	33.3	37.9	40.4	20.8	58.3	26.3	31.9	13.3	0.0	14.3	12.8	3.8	50.0	20.0	9.1	50.0	100.0	20.0	45.5
	2-5 partners	44.9	58.3	58.6	52.6	62.5	37.5	57.9	54.9	56.7	100.0	57.1	59.0	50.0	50.0	20.0	45.5	35.0	0.0	60.0	39.4
	above 5 partners	8.2	8.3	3.4	7.0	16.7	4.2	15.8	13.2	30.0	0.0	28.6	28.2	46.2	0.0	60.0	45.5	15.0	0.0	20.0	15.2
	% participation	55.7	56.3	61.7	57.3	56.5	45.3	61.3	53.8	62.5	40.0	58.3	60.0	68.4	33.3	71.4	64.7	62.5	100.0	52.6	61.1
Sharing tools to tackle a common problem	one partner	47.5	38.7	48.4	45.1	31.5	63.2	37.5	39.3	12.1	0.0	12.5	11.8	7.4	33.3	50.0	14.7	56.3	100.0	27.3	46.4
	2-5 partners	45.0	54.8	51.6	50.0	57.4	31.6	62.5	52.8	63.6	100.0	62.5	65.1	55.6	33.3	25.0	50.0	25.0	0.0	63.6	39.3
	above 5 partners	7.5	6.5	0.0	4.9	11.1	5.3	0.0	7.9	24.2	0.0	25.0	23.3	37.0	33.3	25.0	35.3	18.8	0.0	9.1	14.3
	% participation	45.5	48.4	66.0	51.3	63.5	35.8	51.6	52.7	68.8	40.0	66.7	66.2	71.1	50.0	57.1	66.7	50.0	33.3	57.9	51.9
Common actions to solve local problems	one partner	43.3	27.9	37.9	35.3	37.3	52.8	28.6	40.7	30.4	0.0	14.3	25.0	20.0	100.0	50.0	33.3	50.0	100.0	25.0	45.5
	2-5 partners	43.3	58.1	58.6	53.9	43.1	36.1	71.4	46.3	47.8	50.0	71.4	53.1	45.0	0.0	25.0	37.0	16.7	0.0	75.0	36.4
	above 5 partners	13.3	14.0	3.4	10.8	19.6	11.1	0.0	13.0	21.7	50.0	14.3	21.5	35.0	0.0	25.0	29.6	33.3	0.0	0.0	18.2
	% participation	34.1	67.2	61.7	51.3	60.0	67.9	67.7	63.9	47.9	40.0	58.3	49.2	52.6	50.0	57.1	52.9	37.5	66.7	42.1	40.7
Implementing a spatial strategy	one partner	61.5	68.4	57.1	63.0	31.6	62.5	22.2	38.1	30.8	0.0	20.0	27.3	25.0	100.0	75.0	36.0	58.3	100.0	62.5	61.9
	2-5 partners	30.8	26.3	42.9	32.6	52.6	31.3	77.8	50.8	57.7	50.0	40.0	54.5	40.0	0.0	0.0	32.0	8.3	0.0	12.5	9.5
	above 5 partners	7.7	5.3	0.0	4.3	15.8	6.3	0.0	11.1	11.5	50.0	40.0	18.2	35.0	0.0	25.0	32.0	33.3	0.0	25.0	28.6
	% participation	14.8	29.7	29.8	23.1	44.7	30.2	29.0	37.3	54.2	40.0	41.7	50.8	52.6	16.7	57.1	49.0	37.5	33.3	42.1	38.9
Solving cross-border problems	one partner	63.6	80.0	50.0	64.2	35.1	60.0	37.5	41.7	21.1	0.0	0.0	16.7	0.0	100.0	33.3	21.4	50.0	0.0	0.0	28.6
	2-5 partners	27.3	20.0	25.0	24.5	48.6	20.0	62.5	43.3	68.4	0.0	75.0	66.7	55.6	0.0	33.3	42.9	37.5	0.0	66.7	50.0
	above 5 partners	9.1	0.0	25.0	11.3	16.2	20.0	0.0	15.0	10.5	100.0	25.0	16.7	44.4	0.0	33.3	35.7	12.5	0.0	33.3	21.4
	% participation	25.0	23.4	34.0	26.6	43.5	28.3	25.8	35.5	39.6	20.0	33.3	36.9	23.7	33.3	42.9	27.5	25.0	0.0	31.6	25.9
Experience in ITCo																					
		44.0	39.5	43.5	42.3	42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration





**Table 17.** Level of involvement stakeholders in TC projects by type of TC

Actors	Level of involvement	Twinning Cities				INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Local authorities	- very low	7.1	5.0	5.4	6.0	7.1	2.2	7.1	5.6	7.9	0.0	0.0	5.8	11.1	0.0	0.0	7.7	8.3	0.0	8.3	7.9
	low	10.0	1.7	5.4	6.0	8.6	0.0	10.7	6.3	18.4	0.0	40.0	21.2	11.1	20.0	42.9	17.9	8.3	0.0	16.7	10.5
	medium	18.6	13.3	32.4	19.8	25.7	11.1	25.0	21.0	26.3	50.0	30.0	28.8	25.9	40.0	28.6	28.2	25.0	0.0	25.0	23.7
	high	40.0	21.7	32.4	31.7	38.6	33.3	35.7	36.4	36.8	0.0	30.0	32.7	37.0	20.0	14.3	30.8	37.5	0.0	41.7	36.8
	** very high	24.3	58.3	24.3	36.5	20.0	53.3	21.4	30.8	10.5	50.0	0.0	11.5	14.8	20.0	14.3	15.4	20.8	100.0	8.3	21.1
	% participation		79.5	93.8	78.7	83.9	82.4	84.9	90.3	84.6	79.2	80.0	83.3	80.0	71.1	83.3	100.0	76.5	75.0	66.7	63.2
Regional authorities	- very low	40.5	16.7	20.0	26.3	10.3	8.1	16.0	10.8	20.0	0.0	11.1	17.0	20.8	20.0	16.7	20.0	5.6	0.0	40.0	16.7
	low	21.4	11.9	23.3	18.4	6.9	10.8	24.0	11.7	14.3	0.0	0.0	10.6	16.7	20.0	0.0	14.3	16.7	50.0	0.0	13.3
	medium	26.2	31.0	36.7	30.7	34.5	27.0	32.0	31.7	22.9	0.0	33.3	23.4	33.3	0.0	66.7	34.3	38.9	0.0	40.0	36.7
	high	9.5	23.8	16.7	16.7	34.5	29.7	20.0	30.0	31.4	33.3	33.3	31.9	20.8	40.0	0.0	20.0	27.8	0.0	10.0	20.0
	** very high	2.4	16.7	3.3	7.9	13.8	24.3	8.0	15.8	11.4	66.7	22.2	17.0	8.3	20.0	16.7	11.4	11.1	50.0	10.0	13.3
	% participation		47.7	65.6	63.8	57.3	68.2	69.8	80.6	71.0	72.9	60.0	75.0	72.3	63.2	83.3	85.7	68.6	56.3	66.7	52.6
Local residents	- very low	18.6	11.8	7.1	13.8	15.5	13.2	30.0	17.2	54.8	0.0	28.6	46.3	30.4	25.0	40.0	31.3	10.5	0.0	33.3	16.7
	low	16.9	15.7	25.0	18.1	34.5	15.8	10.0	24.1	19.4	33.3	0.0	17.1	39.1	50.0	0.0	34.4	31.6	50.0	33.3	33.3
	medium	30.5	47.1	39.3	38.4	36.2	42.1	35.0	37.9	16.1	33.3	71.4	26.8	17.4	0.0	40.0	18.8	26.3	50.0	11.1	23.3
	high	25.4	17.6	25.0	22.5	8.6	23.7	15.0	14.7	6.5	0.0	0.0	4.9	4.3	0.0	20.0	6.3	26.3	0.0	11.1	20.0
	** very high	8.5	7.8	3.6	7.2	5.2	5.3	10.0	6.0	3.2	33.3	0.0	4.9	8.7	25.0	0.0	9.4	5.3	0.0	11.1	6.7
	% participation		67.0	79.7	59.6	69.3	68.2	71.7	64.5	68.6	64.6	60.0	58.3	63.1	60.5	66.7	71.4	62.7	59.4	66.7	47.4
NGOs	- very low	27.5	14.0	6.5	16.5	22.9	16.2	17.4	19.4	41.4	0.0	25.0	35.0	47.8	16.7	40.0	41.2	10.5	0.0	20.0	12.9
	low	32.5	20.0	16.1	23.1	25.0	18.9	21.7	22.2	27.6	0.0	0.0	20.0	17.4	16.7	0.0	14.7	5.3	0.0	20.0	9.7
	medium	27.5	36.0	38.7	33.9	37.5	40.5	30.4	37.0	24.1	66.7	37.5	30.0	26.1	66.7	40.0	35.3	15.8	100.0	10.0	19.4
	high	12.5	22.0	22.6	19.0	6.3	18.9	17.4	13.0	6.9	33.3	12.5	10.0	0.0	0.0	0.0	0.0	42.1	0.0	20.0	32.3
	** very high	0.0	8.0	16.1	7.4	8.3	5.4	13.0	8.3	0.0	0.0	25.0	5.0	8.7	0.0	20.0	8.8	26.3	0.0	30.0	25.8
	% participation		45.5	78.1	66.0	60.8	56.5	69.8	74.2	63.9	60.4	60.0	66.7	61.5	60.5	100.0	71.4	66.7	59.4	66.7	52.6
Business	- very low	54.8	30.2	10.3	34.2	25.0	25.0	22.7	24.5	41.4	33.3	28.6	38.5	31.8	25.0	25.0	30.0	16.7	0.0	60.0	30.0
	low	28.6	39.5	31.0	33.3	21.2	21.9	31.8	23.6	27.6	0.0	14.3	23.1	31.8	50.0	0.0	30.0	16.7	0.0	20.0	16.7
	medium	9.5	30.2	34.5	23.7	26.9	34.4	31.8	30.2	20.7	33.3	42.9	25.6	22.7	25.0	50.0	26.7	27.8	50.0	20.0	26.7
	high	7.1	0.0	17.2	7.0	19.2	18.8	9.1	17.0	10.3	33.3	0.0	10.3	4.5	0.0	0.0	3.3	22.2	50.0	0.0	16.7
	** very high	0.0	0.0	6.9	1.8	7.7	0.0	4.5	4.7	0.0	0.0	14.3	2.6	9.1	0.0	25.0	10.0	16.7	0.0	0.0	10.0
	% participation		47.7	67.2	61.7	57.3	61.2	60.4	71.0	62.7	60.4	60.0	58.3	60.0	57.9	66.7	57.1	58.8	56.3	66.7	52.6
Experience in ITCo		44.0	39.5	43.5	42.3	42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration

**Table 18** Impact of TC on socio-economic development by type of TC

Domains	Level of impact	Twinning Cities				INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Economic growth	- minimal	54.0	31.0	33.3	41.0	11.1	8.3	30.4	13.9	34.2	0.0	33.3	31.4	22.2	0.0	25.0	19.4	29.4	33.3	22.2	27.6
	little	32.0	21.4	33.3	28.7	27.0	16.7	13.0	21.3	34.2	25.0	22.2	31.4	40.7	60.0	25.0	41.7	29.4	33.3	0.0	20.7
	moderate	12.0	31.0	23.3	21.3	41.3	55.6	30.4	43.4	18.4	25.0	33.3	21.6	33.3	20.0	50.0	33.3	29.4	33.3	77.8	44.8
	large	2.0	16.7	6.7	8.2	20.6	19.4	26.1	21.3	13.2	50.0	11.1	15.7	3.7	20.0	0.0	5.6	5.9	0.0	0.0	3.4
	↕ very substantial	0.0	0.0	3.3	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.9	0.0	0.0	3.4
	% participation*	56.8	65.6	63.8	61.3	74.1	67.9	74.2	72.2	79.2	80.0	75.0	78.5	71.1	83.3	57.1	70.6	53.1	100.0	47.4	53.7
Job creation	- minimal	65.1	55.3	40.0	55.0	23.8	25.0	20.0	23.3	52.8	33.3	11.1	43.8	46.4	50.0	0.0	40.0	35.3	33.3	14.3	29.6
	little	27.9	18.4	33.3	26.1	36.5	34.4	44.0	37.5	33.3	0.0	44.4	33.3	28.6	50.0	60.0	34.3	23.5	33.3	28.6	25.9
	moderate	4.7	18.4	23.3	14.4	27.0	40.6	24.0	30.0	13.9	33.3	0.0	12.5	21.4	0.0	0.0	17.1	23.5	33.3	57.1	33.3
	large	2.3	5.3	0.0	2.7	12.7	0.0	8.0	8.3	0.0	33.3	44.4	10.4	3.6	0.0	20.0	5.7	17.6	0.0	0.0	11.1
	↕ very substantial	0.0	2.6	3.3	1.8	0.0	0.0	4.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	20.0	2.9	0.0	0.0	0.0	0.0
	% participation*	48.9	59.4	63.8	55.8	74.1	60.4	80.6	71.0	75.0	60.0	75.0	73.8	73.7	33.3	71.4	68.6	53.1	100.0	36.8	50.0
Quality of life	- minimal	27.8	13.2	12.5	18.7	8.1	6.7	4.0	6.8	7.7	0.0	0.0	5.7	13.8	20.0	0.0	13.2	29.4	0.0	11.1	20.7
	little	18.5	11.3	21.9	16.5	14.5	6.7	24.0	13.6	30.8	0.0	22.2	26.4	20.7	20.0	0.0	18.4	11.8	33.3	0.0	10.3
	moderate	42.6	45.3	37.5	42.4	56.5	53.3	32.0	50.8	41.0	60.0	33.3	41.5	41.4	40.0	50.0	42.1	41.2	66.7	66.7	51.7
	large	5.6	24.5	25.0	17.3	17.7	28.9	40.0	25.8	17.9	20.0	44.4	22.6	24.1	0.0	50.0	23.7	17.6	0.0	11.1	13.8
	↕ very substantial	5.6	5.7	3.1	5.0	3.2	4.4	0.0	3.0	2.6	20.0	0.0	3.8	0.0	20.0	0.0	2.6	0.0	0.0	11.1	3.4
	% participation*	61.4	82.8	68.1	69.8	72.9	84.9	80.6	78.1	81.3	100.0	75.0	81.5	76.3	83.3	57.1	74.5	53.1	100.0	47.4	53.7
Quality of natural environment	- minimal	53.5	21.4	27.6	35.1	14.0	17.1	13.0	14.8	24.3	25.0	12.5	22.4	14.8	0.0	33.3	14.3	33.3	33.3	12.5	27.6
	little	16.3	31.0	24.1	23.7	19.3	20.0	21.7	20.0	27.0	25.0	50.0	30.6	18.5	40.0	33.3	22.9	16.7	33.3	12.5	17.2
	moderate	25.6	28.6	27.6	27.2	29.8	34.3	26.1	30.4	24.3	25.0	25.0	24.5	14.8	20.0	0.0	14.3	50.0	33.3	37.5	44.8
	large	4.7	14.3	13.8	10.5	28.1	25.7	39.1	29.6	21.6	0.0	12.5	18.4	48.1	20.0	33.3	42.9	0.0	0.0	37.5	10.3
	↕ very substantial	0.0	4.8	6.9	3.5	8.8	2.9	0.0	5.2	2.7	25.0	0.0	4.1	3.7	20.0	0.0	5.7	0.0	0.0	0.0	0.0
	% participation*	48.9	65.6	61.7	57.3	67.1	66.0	74.2	68.0	77.1	80.0	66.7	75.4	71.1	83.3	42.9	68.6	56.3	100.0	42.1	53.7
Service provision	- minimal	48.9	26.8	18.5	33.6	10.2	22.9	8.0	13.4	24.2	0.0	0.0	18.6	16.0	50.0	0.0	16.7	37.5	33.3	28.6	34.6
	little	26.7	12.2	29.6	22.1	15.3	2.9	20.0	12.6	12.1	0.0	14.3	11.6	16.0	0.0	0.0	13.3	25.0	33.3	28.6	26.9
	moderate	20.0	36.6	25.9	27.4	44.1	37.1	32.0	39.5	39.4	66.7	57.1	44.2	48.0	0.0	66.7	46.7	18.8	33.3	28.6	23.1
	large	4.4	12.2	25.9	12.4	27.1	28.6	36.0	29.4	24.2	0.0	28.6	23.3	20.0	0.0	33.3	20.0	18.8	0.0	14.3	15.4
	↕ very substantial	0.0	12.2	0.0	4.4	3.4	8.6	4.0	5.0	0.0	33.3	0.0	2.3	0.0	50.0	0.0	3.3	0.0	0.0	0.0	0.0
	% participation*	51.1	64.1	57.4	56.8	69.4	66.0	80.6	70.4	68.8	60.0	58.3	66.2	65.8	33.3	42.9	58.8	50.0	100.0	36.8	48.1
Experience in ITCo		44.0	39.5	43.5	42.3	42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration







**Table 21.** Similarity of future TC projects in terms of Time, Scale Budget & Domains by type of TC

Features of projects	Level of similarity	INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Time	- much slower	23.8	16.0	8.3	17.2	50.0	0.0	0.0	37.5	33.3	100.0	0.0	37.5	0.0	100.0	0.0	8.3
	↕ slower	19.0	48.0	50.0	37.9	0.0	0.0	0.0	0.0	0.0	0.0	100.0	12.5	50.0	0.0	40.0	41.7
	↕ same	28.6	24.0	8.3	22.4	16.7	0.0	100.0	37.5	16.7	0.0	0.0	12.5	33.3	0.0	40.0	33.3
	↕ faster	19.0	12.0	25.0	17.2	0.0	0.0	0.0	0.0	33.3	0.0	0.0	25.0	16.7	0.0	20.0	16.7
	↕+ much faster	9.5	0.0	8.3	5.2	33.3	0.0	0.0	0.0	16.7	0.0	0.0	12.5	0.0	0.0	0.0	0.0
	% participation*	100.0	96.2	92.3	96.7	100.0	0.0	66.7	88.9	100.0	100.0	50.0	88.9	100.0	100.0	100.0	100.0
Scale	- much smaller	15.0	29.2	7.7	19.3	16.7	0.0	0.0	14.3	0.0	100.0	0.0	12.5	0.0	0.0	20.0	8.3
	↕ smaller	30.0	33.3	53.8	36.8	33.3	0.0	0.0	28.6	33.3	0.0	100.0	37.5	16.7	100.0	40.0	33.3
	↕ same	35.0	29.2	7.7	26.3	16.7	0.0	0.0	14.3	33.3	0.0	0.0	25.0	66.7	0.0	40.0	50.0
	↕ larger	15.0	8.3	23.1	14.0	33.3	0.0	100.0	42.9	16.7	0.0	0.0	12.5	16.7	0.0	0.0	8.3
	↕+ much larger	5.0	0.0	7.7	3.5	0.0	0.0	0.0	0.0	16.7	0.0	0.0	12.5	0.0	0.0	0.0	0.0
	% participation*	95.2	92.3	100.0	95.0	100.0	0.0	33.3	77.8	100.0	100.0	50.0	88.9	100.0	100.0	100.0	100.0
Budget	- much lower	28.6	17.4	15.4	21.1	16.7	0.0	0.0	12.5	16.7	100.0	0.0	25.0	0.0	0.0	20.0	8.3
	↕ lower	19.0	43.5	46.2	35.1	16.7	0.0	0.0	12.5	16.7	0.0	100.0	25.0	50.0	100.0	60.0	58.3
	↕ same	28.6	26.1	7.7	22.8	50.0	0.0	0.0	37.5	16.7	0.0	0.0	12.5	33.3	0.0	20.0	25.0
	↕ larger	9.5	13.0	30.8	15.8	0.0	0.0	100.0	25.0	16.7	0.0	0.0	12.5	16.7	0.0	0.0	8.3
	↕+ much larger	14.3	0.0	0.0	5.3	16.7	0.0	0.0	12.5	33.3	0.0	0.0	25.0	0.0	0.0	0.0	0.0
	% participation*	100.0	88.5	100.0	95.0	100.0	0.0	66.7	88.9	100.0	100.0	50.0	88.9	100.0	100.0	100.0	100.0
Domains	- very different	0.0	13.0	0.0	5.4	0.0	0.0	0.0	0.0	16.7	0.0	0.0	12.5	0.0	0.0	20.0	8.3
	↕ quite different	19.0	4.3	33.3	16.1	16.7	0.0	50.0	25.0	33.3	100.0	0.0	37.5	0.0	0.0	0.0	0.0
	↕ quite similar	52.4	26.1	33.3	37.5	16.7	0.0	50.0	25.0	0.0	0.0	100.0	12.5	33.3	100.0	40.0	41.7
	↕ similar	9.5	47.8	0.0	23.2	33.3	0.0	0.0	25.0	16.7	0.0	0.0	12.5	50.0	0.0	0.0	25.0
	↕ same	19.0	21.7	25.0	21.4	33.3	0.0	0.0	25.0	33.3	0.0	0.0	25.0	16.7	0.0	40.0	25.0
	% participation*	100.0	88.5	92.3	93.3	100.0	0.0	66.7	88.9	100.0	100.0	50.0	88.9	100.0	100.0	100.0	100.0
Intension of experienced for new projects		24.7	49.1	41.9	35.5	12.5	0.0	25.0	13.8	15.8	16.7	28.6	17.6	18.8	33.3	26.3	22.2
Experience in ITCo		42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration

## 2. Qualitative Case Study Reports



## **2.1 Case Study on Finland – Russia**

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## Summary

### I Physical areas of territorial co-operation;

#### Strengths

- Despite the historical legacies and the existence of a long closed border, as soon as the geopolitical situation had become more favourable (i.e. with the increasing permeability of the border after the collapse of the Soviet Union), *actors from Eastern Finland and the Republic of Karelia started rapidly to engage in collaborative activities* ('friendship' towns, the Neighbouring Area Cooperation [NAC] funded by the Ministry for Foreign Affairs of Finland). These examples of early co-operation have served as *a good foundation for the Interreg A / TACIS and the more recent ENPI programmes* in the region.
- Actors in *Eastern Finland* have engaged in diverse TC types, Interreg-funded and others. Active actors come especially from the public sector, but there are also important civil and private sector participants (e.g. cultural foundations and associations, local/regional development companies). In Eastern Finland, the *cross-border ENPI* – the European Neighbourhood and Partnership Instrument (and formerly, the Interreg A / TACIS funded co-operation programmes) have been the most important and probably the most influential type of TC, which is also visible in this Report. In addition, educational institutions and cities are particularly active in *networking type of (interregional) TC projects*; schools and universities in Eastern Finland are rich in international contacts from all over the world. *Transnational territorial co-operation* (i.e. Interreg B) projects were also mentioned, mainly by higher-level actors such as the Regional Councils. Through *twinning* links, some of the cities get engaged in thematic city networks, e.g. about healthcare and well-being (e.g. Kuopio) or related to collaboration in the third sector. A longer history of 'friendship' between certain Finnish and Russian towns has formed a good basis for current co-operation within the ENPI, for instance.
- In the *Republic of Karelia* on the Russian side, there are some districts and municipalities who have experience in TC and these continue to take part. Here also, the dominant types of TC have been *CBC* (Interreg A / TACIS; ENPI Karelia, and projects funded by the Government of Finland under NAC) and *city-twinning agreements*. The CBC frameworks have provided funding to address some problems in the Republic in such fields as *social welfare, water treatment, education, small business development, tourism, forestry, agriculture, transport and energy efficiency*. A new feature and an important strength of the current TC (ENPI) programmes is the fact that *Russia contributes to their funding*.
- Generally, the *geographical area of TC is found suitable* by actors asked in the CSA, on both sides of the border.
- On the Finnish side of the CSA, the *internal working relationships have intensified* between different organisations within the same region (i.e. within Eastern Finland or its individual regions) as a result of their involvement in TC. Here *international projects naturally lead to closer co-operation with organisations within the same region*, and this is also relevant to the private sector: competition between

companies in Finland is strong, but when 'going to' Russia, they actually start co-operating.

### Weaknesses

- *Private sector involvement in TC remains weaker* than would be desired.
- In Russia, more *internal competition, 'protectionism'* is triggered by TC instead of increased internal collaboration. This has negative effects on the breadth of participation and the possibility for positive synergies (see below).
- Although the geographical extent of TC in the area, in terms of the delineation of programme areas (i.e. regarding CBC) is seen adequate, large enough, the flexibility *could be increased which would allow the participation of 'external' actors* for instance, from those North-West Russian districts, too, that are located further away from the border, or from St. Petersburg. Flexible combinations of different programmes would be good, but they are unlikely.
- In the *Republic of Karelia, many districts and municipalities remain inactive in TC*; some of these are located even closer to the border than their active counterparts. The reasons for this were listed under 'obstacles', such as the lack of information, transparency, coordination, and the lack of resources for co-funding as well as in terms of human capital. Also, some of these areas are extremely sparsely populated.

### Future

- In view of the very recently gained *WTO membership* of the Russian Federation, and maybe also, a visa-free regime in the foreseeable future, it can be expected that interaction across the Finnish-Russian border will increase further and relatively rapidly.
- The question is whether this increase will stay to be concentrated along the southern part of the border, or it will also occur in the stretch between North Karelia – Kainuu and the Republic of Karelia. In order to support the latter, firstly, it is important to *promote and extend TC to more actors, especially in the Republic of Karelia*; secondly, to *open further border crossing points* and to *modernise* the infrastructure at the existing ones on both sides.
- In terms of the first, ways to *increase possibilities for dialogues, to enhance solidarity and willingness to cooperate among organisations on the Russian side* could be part of the solution. The different actors in Russia need to see good examples for the usefulness of pooling their resources instead of 'protecting' them from each other, since this way their ability to cover the co-funding costs of TC projects and to have sufficient human resources can be improved, and more experienced organisations can help the inexperienced in TC.

## II Driving forces and domains of co-operation

### Strengths

- There are a *great number of drivers* and motivations for participating in TC in the CSA beyond the aim to procure additional funding for developing existing activities. Many of these motives are *shared across the border*, ranging from the desire to

learn, curiosity about the rest of the world, the wish to internationalise business and become more competitive and efficient, to the mere prestige of being active in TC, the image of having international contacts. Considering the remoteness of the regions in question and the limited size of their own internal (and in the case of Finland, national) markets, *bringing themselves out of isolation* is a key driving factor in their engagement in TC.

- There are several intentional and also some 'coincidental' *ways emerging in Eastern Finland which can increase synergies* between different projects and domains of TC; the role of Regional Councils (administrative authorities on the NUTS3 'maakunta' level) and the institutional framework of *Euregio Karelia* seems to be an important one in this.
- Many *important and acclaimed physical infrastructural investments have been realised* due to TC, the development of *border-crossings* is seen as one of the most crucial among these.
- TC has developed fastest from among the different *domains* of TC, which require relatively less financial resources, such as *culture, education, social and health services, and tourism*. These domains have been among the most important in the past decade or so in terms of CBC between Eastern Finland and the Republic of Karelia. *Tourism (including nature tourism), the forest sector, and health-care* have been probably the economic sectors benefiting most from TC in all the four Eastern Finnish regions, as well as on the Russian side.
- The 'softer', human capital related activities are the least costly and are the easiest to launch in the beginning (esp. considering the border regime), and at the same time, these activities are the most suitable to open minds up, to increase intercultural competencies and defeat mental barriers (which are among the major obstacles in the way of TC, and particularly, CBC in this CSA). This is increasingly valid when *targeting key social groups such as the young or the small-scale entrepreneurs*. Cultural TC is also the first obvious step in enhancing co-operation in the tourism sector, which in turn, has a more direct impact on the local and regional economies.

### **Weaknesses**

- Despite being highly motivated, actors are hindered in their TC due to a *shortage of resources* (staff and financial assets), which was often indicated on both sides of the border, although to a different extent.
- *Synergies have not been so far possible between different TC activities and domains on the Russian side of the CSA*, mainly because of the lack of coordination of and communication between parallel projects.
- The *need for physical infrastructural investment to be included in TC funding is seen in different ways* by the actors asked in Eastern Finland and the Republic of Karelia. Russian respondents insist on its necessity. Meanwhile, on the Finnish side of the border, the general opinion is that, except for developments directly on the border (creation and modernisation of border-crossing points, which require joint action of the two sides), large physical infrastructural projects should rather be within the responsibility of the individual states, and are an *inefficient and wasteful way to spend EU resources on*.



## Future

- *Building on good foundations*, in the future, TC will continue to be extended to more domains; technology transfer, more innovative forestry sector activities, social and health services and the promotion of business (e.g. in nature and cultural tourism, renewable energy technologies) are expected to have a great share. As a result of the initial cultural and educational projects in the region, further and more diverse TC activities will occur.
- However, for this to happen, *Russian actors should utilise more the existing good practices in Finland* to promote, organise, TC and make use of networking and synergies. Projects which aim to facilitate this learning process could also be encouraged more in TC (CBC) programmes.
- *Caution should be exercised when defining the share of infrastructural investments in TC programme funding* as well as in the selection of projects. A good solution may be to ensure that 'softer' targets of investment such as *advancing human capital, socio-economic capacity building, and community development* are actually complemented, *supported by the creation of these 'hard' structures*.

## III Territorial structures and specific border co-operation

### Strengths

- There are *some territorial structures which have emerged and could frame TC* in the future –in the CSA and its wider neighbourhood. The 'Green Belt of Fennoscandia' stretching along the Norwegian-Russian and Finnish-Russian borders and a 'Northern Gateway to the East' conceptualised to promote infrastructural and logistic/economic links between Russia and the Nordic countries in the Barents region are examples of these. They may provide suitable reference frameworks and *may contribute to continuity and consistency in TC* in the area.
- CBC projects as well as personal-level interactions have significantly contributed to *more mutual understanding and interdependence. Relations between the two countries are felt to have improved over time.* Finland has become to some extent an inspirational example to follow for the people in the Republic of Karelia. All respondents agreed that the EU cannot and must not isolate itself from its external neighbours.
- As regards the *quality of life*, TC is enhancing it via activities in the fields of *education and culture* by opening new perspectives and opportunities to learn, by creating new employment possibilities in the regions, and by presenting more varied cultural offer to the population of the CSA.
- *Russian immigrants* living in Eastern Finland are an important (though under-utilised) asset for TC in the CSA.

### Weaknesses

- The *geographical constraints* (i.e. sparsity, long distances) and the *insufficient number and uneven distribution of border-crossing points* very much determine the territorial structures of TC in the CSA.

- In fact, *the only area having any potential to become a 'European-style' corridor of development stretches along the southern coast of Finland from Helsinki to St Petersburg*, that is, south of the CSA. The busiest border crossing points between and the only international passenger railway connection Finland and Russia can be found here; and the Pan-European Transport Corridor IX passes through here as well.
- *High politics and large economic trends* have significant impact also on TC and CBC, which is particularly true to the Finnish-Russian CSA. These processes cannot be influenced locally or by EU programmes.
- *Bureaucracy* is general problem with TC projects and programmes in the CSA; however, it may well be that it is only partly an objective factor, and the actual obstacle is that *people are afraid of a bureaucracy* which actually is not such an insurmountable difficulty.
- There are some historically induced *tensions persisting* in Finnish-Russian relations. Besides, volatile higher-scale geopolitical and societal processes in Russia can trickle down to and influence the local level. Therefore, *uncertainty* is still a significant setback in planning TC. The border has also several *mental barrier effects* from both perspectives: dissimilar ways of doing things, negative prejudice, fears and reservations.
- Roundwood companies have become *dependent on their export-orientation* (namely, to Finland) over the past decade which makes them more vulnerable to market changes (that is, not competitive in the domestic market when international roundwood prices drop). However, this is rooted also in the original '*resource curse of the Republic of Karelia*', which requires attention in the future.

## Future

- As some things have dramatically changed (to the better), and some other positive and negative aspects have not changed at all, what is important is to concentrate on the encouraging achievements in CBC and *build on the good experiences* in the CSA. Certain constraints cannot be overcome (geography, densities, high-level geopolitics); however, others can be treated, also by way of targeted TC projects.
- Further investments into *language education and intercultural knowledge development* will create more openness towards internationalisation on both sides of the CSA.
- *Native Russians* and *young people* living in Eastern Finland should be more relied on as an asset in intensifying TC with the Republic of Karelia and Russia in general.
- The *emerging territorial structures* can provide a *framework for increasing CBC activities in the CSA*; also, these can potentially result in increasing competitiveness and some economic growth in the region.
- *CBC in the fields of culture and education* has paved the way for *more diverse domains in TC between actors* within the CSA (e.g. tourism, renewable energy solutions and innovations in forestry, software engineering); by which the economic base of the Republic of Karelia can become more diversified.
- With the help of *training, more transparency, and more communication between different projects*, both the actual and the perceived burden of bureaucracy can be

decreased. Good practices in *increasing mutual trust between the higher administration of projects and the TC actors* are needed.

#### **IV Governance structures and implementation of co-operation**

##### **Strengths**

- There are some good '*multi-level*' *governance practices* in Eastern Finland which can make TC more efficient, inclusive, and more useful for the participating regions and localities. *Regional Councils* and *Euregio Karelia* with its strong strategic and political role in CBC are known among organisations in Finland as the key actors in TC with a strong coordinative role, but there is room allowed for bottom-up initiatives from below the regional level as well as there are initiatives and supporting frameworks from above it.
- The fact that the ENPI programmes are regionally governed is seen generally as appropriate.

##### **Weaknesses**

- *Asymmetries* between the two sides of the border are probably the most striking in terms of governance approaches. TC governance *in Republic of Karelia* is still substantially *dominated by the central administration (Moscow)*, despite the fact that ENPI Karelia, for instance, has a branch office of its Managing Authority in Petrozavodsk. Interestingly, there was a period when the Republic of Karelia had its own Ministry of Foreign Relations during the 1990s, which obviously showed great interest and had a supportive role in the promotion of TC with Finland and beyond.
- The *more vertical, centralised power-relations on the Russian side*, as well as a substantial gap between the Finnish and Russian laws and regulations *cause difficulties also to Finnish organisations in their communication and collaboration* with the Russian partners.

##### **Future**

- A *bottom-up and locally driven* approach in TC governance is seen as the most suitable 'model' in the CSA, yet, importantly, it has to be accompanied with '*open/flexible institutionalisation*'. Inevitably, more engagement and *voice of local actors* in defining priorities of TC programmes, and an *increased transparency in decision-making* have to be elements of this model.
- The ENPI Karelia programme's experience with *thematic calls targeting specific domains and themes of co-operation* can serve as a model or good practice for other cross-border co-operation areas, both along internal and external borders.
- *Continuity and consistency of co-operation in TC* have to be supported as key factors in its efficiency. The promotion and financing of concrete problem oriented, *longer-term and high-budget projects* are one possible solution, i.e. those which can cover *both the joint conceptual development of the solutions and their pilots including actual investments (capitalisation)*. This can also be achieved by making businesses

interested in the project and *obtaining the financial support of the private sector for the implementation phase*. Other means to achieve continuity are by establishing a *stronger link between TC programme priorities and regional/local development strategies*, by financing *networks* more continuously, and by providing opportunities for *exchanges between and among on-going projects and potential actors*. In any case, projects have to address *real regional needs* to have a last impact.

- The importance of the competence and know-how of organisations in international co-operation itself cannot be overestimated in the CSA. Training in foreign languages is not sufficient alone: efforts to *raise awareness* of the benefits of TC, to increase *TC skills and information* can broaden participation in projects, encourage actors to initiate co-operation internationally and can make TC more effective and successful. This would be particularly needed on the Russian side of the CSA as well as in certain actor groups such as smaller-sized businesses. Moreover, such training would be useful because bureaucracy entailed by the application and funding procedures is actually – and/or is believed to be – too challenging.

## Abbreviations

<b>CAWI</b>	Computer Assisted Web Interviewing or ‘on-line survey’
<b>CBC</b>	cross-border co-operation
<b>CSA</b>	case study area
<b>EGTC</b>	European Grouping for Territorial Cooperation
<b>ENP</b>	European Neighbourhood Policy
<b>ENPI</b>	European Neighbourhood and Partnership Instrument
<b>EU</b>	European Union
<b>NAC</b>	Neighbouring Area Cooperation (Ministry for Foreign Affairs of Finland)
<b>TACIS</b>	Technical Aid to the Commonwealth of Independent States
<b>TC</b>	Territorial Cooperation

# 1 Introduction

## 1.1 The Finnish-Russian Case Study Area

**Figure 26** The Case Study Area including its main cities







**EUROPEAN UNION**  
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Regional Level: NUTS 3 (Finland), 2006; Rayon (Russia)  
 Source: Statistics Finland, 2011; Federal State Statistics Service of Russia, 2010  
 © EuroGeographics Association for administrative boundaries  
 GADM for administrative boundaries in Russia

 Finnish-Russian Case Study Area

 Finnish-Russian border

**Population of main cities**

-  10 000
-  50 000
-  100 000

The Case Study presented here straddles the Finnish-Russian border, i.e. the external border of the European Union, and includes the four Finnish NUTS 3 regions

of Kainuu, Pohjois-Savo, Etelä-Savo and Pohjois-Karjala (together forming the NUTS 2 region of East Finland - F113) as well as the Republic of Karelia<sup>6</sup> (a federal subject of the Russian Federation, including 18 rayons, that is, local administrative regions) on the Russian side (see Figure 1). This represents a vast geographical area with, in a European comparison, extremely low population densities, long distances between urban centres and low accessibility. The four Finnish NUTS 3 regions together cover approximately 70 000 km<sup>2</sup>. The Republic of Karelia covers 172 000 km<sup>2</sup> (giving a total of 242 000 km<sup>2</sup> for the whole case study area (CSA), which is equivalent to the territory of the entire UK). The Finnish area has approximately 650 000 inhabitants, which accounts for about 12% of the total Finnish population. In 2010, the Republic of Karelia had approximately 645 200 inhabitants, which represented 0.45% of the total Russian population and 4.7% of the total population of the Northwest Federal District of Russia. The largest cities in the CSA are small in a European comparison with Petrozavodsk (263 000 inhabitants) in the Republic of Karelia being the largest, which is followed by Kuopio on the Finnish side with 97 000 inhabitants.

This introduction provides a background and context to the subsequent analysis of territorial co-operation by presenting key territorial, economic and social features of the CSA.

## 1.2 The Territorial Context - At the periphery of Europe?

The Finnish-Russian CSA can generally be regarded as a geographical periphery not only in European but also in their respective national contexts. This is due to the area's relative remoteness from large economic and population centres, i.e. the 'Pentagon' in a European context and the Helsinki and St. Petersburg metropolitan areas in national contexts. In addition, territorial development in the CSA is conditioned by the sparsity of population, long distances between the few urban centres in the area, and its, particularly from a Finnish perspective, position at the external border of the European Union.

Low population densities and the resulting lack of population potential (sparsity) can pose significant challenges for territorial co-operation activities. In 2010, the population density for the entire NUTS 2 region of Eastern Finland was 9.3 inhabitants/km<sup>2</sup>. Particularly in the northern parts and immediate border regions of the CSA, extremely low population densities (Kainuu 3.8; Kalevala rayon 0.6) simply set limits to the scope of territorial co-operation activities.

In terms of settlement patterns, the eastern part of Finland is rather evenly populated. This is to a major extent, the historical result of the employment needs of the forestry sector, which has traditionally been the main sector of eastern Finnish economic

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<sup>6</sup> The Republic of Karelia is also referred to as 'Russian Karelia' in this Report.

activities (Kortelainen 2002).<sup>7</sup> The Finnish side is relatively evenly covered by regional centres, having at least one in each NUTS 3 area. These centres are approximately of equal size (Kuopio, Joensuu, Kajaani, Mikkeli), and serve as key locations for the provision of services such as health care (full-service hospitals serving the surrounding region), education (universities and polytechnics) and economic activities. By contrast, the urban network in the Republic of Karelia is more monocentric with the city of Petrozavodsk being the largest centre by far. In fact, Petrozavodsk is eight times larger than the second largest city of Kondopoga. The majority of the remaining rayons do not have urban centres of more than 20 000 inhabitants and are predominantly rural. Also unlike the Finnish side, the rural areas are much less populated in Russian Karelia. The immediate border region of the Russian side is characterised by an almost complete lack of population apart from the cities of Sortavala (pop. 19200) and Kostomuksha (pop. 28400),

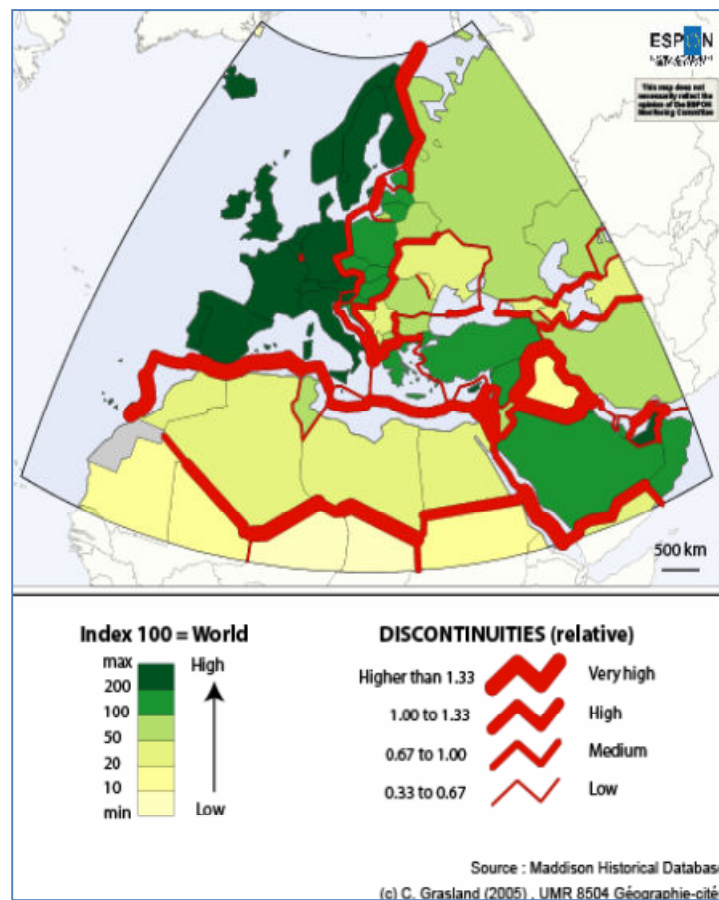
After Finland gained its independence in 1917, the border was closed. Many key infrastructures that had earlier connected the eastern regions of the Grand Duchy of Finland to the rest of the Russian Empire, were closed between the two new states of Finland and the Soviet Union. Therefore, the important metropolitan region of – then – Leningrad (current St. Petersburg) became out of reach for Eastern Finland. Later, as a consequence of the Second World War, the Finnish-Soviet border moved westwards, which led to a loss of territory to the Soviet Union including Finland's second biggest city, Vyborg (not included in our CSA). Since then the border has not changed but has been sealed for several decades. The long period of a closed border during Soviet times resulted in a situation where Eastern Finland represented a 'dead-end' region.

This situation was improved by the increased permeability of the border after the collapse of the Soviet Union. However, the remaining relatively high barrier effect of the border in terms of border and customs regulations, the small number of and long distances between border crossing points (only three in the CSA) and very high welfare gap and economic discontinuities (see Figure 2) continue to hamper development towards cross-border integration as witnessed in some intra-EU border areas. The long period of a closed border also resulted in a distinct lack of transport and infrastructure connections, particularly in the northern, more sparsely populated parts of the CSA (for more detail see 1.7 below and Liikanen et. al 2007).

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<sup>7</sup> However, since the 1960s the spatial structure has become increasingly polarised due to the fact that rural areas have lost population as a result of natural decrease and migration to the regional urban centres and the capital region around Helsinki. Thus, a significant proportion of rural areas have suffered from depopulation whereas the larger towns have gained inhabitants particularly in their fringes resulting in processes of suburbanisation (Eskelinen & Fritsch 2006).





**Figure 27 Discontinuities of GDP/inhabitant in 2002**

(Source: ESPON in the World)

The differences within the CSA in terms of the standards of living can be described by the HDI (Human Development Index; UNDP). For Finland it is 0.882 (the country was the 20<sup>th</sup> among the 187 countries rated), and for Russia it is 0.825 (66<sup>th</sup>). Among the 80 Russian regions, the Republic of Karelia ranks 51<sup>st</sup> with an index of 0.784 (National Human Development Report in the Russian Federation 2011).

### 1.3 A Changing Border Regime

The collapse of the Soviet Union and the disappearance of the Iron Curtain changed the existing border regime at the Finnish-Russian border to a great extent. During Soviet times the border was virtually closed and impenetrable. The little economic exchange and tourism that took place was closely regulated by Moscow and Helsinki. Regional cross-border interaction and co-operation as witnessed today was non-existent. However, an interesting case of – nationally regulated – cross-border co-operation was the construction of the town of Kostomuksha in the north-western part of the Republic of Karelia (30 km from the border), which was almost entirely built by Finnish construction companies and workers (Tikkanen & Käkönen 1997). Likewise,

Pyaozersky Forest-Industrial complex, further to the north from Kostomuksha, has been also built by Finnish firms (<http://pyozero-admin.ru>). The collapse of the Soviet Union and subsequent setting up of the Russian Federation made the border more permeable, resulted in an increase of border crossings and economic exchange, allowed for limited and strictly regulated migration from Russia to Finland, and provided a basis for political and social interaction also on a regional level between the Republic of Karelia and its Finnish neighbours.

Nevertheless, fundamentally the border regime, in terms of travel regulations, did not change much as people crossing (both Russians and Finns) were still required to apply for a visa in advance. The border also remained closely guarded and extensive border zones remained off limits for individuals without permits. As a result, Finland's EU accession and subsequent implementation of the Schengen Agreement did not have a significant impact on the existing border regime, as it, for example, did on the Polish-Ukrainian border, which during a pre-Schengen period experienced an 'open border'. Despite these intricacies, border interaction and the amount of people crossing the border has grown unabatedly over recent years on the Finnish-Russian border (for more details, see 1.7). However, economic exchange and territorial co-operation across the border is also heavily conditioned by complex Russian custom regulations that frequently change and, thus, result in a significant level of uncertainty for all actors involved. In this context, the Russian Federation's membership in the World Trade Organisation has been highly anticipated by Finnish actors involved in territorial co-operation with Russia<sup>8</sup>. This indicates a significant step towards an improvement of the situation.

The next big item on the agenda regarding the Finnish-Russian border regime is potential visa-free travel, which is currently being discussed between the European Union and Russia. Visa-free travel would make it easier for Finnish and Russian citizens to visit the neighbouring country, and – assuming that the capacity of the crossing points will be increased - result in further growth in border crossing numbers. It would, however, not remove the stringent border checks carried out at the border crossing points.

#### 1.4 Governance and Administrative Structures

Finland is a unitary state with a traditionally strong central government and local authorities (the municipalities). The regional level has been strengthened in the 1990s partly as a result of EU demands, particularly in relation to the delivering of EU

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<sup>8</sup> For details, see WTO (article on website, 2011).

regional policy and distribution of Structural Funds (Kettunen & Kungla 2005). As a result, 19 Regional Councils – four of them are part of this CSA - were established in 1993 and given responsibility for regional development policy and spatial planning in their areas. With the opening of the Finnish-Russian border and Finland's accession to the European Union, and resultant funding opportunities for territorial and cross-border co-operation, the Regional Councils also become important international actors that got involved in a variety of international collaborative networks, organisations and institutional arrangements. The traditionally strong Finnish municipalities have long track records in international co-operation, particularly the larger ones. Building on the history of and experiences from twin city co-operation, Finnish cities and municipalities are nowadays engaged in a variety of international projects, networks and lobbying groups.

Russia is formally a federal state. In practice (and especially after the re-centralisation of Russian federal administration in the early 2000s), however, the central government plays the dominant role, while regional and municipal administrations are relatively weak and all their important decisions are usually subject to Moscow's approval. Thus, regional development strategies must be approved by the Ministry of Regional Development and by the Ministry of Economic Development. In addition, the Federal District Administrations, established in 2000 and headed by Presidential Plenipotentiary Representatives, play an intermediary role in relations between regions and the central government. There are eight such Federal Districts, and one of them, the Northwest Federal District, includes all Russian regions bordering on Finland. Municipal administrations do not play an independent role. *De facto* they are strictly subordinated to regional administrations. Russian regions and municipalities are allowed to participate in territorial co-operation internationally, as long as this activity meets Moscow-defined requirements, which so far have not been exceedingly strict. As a result, Russian border regions and municipalities have participated rather actively in such programmes as TACIS/Interreg and ENPI, Barents Euro-Arctic regional co-operation, Baltic Sea regional co-operation, Arctic co-operation, Finland's Neighbouring Area Cooperation (NAC), and the Northern Dimension incentives.

In addition to EU funding for territorial co-operation that became available to Finland in 1995, the country had already established the bilateral NAC with Russia in 1992, which continues to complement EU programmes to this day. Co-ordinated by the Ministry for Foreign Affairs, the NAC instrument has allocated about EUR 293 million to projects project co-operation with Russia from 1992 to 2009 (Ministry for Foreign Affairs 2011). The focus has been on Northwest Russia, esp. the Republic of Karelia, the Leningrad and Murmansk oblasts and St Petersburg. The programme has concentrated particularly on economic co-operation, but has also included the "promotion of environmental protection and nuclear safety, combat of the spread of risks related to contagious diseases and drugs, and support of civil society

development and administrative and legislative reforms” (Ministry for Foreign Affairs 2011). According to the programme of the new government in office since June 2012, the funding for this activity is reduced from 16 million euro in 2011 to 6 million euro in 2012.

### 1.5 Territorial Co-operation Frameworks

The Nordic countries can look back to a long history of cross-border and transnational co-operation. For a long time, cross-border co-operation has been actively promoted across the Finnish-Swedish border as an integral part of Nordic co-operation, and more recently it has been extended to the neighbouring areas, especially to the Baltic and Barents Sea Regions. Nordic co-operation is initiated and conducted by means of two organisations, the Nordic Council and Nordic Ministerial Council. The former, responsible for inter-parliamentary co-operation, was established already 1952, and the latter, responsible for intergovernmental co-operation, in 1971. Their missions and tasks have been formulated in the way that co-operation was possible even if the Nordic Countries do not form a geopolitically unified grouping. For promoting inter-Nordic cross-border co-operation, the Nordic Council has provided funding to eight organisations, whose governing bodies include representatives of local and regional organisations, and which are co-funded by respective states. It is noteworthy that these organisations differ from each other in terms of their institutional form, activities and aims, that is, there is no single Nordic model in this field. (Eskelinen 2011)

Besides, the Barents Euro-Arctic Council (BEAC) functions in the more northern/arctic areas as a forum for intergovernmental co-operation, and the Barents Regional Council (BRC) operates as an organisation for interregional co-operation in the Barents Region.



**Figure 28 ENPI Cross-border Co-operation Programme Areas**

(Source: Nordregio)

Since the 1990s, Nordic co-operation has been complemented and to some extent sidelined by EU initiatives and funding arrangements. In terms of EU territorial co-operation, the CSA is, in addition to Interreg IVC, part of the eligible area for the Interreg B Northern Periphery and Baltic Sea Programmes. EU-funded cross-border co-operation between Finland and Russia is carried out through the European Neighbourhood Instrument (ENPI). ENPI has replaced the earlier combination of Interreg (Finnish side) and TACIS (Russian side) funds, co-ordination of which has proven difficult for carrying out projects on both sides of the border (Cronberg 2003). In ENPI, a single application and selection process for both sides of the border provides for more coherence and cross-border co-ordination for projects. An important new element of ENPI is that Russia provides own financial contributions to the programme; moreover, a Joint Monitoring Committee and a Joint Selection Committee guarantee equal representation in the decision making of the countries involved.

The entire Finnish-Russian border is covered by three ENPI programme areas (see Figure 3).

1. **Kolarctic-Russia** (Sweden, Finland, Norway, Russia). Funding 2007-2013: €70.48 mio
2. **Karelia-Russia** (Finland, Russia) Funding 2007-2013: €46.40 mio
3. **South-East Finland-Russia** (Finland, Russia) Funding 2007-2013: €72.36 mio

The CSA is entirely covered by the ENPI Karelia-Russia programme area. In addition, the Finnish NUTS 3 region (*maakunta*) of Pohjois-Pohjanmaa is included. On the other hand, Pohjois-Savo is only included as an adjoining area, and Etelä-Savo is *not* part of the ENPI Karelia programme area (though both are included in this Case Study).



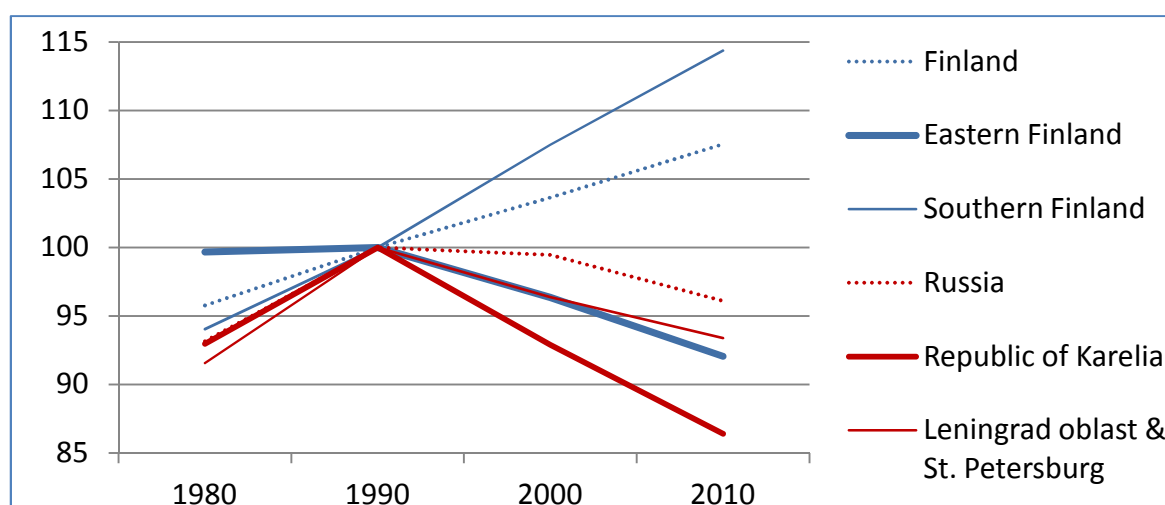
**Figure 29 Map of the Euregio Karelia**

(Source: Euregio Karelia website)

The ENPI Karelia-Russia programme area also corresponds to the area of the *Euregio Karelia*, an operational arrangement that was set up in 2000 in order to provide three Finnish regions and the Republic of Karelia with an institutional framework for cross-border co-operation (see Figure 4 for details on the early phases of the Euregio Karelia, see Cronberg (2003)). Since ENPI started, Euregio Karelia has had a strategic and political role in guiding cross-border co-operation within its area.

## 1.6 Demographic Development

A defining feature of the Finnish-Russian CSA is its continued population decline during the last decades. From 1990 to 2010 the Finnish part of the CSA (NUTS 2) has lost 56 000 inhabitants (-8%). During the same period, the Republic of Karelia has lost 107 500, which represents a decline by 13%. The demographic situation in the CSA becomes even clearer when we compare the Republic of Karelia and Eastern Finland to respective national population development and the development of Southern Finland (including the metropolitan region of Helsinki) and St. Petersburg and the surrounding Leningrad regions.



**Figure 30 Trends in population change in the case study regions compared to relative population developments in their respective national contexts and core regions, 1980-2010 (Base year: 1990)**

(Source of data: Statistics Finland; Russian Federal State Statistics Service)

Using 1990 as a base, Figure 5 shows that the CSA (Eastern Finland and the Republic of Karelia) has had the worst relative population development. The Republic of Karelia exhibits a stronger decline than Russia as a whole and the city of St. Petersburg and Leningrad oblast. In Finland, the case study regions have lost population, whereas southern Finland and the country as a whole have actually gained population.

Internal migration – and also emigration in the past – has played an important role in spatial change and regional differentiation in Finland. The main trends have been quite stable for decades in that rural areas and more recently also smaller urban communities lose population due to migration, whereas the largest urban regions, especially Helsinki, continue to grow. In this context, Eastern Finland is an archetypal example of a region which has suffered from a relative decline, and even the growth of the region's largest centres have slowed down when surrounding rural

areas are not providing any more migrants. This has resulted in the aging of the population, which has further undermined the regions' development prospects. Against this background, cross-border interaction and co-operation in general, and migration from Russia in particular, have been seen as potential new resources for development.

The total population of the Finnish case study region in 2010 was more than 56 000 lower than in 1990. At the same time, the number of Russian-speaking population grew in these regions; it was only 250 in 1990, but had risen to more than 5 000 by 2010. This means that migration from Russia had compensated part of the population loss resulting from internal migration and natural population change. The role of immigration from Russia has in this sense been the most important in the region of North Karelia and at a local level in municipalities close to the border-crossing points. (Eskelinen & Alanen 2011)

## 1.7 Cross-border Flows

The gradual opening of the border since the early 1990s has facilitated increasing material and immaterial flows across the border. To illustrate this issue, we selectively highlight the dynamics of, firstly, cross-border trade, secondly, people crossing the border, thirdly, the development of transport networks (or lack thereof), and finally, the recent phenomenon of real estate purchases by Russians in Finland.

### 1.7.1 Trade and FDI

During the last decade Finnish-Russian trade grew at a fast pace. In 2008, its turnover was 2.7 times larger than in 2002 (Figure 6). However, it should be emphasised that imports from Russia, of which oil, oil products and natural gas accounted for more than 70%, grew on account of a rise in prices of energy resources. In contrast, Finland's exports to Russia, which mainly consisted of production of manufacturing industries, grew in physical terms, as well as thanks to an increase in re-exports of goods produced in third countries (Ollus and Simola 2006). The global economic crisis led to a fall in trade between Finland and Russia in 2009. However, already in 2010 it started to recover. In January-September 2011 this growth continued, and the turnover of Finnish-Russian trade was 36% larger than during the same period a year ago ([www.rusfintrade.ru](http://www.rusfintrade.ru)).





**Figure 31 Dynamics of Finnish-Russian trade, million Euros**

(Source: Finland's Customs, Uljas Database)

A number of major Finnish companies have preferred to establish their own production facilities in Russia, thus reducing the need to export to this country. The exact amount of Finnish investments in Russia is difficult to determine, because some companies prefer to channel their investments in Russia through third countries. As a result, official statistics underestimates the real volume of investments. According to an informal, yet seemingly realistic assessment, the amount of accumulated Finnish investment in Russia reached 8 billion euro at the beginning of 2011.<sup>9</sup> Russian investments in Finland are equally difficult to measure, for the very same reason. Among major Russian investments in Finnish enterprises it is possible to mention the following cases: Gasum (Finland's gas grid), Harjavalta (non-ferrous metals), Teboil (gas stations) and STX Europe (shipyard) – these, however, are not located in the case study region. Smaller-scale investments were also made in Finnish transport, tourism infrastructure and in real estate.

<sup>9</sup> Estimate by Mikko Kivikoski, Deputy Director of the Russian Section of the Finland's Ministry for Foreign Affairs (Regnum 2011, website).

**Table 22 Economic links between the Republic of Karelia and Finland**

(Source: Karelian Statistical Yearbook, Petrozavodsk: Kareliastat, 2011)

	2004	2005	2006	2007	2008	2009	2010
Export from the Republic of Karelia to Finland, million USD	273	331	373	389	369	212	223
- as percent of total export	32.4	31.7	29.6	29.0	24.9	20.4	15.6
Import from Finland to the Republic of Karelia, million USD	96	81	101	146	141	77	79
- as percent of total import	49.0	40.5	45.3	40.8	34.1	32.4	33.1
Finnish investment in the Republic of Karelia, million USD	16	12	28	53	29	40	14
- as percent of total foreign investment	39.7	16.2	9.8	33.6	25.9	16.8	15.6

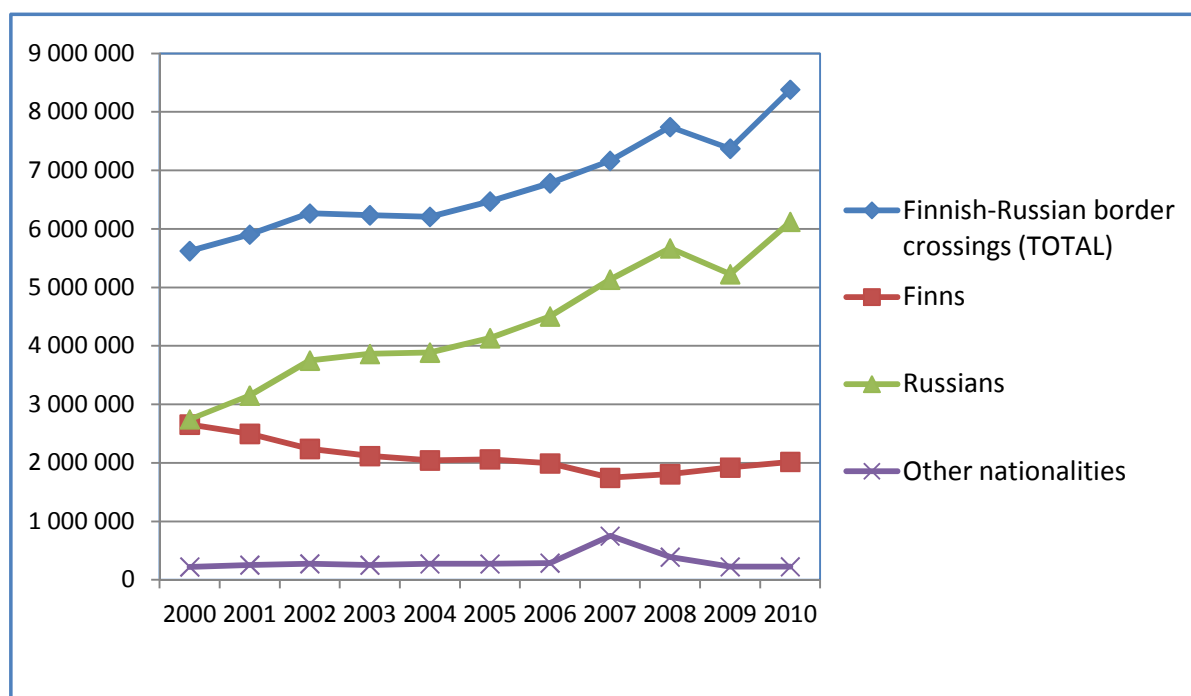
Geographically, economic links with Finland have developed most intensively in the two largest cities of Russia – St. Petersburg and Moscow, and in the surrounding regions. For Russian Karelia, economic interaction with Finland has also grown important. Finland represents an important export market for Russian Karelian timber and the main source of industrial equipment, machinery, chemical products and foodstuffs. In recent years the share of Finland in Russian Karelia's exports and imports fell down, because of ongoing internationalization of the Karelian economy (Table 1). Nonetheless, Finland still remains Karelia's largest foreign trade partner. Investment flows between Russian Karelia and Finland have not been very intensive, because the Republic of Karelia has been relatively less attractive than more populous and developed regions of Russia. Among major enterprises with Finnish investments operating in Russian Karelia it is possible to name only Setles (saw mill), Ladenso (timber logging) and Karkhakos (electric and electronic parts). Russian Karelian investments in Finland have been negligible (just 4 million euro in total during the period from 2004 till 2010).

### 1.7.2 Border-crossings and cross-border transportation infrastructure

The trajectory towards increased permeability of the Finnish-Russian border is also illustrated by the fact that border crossings have increased from 1.3 million in 1991 to

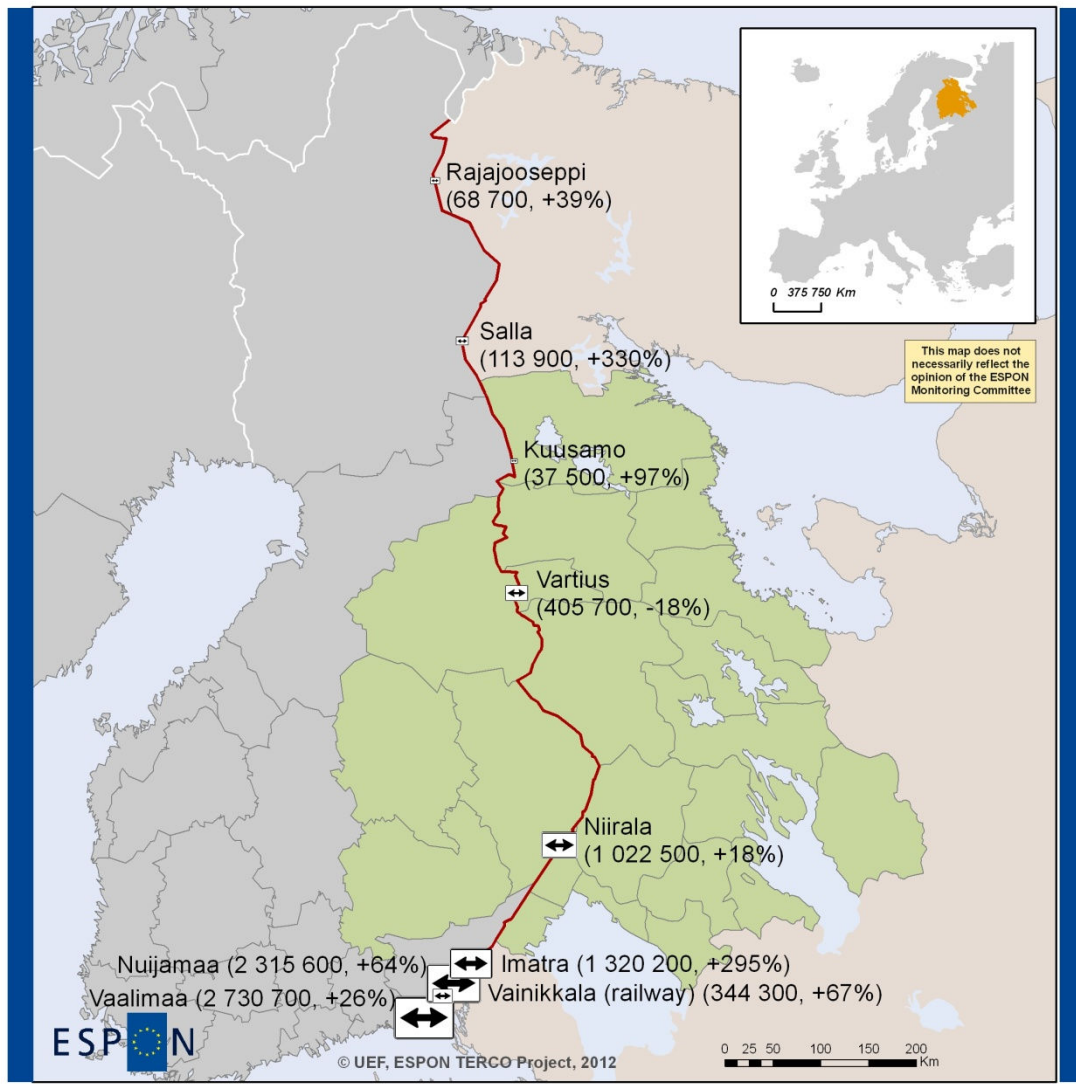
8.4 million in 2010 (Rajavartiolaitos 2011). As can be seen from the graph in Figure 7, passenger numbers have increased steadily throughout the period 2000-2010. As is evident from Figure 8, the majority of border crossings take place at the southernmost border crossing stations where the percentage increase from 2000 to 2010 has also been strong. In similarity to trade volumes, the 2008 economic crisis in Russia is also clearly visible as a relatively sharp drop from 2008 to 2009 (7.74 to 7.37 mio). However, the growth in cross-border passenger traffic has again picked up significantly from 2009 to 2010 (13.5%). It is interesting to note that the only border crossing point on the Finnish-Russian border that has experienced a decrease in border crossings between 2000 and 2010 (-18%) is Vartius, the second-largest crossing point in the CSA.

Figure 7 below clearly shows that the increase in border crossings is primarily due to an increase of Russians travelers. Both the share and total number of Finns has actually decreased for most of the last decade and their total number has only started to increase slightly again since 2007. As can be seen, the share of other nationalities in cross-border traffic is rather negligible.



**Figure 32** The number of border crossings 2000-2010, total and according to nationality

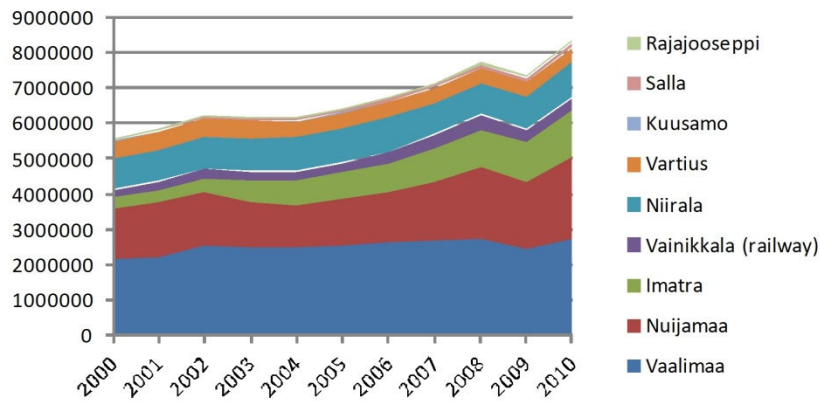
(Data received from Rajavartiolaitos.)



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Regional Level: NUTS 3 (Finland), 2006; Rayon (Russia)  
Source: Rajavartiolaitos, 2011  
© EuroGeographics Association for administrative boundaries  
GADM for administrative boundaries in Russia

↔ Border crossing point (exits+entries 2010; %-change 2000-2010)



**Figure 33** The location and passenger traffic levels of border-crossings along the Finnish-Russian border in 2010 and percentage change 2000-2010

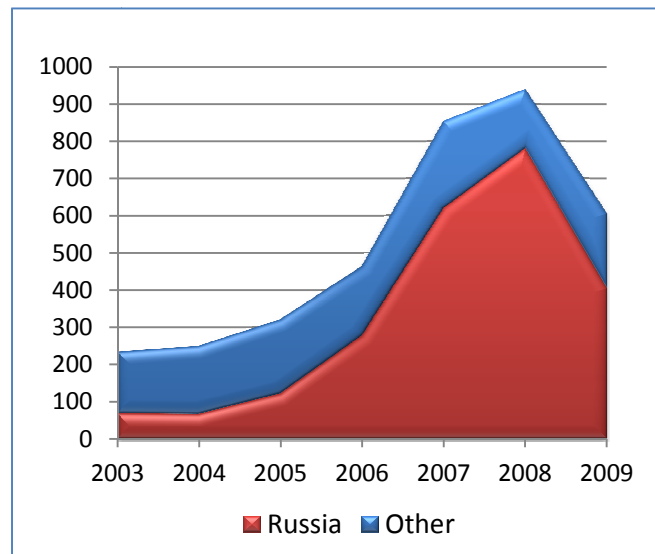
(Source of data: Rajavartiolaitos)

As has already been mentioned, cross-border co-operation across the Finnish-Russian border is still hampered by a lack of infrastructure, particularly in the northern parts of the CSA. Despite a number of initiatives, currently there does not exist a cross-border passenger rail connection between Finland and Russia in the CSA. Only three border crossing points (road) are located within the CSA, although there are tentative plans to open a new border crossing in Parikkala utilizing ENPI funding. Nevertheless, the clear majority of transport connections towards Russia exist in the southernmost border area, including the two largest border crossing points (Vaalimaa and Nuijamaa) and the only rail connection for passengers (see Figure 8). The south-north gradient as regards the perceived importance and need of infrastructure investment is illustrated by the fact that 50% of the budget of the South East Finland-Russia ENPI programme are set aside for major investments in infrastructure, whereas the respective figures percentages for Karelia-Russia ENPI and Kolarctic-Russia ENPI are 30% and 15%. As opposed to the more northern areas, the southernmost ENPI area is also the location of a TEN-T priority axis (Baltic Triangle) and a Pan-European transport corridor (Corridor IX). Passenger transport in this corridor took a leap forwards in 2010 with the establishment a high-speed rail connection (Allegro) between Helsinki and St. Petersburg. As a result, the number of passengers on this rail connection increased by 50% in 2011.

### 1.7.2 Border-crossings and cross-border transportation infrastructure

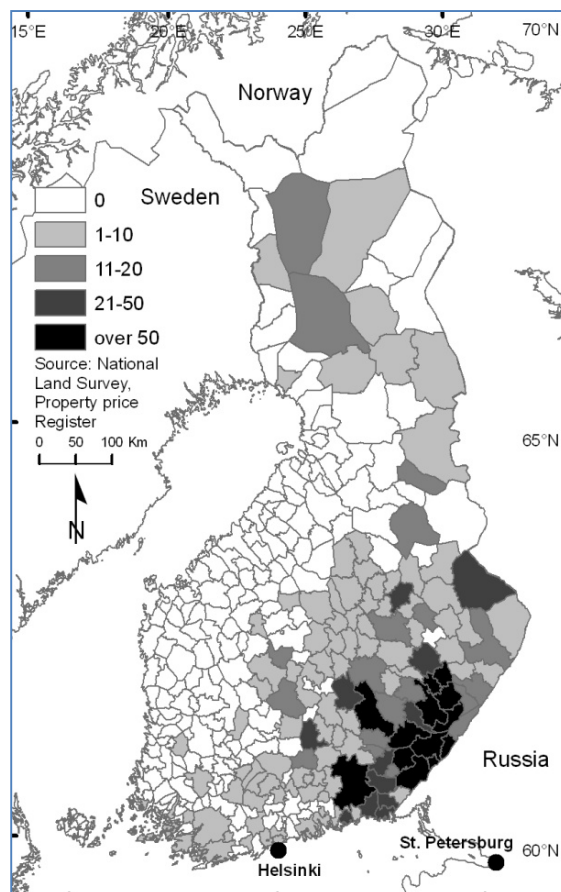
A new dimension of cross-border interaction or flows, and one that recently has attracted a significant amount of public and media attention, is Russians' buying real estate, particularly second homes, in Finland (see for instance, Pitkänen 2011). Part of the public discussion on this issue is fuelled by the fact that it is not possible for Finns to buy real estate on the Russian side in the border region, but also more rudimentary sentiments à la "foreigners buying up our land" do prevail.

As can be seen from Figures 8 and 9, the number of property purchases by foreigners has risen drastically from 2004 onwards with Russians forming now the largest group. The dramatic decrease from 2008 to 2009 can be explained by the 2008 economic crisis in Russia. It is highly likely that property purchases by Russians have picked up again after 2009. It is also interesting to note that the spatial pattern of Russian purchases shows a strong concentration in near-border areas in the southeastern part of Finland. The short distances to large urban centres in Russia certainly explain this fact. A second concentration is found around the major skiing centres in central Lapland.



**Figure 34 Territorial distribution of second homes purchased by Russians in Finland**

(Source of data: National Land Survey of Finland)



**Figure 35 The change in the number of Russian and other foreign property purchases**

## 2003-2009

(Source: National Land Survey of Finland; map made by Kati Pitkänen.)

### 1.8 Methodological approach to the case study

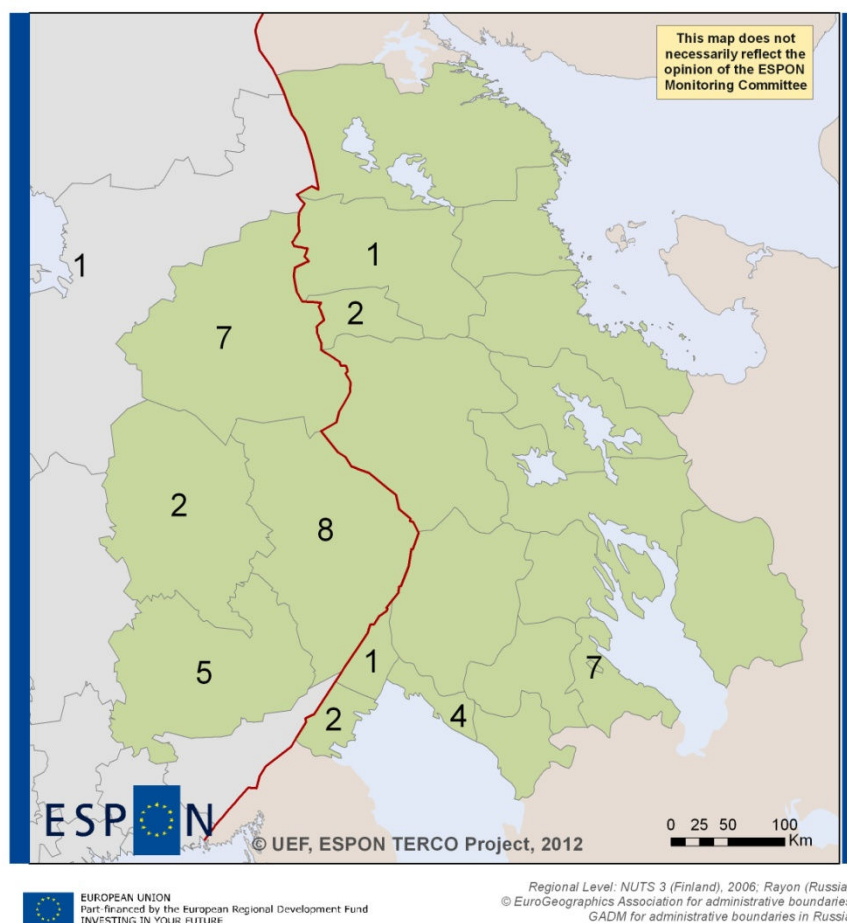
This case study report is based both on primary and secondary sources of information. Fieldwork was carried out between June 2011 and February 2012 which consisted of an online-survey survey (CAWI) and several in-depth interviews in the CSA. A quantitative summary of surveyed and interviewed TC actors is provided in Table 2 below.

In terms of primary data, much of the analysis below is based on altogether 42 in-depth, structured interviews carried out with key TC actors from a variety of domains and sectors (e.g. regional and local administration, the educational sector, private business, NGOs, etc.). The geographical distribution of these interviews is presented in Figure 11. In total, 25 interviews were carried out in Finland during the period between September 2011 and February 2012: 24 in the four Finnish NUTS 3 regions of the CSA, and additionally, 1 interview was made with the Regional Development Manager of the ENPI Karelia programme (based outside the CSA in Oulu, Pohjois-Pohjanmaa). The other 17 interviews, carried out on the Russian side, show higher spatial concentration in 6 out of the 18 district-level administrations of the Republic of Karelia. Nevertheless, due to the fact that the most important actors in TC on the Russian side were selected for the interviews, the coverage can be considered good. Out of the 42 interviews, 6 were carried out by telephone or Skype. The distances entailed by carrying out personal, face-to-face interviews are visible in the fact that only on the Finnish side of the CSA, during the three major field work trips, the interviewers travelled 1467 km. (For more details on the interviewees, see the list at the end of this Report).

**Table 23 Summary of field work data**

Regions of the CSA	CAWI (on-line survey)			In-depth interviews	
	No. of municipalities and regional authorities targeted with the CAWI	No. of <i>valid</i> CAWI responses (total no. of responses)	Total CAWI response rate	No. of CAWI respondents indicating that they have experience in TC (% of total targets)	No. of interviews
Eastern Finland	65	15 (16)	24.6%	9 (14%)	25

(+ Pohjois-Pohjanmaa)					
Republic of Karelia	23	10 (10)	43.5%	9 (39%)	17
CSA in total	88	25 (26)	29.5%	17	42



**Figure 36** The geographical distribution of interviews carried out in the Finnish-Russian case study area (by NUTS3 in Finland and by rayon in the Republic of Karelia)

Subsequently, the interviews were transcribed for further analysis into standard transcription templates, and meanwhile they were all translated to English where it was necessary (from Finnish and Russian). For preparing the analysis below, results from the CAWI (automated questionnaire sent on-line to a list of municipalities, Regional Councils and rayon administrations) have also been considered. However, due to especially the small share of those respondents who could provide detailed information about their TC experiences (i.e. because they have had such



experience), the derived results had to be treated with significant caution, and could not be statistically analysed in themselves.

In terms of secondary sources, the relevant literature, project lists and databases, websites as well as regional and local strategies have been reviewed.

### 3 Analysis of fieldwork findings

#### 3.1 Physical areas of territorial co-operation in the Finnish-Russian case study area

This section summarises the different TC activities traced in the CSA and their variation according to their spatial extent, configuration and orientation based on TC programme documentation, and the survey and interview responses. Also, the relationship between the actors' engagement in 'external' TC and their internal (intra-regional) co-operation is analysed. Finally, participation in TC on the Finnish and the Russian side of the CSA is looked at first in terms of the perceived suitability of the geographical coverage of TC programmes, and secondly, based on the different actors' engagement in TC.

##### 3.1.1 Dominant types of TC in Eastern Finland and the Republic of Karelia

**In Eastern Finland, the *cross-border ENPI – the European Neighbourhood and Partnership Instrument (formerly, the Interreg A / TACIS funded co-operation programmes)* has been the most important and probably the most influential type of TC.** This is true despite the fact that many of the actors interviewed have had also several co-operation partners from all over Europe and the world, and have utilised diverse European, national and other sources of funding for the purpose. From the public sector in the four Finnish regions included in this case study, all universities, polytechnics, and some other educational institutions, the Regional Councils and the regional centres (major municipalities) have participated in Interreg A type of (i.e. CBC) projects. Also, some of the smaller municipalities located close enough to border-crossings have been very active in CBC on the Finnish side such as Kuhmo (pop. 9500) and Suomussalmi (pop. 9000) in Kainuu; and in the southern areas of Pohjois-Karjala, Tohmajärvi (pop. 5000), Kesälahti (pop. 2400) and Kitee (pop. 9000). Local/regional development companies, bigger NGOs, chambers of commerce also have been frequent participants in the subsequent Interreg A / TACIS programmes or the more recent ENPI programme.

*Transnational territorial co-operation* projects (the 'Interreg B' type) within the Baltic Sea Region Programme, the Northern Periphery Programme, or projects within the Barents Programme (co-operation within the Barents Euro-Arctic Region, BEAR) were also mentioned, mainly by higher-level actors such as the Regional Councils.

Based on the list of implemented projects in this area during Interreg IV, it seems that the Regional Councils are the ‘gatekeepers’ also in *interregional* TC activities (the “Interreg C” strand): they are the ones to identify the key issues at stake and look for partners from other EU countries. This is natural because Interreg C programmes are meant for regional administrations. Also, educational institutions and cities are particularly active in networking type of TC projects; schools and universities in Eastern Finland are rich in international contacts from all over the world.

All municipal actors in Eastern Finland who were interviewed or surveyed referred to *town-twinning* although mostly as an old-fashioned, symbolic type of international contact, many of which do not cover any functioning co-operation in practice. Nevertheless, some Eastern Finnish municipalities work together with their ‘sister cities’ in Europe and beyond in common projects (for instance, in the youth sector, theatre, etc.); and through twinning links cities get engaged in thematic city networks, e.g. about healthcare and well-being (e.g. Kuopio) or related to collaboration in the third sector. A longer history of ‘friendship’ between certain Finnish and Russian towns has formed a good basis for current co-operation within ENPI, for instance.

Furthermore, actors in Eastern Finland are engaged in *other types of TC*, too, which are more specific to certain group of actors. A part of these TC activities is also EU funded: e.g. within the Lifelong Learning Programme (the Erasmus, Grundtvig, Leonardo da Vinci and Comenius programmes are popular among educational institutions as well as some civil organisations); projects financed from ESF, or those within the LEADER initiative, which has been rather successful in Finland. Also, the Finnish-Russian NAC programme funded by the Ministry for Foreign Affairs of Finland has been utilised by several organisations which carried out joint projects with Russian partners; this to date has complemented Interreg A / TACIS and ENPI activities. Besides, international business partnerships and networks were mentioned which may also arise from European funded TC projects in the respective regions; the importance of these was often emphasised by interviewees from local/regional development companies, cities and the Regional Councils, as a source of both learning and innovation as well as, of course, employment and economic growth.

Finally, it is important to note that some of the regions on the Finnish side of the CSA show growing orientation towards St. Petersburg, which is due to its major population and economic (market) potential compared to the very sparsely populated areas of the Republic of Karelia.

**On the other side of the border, in Russian Karelia, the dominant types of TC have been also the cross-border type (Interreg A / TACIS; ENPI Karelia, and projects funded by the Government of Finland under NAC) and city-twinning agreement.** However, generally, TC is not regarded only as formalized/official co-operation between public authorities. Interviewees stressed the importance of the involvement of NGOs and private actors in TC as well as personal-level interactions

with Finland, particularly in the form of cross-border marriages, tourism and business ventures.

Since the mid-1990s *cross-border co-operation* has become more important. In contrast to the relatively low-budget twin-city exchanges, Interreg A and TACIS and ENPI have provided more serious funding to address some problems in Russian Karelia in such fields as social welfare, water treatment, education, the forest sector, small business development, tourism, agriculture, transport and energy efficiency. The main mode of TC has been knowledge transfer from both sides of the border in the aforementioned fields. Also, some investment in physical infrastructure has been made (e.g. the Sortavala water treatment facilities, the Kalevala Natural Reserve).

TC with other countries than Finland (mainly Sweden and Norway) was mentioned only a couple of times, in the context of *transnational territorial co-operation* and the participation of Russian Karelia in the Barents Programme.

*City-twinning co-operation* was most important in the early 1990s, and it has had a notable impact mainly in the field of culture and youth. Cultural exchanges have changed the mindset of Russian participants: they had the opportunity to visit Finland, to see the high quality of life there, to interact with the Finns and realize that good neighbourly relations are possible, and that a lot can be learned in Finland. In practice, this type of co-operation has been declining everywhere in the Republic except for Kostomuksha, Petrozavodsk and maybe Kalevala. The reason for this is that financially weak municipalities have no money to finance these exchanges any more.

### 3.1.2 The impact of TC on internal co-operation

Based on the accounts of actors interviewed **on the Finnish side of the border, international projects naturally lead to closer co-operation with organisations within the same region**, too. TC provides an incentive for internal co-operation between cities' administrations, the Regional Councils, educational institutions, NGOs, businesses, etc. This is very beneficial because these organisations often would not get familiar with each other's activities otherwise, i.e. without 'meeting' in TC projects. These organisations can thus learn from each other, no matter whether they are from different domains or if they are from the same field or sector (which latter case may lead to the emergence or the strengthening of professional networks within the region, such as the network of businesses and other organisations related to the wood energy sector in Eastern Finland<sup>10</sup>). Also, an interviewee from the private sector confirmed that although competition between companies in Finland is strong, **when 'going to' Russia, they actually start co-operating.**

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<sup>10</sup> Based on an earlier interview with the leader of the WENET project (Wood Energy Network) and a survey and interviews with its members from Eastern Finland (2009-2010, S. Németh).

However, this does not mean that there are no exceptions. In the Kainuu region, other than three active municipalities, local governments were reported not so active in TC, and the TC projects in which actors do take part in do not intensify collaboration in the region. Related to this situation it was also mentioned by a representative of one of the active local governments that sometimes there is competition felt between municipalities within the region; the reason for which is that some are benefiting more than the others from TC. Yet, this is not a cause for real tension.

Also, it was noted by a public sector actor that due to their lack of resources (esp. during the project preparation phase) and their different ways of operation, NGOs can be more difficult to work with; which is a pity because NGOs usually have really good project ideas. So, an interesting and important question is: how to involve NGOs better in the project preparation processes? What kind of mechanisms would support this? There is a promising approach by the ENPI Karelia programme (see 3.4.3). By contrast, NGOs were reported to play a relatively strong role in Russia in TC (opinion by a Finnish respondent).

**The situation on the Russian side, however, is very different. It seems that TC does not result in more intensive co-operation between actors *within* Russian Karelia.** Each participant pursues their own interests in TC. The problem is that some municipalities are presumed to be better supplied with certain resources, including some favourable political contacts – which they are not motivated to share. Besides, unlike on the Finnish side of the border (e.g. the Regional Councils leading role), there is not any organisation, mechanism, forum which could coordinate the different TC projects in Russian Karelia, and thus could bring local/regional actors into collaboration with each other. In the 1990s this role was played relatively successfully by the Karelian Ministry for Foreign Relations. However, the Ministry has been disbanded when the Putin Administration started to re-centralize Russia's system of federal relations. Now there is only a small foreign relations department within the Ministry of Economic Development in Karelia, which does not act as a coordinating centre for TC.

Moreover, Russian actors inform that **TC even creates tensions among local actors.** The problem is that TC is concentrated in a few relatively prosperous Karelian municipalities, such as Petrozavodsk (regional administrative centre), and two border towns, Kostomuksha and Sortavala. Thanks to TC, economic situation in these three municipalities is relatively good. Less prosperous municipalities, which for various reasons do not participate in TC, exert pressure on the Republican Government to take more resources (i.e. tax proceeds) away from the prosperous towns and redistribute them in favour of the less developed ones. As a result, the awkward situation occurs where the more successful a town is in terms of TC, the more likely it will lose in terms of tax-sharing arrangements. Apparently, this system can discourage the leading municipalities from more active participation in TC. At the

same time, the weaker municipalities still do not get sufficient resources to participate in TC.

An interesting detail related to the position of smaller municipalities' involvement in TC in Russian Karelia is what an interviewee from Lakhdenpokhya (Karelia's southernmost municipality bordering on the Leningrad region) disclosed: now the Municipal Administration prefers to bypass the Government of Karelia and to lobby Lakhdenpokhya's interests by addressing *directly* the federal authorities, namely, the Presidential Representative in the Northwest Federal District (based in St. Petersburg). This solution, though rather astonishing in the context of Russian hierarchical spatial administration (and at the same time, not so surprising knowing the value of informal, personal contacts to important people) is regarded as more efficient and successful by these actors.

### 3.1.3 The adequacy of the geographical area and extent of TC

In the case of Eastern Finland and the Republic of Karelia, the geographical extent of EU-funded co-operation is regulated mainly by the **ENPI Karelia** funding instrument. **This area was assessed as adequate by most of the actors** asked showing that the continuity in these terms from the previous Interreg A / TACIS framework has helped actors to keep up and deepen their cross-border partnerships.

Even so, the current ENPI area is perceived by some of the organisations on both sides of the border as something that could be expanded, because it is restricting the participation of partners from more distant Republics of Russia, who would be interesting and interested partners for co-operation. Some, not claiming this directly, indicated that **maybe more flexibility** could be inbuilt in ENPI in terms of joining projects from outside the current eligibility area; e.g. by allowing some flexible combination of the current programmes. More of the Russian respondents acknowledged the need to expand TC geographically; they suggested that TC frameworks should be extended eastward to include other regions of Northwest Russia, such as Vologda and the Republic of Komi. (N. B. These regions are included in grant schemes of the Nordic Council of Ministers.) Nevertheless, there are also other views insisting that the focus should remain on the immediate cross-border area rather than vast geographical expanses, for which latter, other TC frameworks would be more adequate.

On the Russian side, in terms of contacts with other foreign countries (apart from Finland), the interviewees most often mentioned the need to develop TC with Norway, Sweden and with the Baltic states. For the Finnish actors, the geographical delineation of the Interreg B and C provide good opportunities to engage in co-operation with partners from other countries than Russia.

It was also mentioned by interviewees that **TC nowadays is becoming increasingly network-like, geographically ‘unbounded’** and all funding programmes need to take this more into consideration in the future. TC in the domain of **education**, for instance, and knowledge transfer were highlighted as activities where territorial co-operation should be allowed to take place within wider geographical limits, even if investments can remain relatively small scale. It is good that **flexibility** is allowed, for example, in terms of **the ‘scale’ of co-operating partners**: a small city can also have ‘large’ partners, i.e. a metropolis or even a region, if the theme of co-operation is relevant to them.

#### 3.1.4 Levels of participation and the need for the involvement of new partners

In Eastern Finland, the public sector is very active in TC, both with partners in the Republic of Karelia and Leningrad oblast, St. Petersburg, and with partners from other countries. On the Russian side it has been often the case that some **smaller municipalities or rayon administrations are “overwhelmed” by interest from the part of Finnish organisations** (e.g. in the northern parts of the Republic), and have **insufficient resources** to respond to all those calls. For instance, in the education domain, interest on the part of schools in the Republic of Karelia seems to have decreased in recent years in CBC with Finnish institutions due to their lack of financial resources. In some cases in Eastern Finland, too, it was stated that they would do more TC if they had more financial and human resources for it (also in relation to the too heavy administrative burden imposed by the EU programmes): it is but self-explanatory that small towns with limited budget and human resources have to choose well which projects to participate in. This is despite the fact, that the own share in co-funding is only 10% in ENPI.

Being aware of the fact that private companies cannot be direct recipients of TC programme funds, interviewees from all the four Finnish regions said that **more TC projects combining public and private sector participants**, which would also help TC to **contribute to the regions’ competitiveness**. Usually companies join TC activities **as associate partners** or they participate **in the steering group** of the projects; and this is common among bigger companies. However, it is important to let smaller-sized business know about the potential benefits. Local and regional development companies, which, also through TC projects, can provide a springboard to international networks and, subsequently, markets for SMEs can fulfil this task; therefore their presence in TC is important.

In sum, **on the Finnish side of the case study area, there is usually no shortage of potential partners** (willingness), **but of human and financial resources available** (see ‘obstacles’ in Section 4). It is generally understood that it is good to have more and more organisations participating in TC; however, it was emphasised by many of the actors asked that instead of always looking for more and newer

partners for projects, it is more important and effective (also in terms of enhancing the regional economy and well-being) to make existing co-operation lasting longer and collaboration between partners deeper. In particular, businesses should be involved more – with their financial contributions. **“Not more partners but the best partners”** – cited from the representative of YKI (Rantasalmi, Etelä-Savo) indicates that high level of competence and commitment of a few partners is more important than the breadth of the co-operation. For this reason, information services, such as the **on-line partner-search engine** of the ENPI programme, or the **‘partner cafes’** of Interreg programmes are useful applications.

**In the Republic of Karelia the dominant opinion is that the scope of TC partners should be widened.** In particular, it is necessary **to stimulate participation of less developed municipalities and actors located there.** Structural obstacles (e.g. location of border-crossing points, road network, and the lack of financial resources and of duly qualified personnel) make it hardly possible to develop TC in peripheral or financially weak municipalities of Karelia. One interviewee from a remote peripheral municipality even suggested that Karelian Government ‘must impose’ (i.e. order to implement) TC projects upon such less developed peripheral municipalities.

Besides, some stagnation has been experienced in TC in Russian Karelia with their traditional partners abroad: TC works well, but it is not as ‘exciting’ as it was earlier. As a result, they would like to find new TC partners abroad. Pitkyaranta’ interviewees also suggested that it was very difficult for them to find TC partners. They wanted to apply to ENPI, but could not because of the absence of a foreign partner.

### 3.2 Driving forces and domains of co-operation in the Finnish-Russian case study area

To understand the role of TC in the CSA in promoting regional economic development and quality of life, one needs to comprehend the motives of the actors as well as the relevance of the TC domains they are involved in to their actual local/regional development needs and potentials. Therefore, in the following, the diverse motivations and drivers, the most developed domains of TC are described from the perspective of both the Finnish and the Russian actors in the CSA; and two specific issues, namely, synergy creation and the role of infrastructural investments are looked at in more detail. This section concludes in a discussion of how TC in this CSA benefits or could potentially benefit the participating regions, especially in terms of increasing their competitiveness in the world, and improving the quality of life for their populations.

### 3.2.1 Main motivation for participating in TC

There were several issues mentioned as main motivations for participating in TC by the actors asked on the Finnish and the Russian side of the border. In Eastern Finland, municipalities especially, but also other organisations **want to know what is going on in other countries** in their fields of interest, and at the same time, 'market' themselves to the outside world, and thus **bring their regions and locations out of isolation**. There are certain fields and problems, such as environmental protection, education and research which by nature 'do not know borders' and need **global exchanges of knowledge and practices**; the motivation of actors from these domains to network internationally is obvious. Also, nature conservation and environmental protection 'do not know borders' and in an intrinsic way, motivate CBC (e.g. developing a cross-border protection area stretching across the northern part of the CSA). Another intention of TC mentioned in the interviews is **to prepare the youth for a global world**.

Also, the bigger municipalities in Eastern Finland want to **internationalise business activities** in their areas, or even encourage new enterprises via international projects; this is probably one of their major drives in TC. Nevertheless, naturally, **the procurement of additional resources** for developing services is also among the main motivations. Also, contacts established during TC projects usually survive after the completion of the projects, and often projects lead to more projects, **past good experience of TC motivates more TC**. The availability of funding is a significant pragmatic incentive, indicated also by the fact that already existing connections, co-operation across the border were intensified when – with Finland joining the EU in 1995 – substantial extra funds were made available for CBC besides the national framework (Finland's NAC programme with Russia). **The opening up of the border from the early 1990s itself triggered interest** in CBC with Russian Karelia, and more to the south, Leningrad oblast and St. Petersburg. Last but not least, **helping Russian partners** run projects and carry out development **with experience and resources** was mentioned as the basic motive in certain cases, e.g. in the case of the poorest, northernmost areas of Russian Karelia (e.g. Kalevala).

The main factors motivating participation in TC of Russian Karelian actors are very similar. There is great interest in **learning and applying international experience** (mainly Finnish) in order to stimulate development and **to become more efficient and competitive**. **Geographical proximity** to Finland and the **border's increased transparency** since the early 1990s are obvious driving factors for CBC. Furthermore, the **historical background** motivates TC in two ways, represented by two concrete examples. The town of Kostomuksha was built by the Finns in the 1970s and '80s, resulting in contacts which have grown since into fully-fledged TC with Finland. The territory of Sortavala, Pitkyaranta and Lakhdenpokhya belonged to Finland before WWII, and since the early 1990s, Finns who used to live there have started to initiate TC with actors in these municipalities. In this later case, Finnish



'nostalgic tourism' also played a stimulating role. Furthermore, there are strong **ethno-cultural ties**: Finns and Karelians<sup>11</sup> are culturally close, which has also provided a common ground and purpose for CBC. Of course, the pragmatic aspect of an opportunity **to get additional funding** plays a considerable role, and it did especially in the 1990s when Russian public-sector organizations experienced a lack of budgetary funding. Last but not least, the **prestige** of participating in TC is an important driver for Russian actors.

### 3.2.2 The most developed domains in TC

The prevailing view on both sides of the border is that TC has developed fastest from among the different domains of TC, which require relatively less financial resources, such as **culture, education, social and health services, and tourism**. These domains have been among the most important in the past decade or so in terms of CBC between Eastern Finland and the Republic of Karelia. **Tourism (including nature tourism), the forest sector, and health-care** have been probably the economic sectors benefiting most from TC in all the four Eastern Finnish regions, as well as on the Russian side. The opening of **new border crossing points and the modernisation of existing ones** also has to be mentioned as an important achievement related to **smaller-scale infrastructural development** in the CSA. In terms of domains that are more directly rewarding economically, there has been a considerable **growth in TC** (CBC and other) in those branches of **'traditional' resource-based** sectors as the **forest sector** and **mining** which **produce higher added value** (e.g. innovative wood products; stone processing; on-line forest information service), as well as in TC related to newer entrepreneurship and developments related to **information and communication** and **renewable energy technologies**, etc.

As regards especially inter-regional TC, similar domains are important for the four Eastern Finnish regions. The purpose of **interregional territorial co-operation** projects is often the **exchange of good practices and know-how** in the fields of science, well-being, social and health-care (sometimes integrated with urban development, e.g. WHO European Healthy Cities Network), education, cultural activities, and **some more 'ground-breaking' and knowledge-intensive industrial sectors** like renewable energy technologies (e.g. Pohjois-Karjala), high-tech data centres (e.g. Kajaani), and other environmental and information technologies.

Finally, it is important to emphasize that in terms of the most important/developed domains of TC in the region, **'conventional forestry' is less and less visible**, and the focus is instead on those themes which represent how the **forest/forestry sector contributes to rural development, to combating and adapting to the effect of,**

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<sup>11</sup> The term "Karelians" is quite ambiguous in Russia. It may denote not only ethnic Karelians, but also all residents of the Republic of Karelia, of whom only a small minority is ethnic Karelians.

**climate change and to the production and use of renewable energy**, etc. Projects targeting these questions however have been increasing in number and have a good potential in the CSA – also in terms of increasing its economy and competitiveness.

### 3.2.3 Possibilities for and ways to achieve synergy between different TC projects

The **creation of synergy between different TC projects and partnerships** is seen by the Finnish actors in the CSA as an important, although, according to some of them, relatively difficult task to achieve. The Russian interviewees could not really respond to the question about synergies; this is understandable in the context of an underdeveloped culture of networking and more vertical, top-down structures resulting in rather isolated projects and a competition between local actors (see 3.1.2).

In Eastern Finland, there have been **concrete attempts to institutionalise structures that facilitate the exchange of knowledge between projects**; however, it is not so easy to achieve due to the lack of time and therefore, the lack of real effort/initiative from the part of the key actors (already too many meetings and seminars going on). There are some more systematic structures emerging (in the ‘test phase’) in the Eastern Finnish regions with the concrete aim to encourage more synergy; there are practices and processes already working which in fact, can promote it. A **multi-disciplinary approach** in TC is seen also as a potential source of synergy (for instance, but not only, in the fields of education and research). In some cases, the continuity between projects supports synergy with the **input of ‘silent knowledge’** from previous instances of co-operation, when there is a succession of projects including more or less the same partners. In Eastern Finland it has become recently common practice, for instance, by regional development companies acting as mediators (inviting SMEs and larger companies from their area, as well as representatives of municipalities, universities and research institutes) and the Regional Councils (inviting their key regional partners from all three sectors) to organise **regular meetings where ongoing and completed TC projects can present their objectives and results, giving opportunities for synergies between them**. Also, after the 11 projects were selected in the first ENPI call, a seminar was organised with their participation in Oulu (where the ENPI programme has its Managing Authority). Informal gatherings of civil actors can cause good synergies between different projects, too (e.g. cultural actors in Kuhmo, Kainuu), by learning from the experience of other projects and knowing about what, where and how they want to achieve.

### 3.2.4 The current and future role of TC in infrastructure development

Generally, **infrastructure development is seen desired, crucial in the future, too**, both in Eastern Finland and Russian Karelia, which is understandable for their peripheral situations and low levels of accessibility. There are **certain aspects of hard infrastructure that are thought of as necessary to keep in TC programmes** as a priority; **border-crossings** belong here especially. More border crossings are needed to be established along the Finnish-Russian borders, and not only in the southern parts (particularly, if/when travel becomes visa-free). Many of the interviewees expressed this, adding also that they saw this rather unlikely to happen in the future, unfortunately; yet emphasized that at least the modernisation of the existing ones would be extremely crucial. Some of this development should be achieved jointly, within TC programmes. International border-crossings at Karttimo, Haapovaara and Inari would be desirable, for instance, to support the development of a cross-border protection area and related nature tourism. The development of the Russian side of the Niirala/Värtsilä crossing point is highly anticipated since its Finnish side is already modernised.

Furthermore, the opening of **passenger railway service** between the centre of Pohjois-Karjala and the centre of the Republic of Karelia (**Joensuu-Petrozavodsk**) has been on the agenda for about 20 years, but so far without any tangible results. This shows how difficult it is in this region to carry out a transport project off the ground; and also how important it would be to increase internal accessibility. Similarly, a railway connection (also for passengers) in the northern part of the CSA connecting **Archangelsk with Oulu** is on a long-term agenda. These railway links would have the potential to open up a kind of corridor for transport and economic flows, especially if the contracts between the two countries are extended to container traffic and foodstuffs across both of the relevant border-crossing points.

Apart from the above, **opinions differ noticeably between the Finnish and the Russian sides** of the CSA. Infrastructure development is a more fundamental need expressed on the Russian side; and in this case, it means also **investment into major roads and railway lines** which – according to Finnish opinion and from the point of view of a few Russian respondents – should normally be **the responsibility of the respective national governments**, and this should be the case also on the Russian side ('Russia must do its share' – claimed by several Finnish interviewees). Those who would like to see less concentration of TC funding on large-scale infrastructural developments argue that those are far **too costly and pull out disproportionately large sums of money from the overall ENPI budgets**, which could be used for 'real' co-operation. Instead of these mega-projects, the implementation of several lighter-budget projects targeting human resource development (e.g. education) or the innovation capacity of enterprises, for instance, could achieve higher added value using up the same amount of financial resources.

Nevertheless, an overwhelming majority of those asked in the interviews and via the survey in the Republic of Karelia claim that support to major transportation infrastructure should be increased. As expectable, there is no consensus on what

type of infrastructure should be prioritized because as a rule, everybody would like to increase support to their own fields of specializations. These range from infrastructure supporting education, culture and tourism to road construction and modernization of for instance, Petrozavodsk Airport.

### 3.2.5 Domains and activities where TC can bring the most benefit to the regions

There is a great variety of suggestions as to what domains and activities should be supported in the four Eastern Finnish regions and Russian Karelia; these answers **vary much according to the professional orientation of the respondents** and the types of organisation they represent.

In most cases, it was suggested that support to TC should be targeted so that it addresses **existing problems** in the particular regions involved; as individual projects themselves should also 'leave from concrete problems', **actual local needs**. On the other hand, some respondents expressed their 'positive' approach for instance, to their disadvantageous geographical conditions, that is, their efforts to utilise their 'exotic' features such as the long and dark winters or vast unpopulated forests in their profiles of TC ("there is no business like snow-business" – interview with Kainuun Etu). This means that the fields of TC and the targets of projects should not be about overcoming obstacles, more about **recognising and getting the most out of special potentials**, competitive advantages (e.g. Gateway to the East). This however, does not mean that one does not need to continuously learn from others, **acknowledging that 'we are not the best'** in a particular field.

Some of the suggestions concerning the areas (from the more common to the more specific ones) where TC could bring the most benefit to the regions included in the Finnish-Russian case study are introduced below.

On both sides of the border, there is much room for improvement in terms of **business development** and the encouragement of private involvement in TC. The interviewed Russian and Finnish actors agree that the promotion of **civil society and democracy** on the Russian side is still needed. It is emphasized by our respondents that **culture, education and social services** are crucial and fruitful domains for TC in the future, too. Importantly, the former two especially, can contribute to the further depletion of negative prejudices and feelings about the 'other' and to the understanding of each other's ways of doing things, and therefore, is fundamental for other ITCs, too. **Tourism** could especially be a field for more co-operation as it is underdeveloped on the Russian side (in absolute terms and even more if compared to the favourable natural resources for it), while there is much interest existing in improving the its conditions. Municipalities and businesses in the Republic of Karelia would like to benefit more from **innovations and knowledge transfer**, especially in the field of information and communication technologies (ICT), and Finnish public and private organisations have recognised this need. Furthermore, as mentioned

above, the development of **border crossings** would be important. It is important to mention that **Russian immigrants** moving to Finland are seen increasingly as a socio-economic resource which should be more **recognised, developed and utilised** everywhere; TC projects targeting this need could be useful. On the Russian side, the “spiritual development of the population” is seen necessary in order to **improve labour motivation** among the people in Russian Karelia, as well as their professional re-orientation in order to increase the **prestige of vocational training**. Finally, **environmental** protection and **energy efficiency, the forest-industrial complex, mining** and **hydropower** plants are all seen as important areas of investment from TC projects on the Russian side of the case study region.

### 3.2.6 TC raising regional competitiveness and quality of life

Direct results from TC in terms of increasing regional (socio-economic) competitiveness as well as the quality of life are **usually expected from economic co-operation aiming for the transfer of innovation, concrete capital investments, or infrastructural development to attract businesses**, etc. This is, naturally, among the objectives of the Regional Councils and the major cities in Eastern Finland. In some cases, there are **new jobs created** in the regions involved in TC as a result of developments coming from international co-operation projects, e.g. in the mining sector, services and more recently, the knowledge industry in Kainuu, or in the tourism sector in other parts of the CSA. New employment possibilities increase both the local economy and the quality of life; nevertheless, it is not easy to measure how many jobs have been *de facto* created by TC projects.

Many of the barrier effects of the border (see in 3.3.4) which also hinder TC from increasing regional competitiveness through these more direct ways mentioned above are related to cultural and human resource aspects on the two sides of the border: dissimilar ways of doing things, different mentalities, negative prejudice, fears and reservations, and so on. Therefore, **any efforts to minimise the negative effects of these can contribute indirectly to competitiveness** of border regions.

Consequently, **TC (CBC) in the fields of culture and education is seen by many actors in Eastern Finland as the basis or facilitator of most of the other TC activities** that can more directly increase competitiveness and the quality of life. This is probably valid for all kinds of TC everywhere, yet the increase in cultural understanding is an especially essential precondition for CBC along this external border of the EU. Particularly, in the beginning, in the early 1990s, cultural cross-border ‘projects’ with Russia were the most common means to connect across the border; now their work has proved to be an essential resource and foundation to build on also for other domains, such as economic co-operation. Besides, it is cultural work that is the easiest to get people interested and engaged in (especially **the**

**young**), and to make visible in local society. **Cultural youth programmes** between municipalities from Eastern Finland and the Republic of Karelia are common. Moreover, cultural projects usually need only a lighter budget – so cultural TC or CBC is a suitable first step towards deeper and more diverse collaboration. In a more direct way, **culture is an economic asset** (not only) when linked to, for instance, the tourism sector. This is also the reason why in the Finnish-Russian case, probably the one of the most dominant and developed economic sector of CBC is tourism at the moment (e.g. Pohjois-Karjala, Etelä-Savo). Meanwhile, **TC in culture and education directly contributes to a better quality of life** for the people living in the places and regions involved.

Territorial co-operation which engages also **businesses enhances their own competitiveness** on the one hand, and creates more competition on the other hand. However, at the end of the day, the knowledge of what is going on on the other side of the border in a given sector is helpful information, so for-profit organisations benefit from TC on the whole. A good indication of the ‘usefulness’ of a TC project is that there is real interest in it from the part of companies in the region, and that they are willing to participate in it. Public-private partnership in R&D oriented TC, or in other words, research activities which mean also practical work attractive to the local businesses, have also high potential to create new solutions, products which can be sustained also after the project’s funding is over.

Those projects have a more obvious impact of the competitiveness and growth of a region which create some service or institution, or launch an activity which **can be sustained following the funding period**. The online Information Service for Russian Forestry developed with EU ‘seed money’ within an Interreg A / Tacis project in Joensuu (Pohjois-Karjala) is a good example of a product of a project continued because it was seen as a useful application to finance by the public sector.

On the Russian side of the border, the actors asked agreed that TC **increases the quality of life in Russian Karelia**, thus making the Republic **more attractive and therefore more competitive**. Introduction of foreign innovations (of both technological and social nature) stimulates the region’s social and economic development. Among the types of joint actions increasing the competitiveness the Russian interviewees mentioned were enterprises bringing in FDI, and TC projects aimed at knowledge transfer from foreign partners to Russian Karelia (particularly in the forest industry, informational technologies, and the construction sector), as well as TC projects stimulating local entrepreneurship.

A negative border externality was mentioned by Russian respondents related to the competitiveness of roundwood producing companies in their domestic market. Due to the proximity of the border with Finland, these companies in the Republic of Karelia have become much export-oriented and consequently, their prices can be notably higher than those in the Russian market. This means that it is not easy for them to switch from foreign to domestic markets when this becomes essential. For instance,

in 2008, several Russian Karelian roundwood producing companies went bankrupt unable to sell their products within Russia. This is a serious problem for the regional economy, which is perceived to be too dependent on the export of natural resources, first of all roundwood and metals. Some Karelian economists regard this as a sort of ‘**resource curse**’, an internationally well-known phenomenon (Druzhinin 2004). That is why at present much more attention is paid to **diversification of the economy of Russian Karelia**. For instance, now **TC is regarded as a means to stimulate the development of tourism and high-tech industries in the region** (e.g. software engineering) – the sectors where Russian Karelia has supposedly some comparative advantages.

### 3.3 Territorial structures and specific border co-operation

In the Finnish-Russian CSA, there are several special territorial characteristics and structures which substantially determine the leeway or provide special opportunities for TC. Besides the obvious physical-geographical, climatic etc. conditions, the vastness of the areas and its extremely low densities of population, the presence of an EU-external border make this CSA outstanding from other European border regions, and is the most important factor influencing territorial structures of TC. However, as it is argued below, these do not only mean obstacles and limitations to TC but also include facilitators and potentials. Furthermore, geopolitical and societal changes after the collapse of the USSR have brought along several new phenomena, changed the nature of this border, and opened up new opportunities. This section summarises these conditions of CBC between actors on the two sides of the border, and the possible directions of policy intervention to improve them.

#### 3.3.1 Territorial structures of TC

The **geographical constraints** (i.e. sparsity, long distances), and the insufficient number and uneven **distribution of border-crossing points** very much determine the territorial structures of TC in the CSA. Only to some extent, the development of information society (accessibility to IT networks) has made communication across large distances easier.

Because of the settlement patters, immediate cross-border linkages are important only between certain parts of Eastern Finland and neighbouring areas of the Republic of Karelia. In the CSA examples: Suomussalmi and Kuhmo near the Russian border and in relative proximity to an international border-crossing point, Vartius, which are very active in TC and have many links to Kostomuksha (28400) and Kalevala (4500) on the other side; and Kitee (pop. 9000)/Tohmäjarvi (pop. 5000) and Sortavala, with the relatively easy to access border crossing point at Niirala. However, the situation in the northern part of Pohjois-Karjala (Lieksa, pop. 12500;

Nurmes, pop. 8000) and its neighbouring area is very different: there are not any border-crossings within 150 km from these municipalities on the Finnish side, and in any case, there are not any population centres on the other side of the border which would be close enough for CBC as such.

The bigger towns of Eastern Finland (Joensuu, Kajaani, Kuopio, Mikkeli) together with the respective Regional Councils engage in TC with Russian partners (mainly Petrozavodsk, pop. 260,000; and St. Petersburg which is outside the CSA, lying south of the Republic of Karelia) across longer distances. Therefore, this co-operation is more realistic to call as '**inter-regional**' than 'cross-border co-operation'.

Actors indicated in the interviews on the Finnish side of the CSA that before launching co-operation, first the concrete problem, i.e. the challenge relevant to the border areas should be identified, as well as their causes. It is important to know from the beginning what needs to be done and where. Consequently, 'functional areas' grouped around certain geographical themes can be good bases for promoting TC. For instance, in the northern part of the CSA, **cross-border nature protection parks** (also as part of the '**Green Belt of Fennoscandia**')<sup>12</sup> is envisaged and in fact, is currently emerging as a result of TC between Finnish and Russian organisations. The actors involved hope that its development will give a rise to nature tourism also and thus will support local economies with new jobs and source of income. Across the northern part of this area, a '**Northern Gateway to the East**' is also a desirable territorial structure for economic co-operation with Russia, the infrastructural 'backbone' of which could be the relevant part of the **Barents Link** "East-West transport corridor through the Barents region (...) through Syktyvkar, Arkhangelsk, Vartius, Oulu to Narvik and Umeå" (Barents 2010 Interreg III B Baltic Sea; BL Forum website).

Another linear element of the territorial structure for TC in the CSA is the so-called '**Blue Highway**'<sup>13</sup>, the Nordic section of the international tourist route, stretching from Scandinavia via Finland to the Archangelsk oblast of Russia. It crosses Eastern Finland through ten municipalities of Pohjois-Savo and Pohjois-Karjala, and the Republic of Karelia reaching for instance, to Sortavala, Petrozavodsk and Pudozh (pop. 9600).

### 3.3.2 The benefits from co-operation with an EU-external country

The general opinion concerning TC and its relevance to external relations with a non-EU member state, in this case, Russia, is that **the EU cannot and should not isolate itself from the external world**. In the Finnish regions of the CSA, **relations**

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<sup>12</sup> The Green Belt of Fennoscandia is a vast physical-geographical area connecting Scandinavia, the Kola Peninsula, Finland and the Republic of Karelia, stretching from Murmansk almost to St. Petersburg; it was proposed for inscription on the UNESCO World Heritage List already in the mid 1990s (For more information, see the *Natural Heritage Protection Fund* website).

<sup>13</sup> Sininen tie / Blue highway website (see the References).



**with Russia are felt to have improved significantly**, and one reason is the experience of TC. Co-operation creates many good personal-level relationships, which in turn, improve the wider relationship between Finland and Russia. It is a good sign that nowadays also Russian actors have been taking the initiative, they want and initiate co-operation with Finnish organisations; their attitude has shifted from only wanting to procure money towards real co-operation. This is also related to generational shift: the younger age groups in Russia are not so different any more from their Western counterparts in their perceptions, objectives and attitudes. Also on the Russian side of the border it was expressed in the interviews that TC had led to intensive cross-border private contacts, promoted **more mutual understanding and interdependence**. Moreover, TC has contributed to a change in mindsets on the Russian side, and **Finland has become an inspirational example to follow for Russian Karelians**.

**However, there are some uncertainties and tension persisting:** no doubt that TC can contribute to improving external relations between Finland (or the EU) and Russia, there are some political processes and societal phenomena which can work against this. The Russian border regime and customs regulations have been a challenge for co-operation and these have also been changing a few times in the recent years making conditions less dependable. One of the Russian interviewees noted that Finnish people are probably afraid of some negative phenomena developing in Russia (see below among 'obstacles' in 3.3.4), and that is why, for instance, they are not eager to abolish visas. Another interviewee suggested that the 'Karelian question' remains on the agenda, and it can be raised, especially if Russia would eventually cede the South Kurile Islands to Japan. (Joenniemi 1998) The same source also said that closer interaction with Finland creates some problems, e.g. some of the Finns dislike that more and more Russians are buying real estate in Southern and Eastern Finland. It is important to add here that federal legislation explicitly forbids foreigners to purchase Russian land property in the border area with Finland, and this adds to the controversial feelings about this on both sides of the border (see 1.7.2).

### 3.3.3 Main obstacles hindering TC in the case study area

There are some issues mentioned by actors both in Finland and Russia which are seen as obstacles in the way of TC. In general, Russian respondents see the situation more difficult while Finnish respondents, though they also point out some problems, generally add that conditions have been improving with time.

**On the Finnish side of the CSA**, the following obstacles were mentioned in the interviews:

- **Language skills** need to be improved on both sides. Russians usually do not speak English, Finns usually do not speak Russian; only in a few particular

cases it was mentioned that the actors are fluent in Russian on the Finnish side (e.g. Finnish-Russian Friendship Association and other more culture-oriented NGOs); so in many cases missing language skills were mentioned as an obstacle in TC (e.g. in the Russian public/administrative sectors). Co-operation could be deeper and more meaningful if Russian was more widely spoken among Finns; because English actually, is not enough. However, it was pointed out that there has been some slow but continuous improvement in the recent years; e.g. some effort on the Finnish side to learn Russian and some improvement regarding English skills on the Russian side (both related also to generational change). TC itself has contributed to this improvement to a significant extent.

- The lack of **cultural knowledge**, the unfamiliarity with each other's ways can be an important barrier. Cultural knowledge also helps to find the right people to run/join projects. In the case of cross-border TC, in this regard also, some positive change has been experienced: sound cultural knowledge can result in positive change as cooperation between Russian and Finnish partners becomes easier on the personal level. And as mentioned above, territorial co-operation (both CBC and other types) can enhance intercultural competencies.
- **Negative attitudes and mentality**, e.g. stereotypical thinking are seen as still existing and slowly eroding barriers to CBC with the Russian neighbours due to a traumatic history. So history still plays some role, though less than earlier. In terms of other types of TC (with actors in other countries than Russia), generally, openness and cultural skills of certain types of actors on the Finnish side (smaller-scale businesses and municipalities) can be also unfavourable or insufficient (but there are also exceptions).
- **Bureaucracy** is seen by most if not all who have been asked in the interviews as a real obstacle, **discouraging smaller organisations from joining or initiating TC projects**. Therefore, control needs to be more flexible as long as the given project is achieving the goals. ENPI, for instance is seen by many in the region as still not flexible enough; the projects have to be planned in too much unnecessary detail before they start.
- One of the actors expressed the problem in a different way: the actual obstacle is that **people are afraid of bureaucracy**, which in itself, is not such an insurmountable difficulty. In the public sector and in the case of smaller organisations especially, there are generally no resources for hiring personnel devoted exclusively to the administration work entailed by TC projects; and in particular, at the rural municipalities, the workforce has an aging profile.
- So **the shortage of financial resources** also means a difficulty in Eastern Finland, especially for smaller-scale organisations, and especially regarding the administrative requirements already at the stages of preparation and application.
- **Weak or virtually no accessibility** of potential partners across the border from some parts of Eastern Finland is a real obstacle in the way of CBC, which is due to the lack of immediate border-crossings as well as long-wanted

passenger railway connections between Eastern Finland and the Republic of Karelia.

- The fact that Russia **had not, until 2012, been a member of the World Trade Organisation (WTO)** has been a discouraging aspect in TC because of the high customs on products, equipment, etc. imported to Russia, and hence a lower financial efficiency of projects. Getting a **visa** for Finns has been till now a bit easier (just recently has got a bit more complicated again), but still hinders movement. Visa free travel (if/when it comes) will influence future CBC to a great degree.
- **Vertical, centralised power-relations** on the Russian side were mentioned by Finnish respondents as causing difficulties for them (who are used to much more horizontal relations and communication): e.g. Finnish companies cannot directly communicate with Russian companies; usually the contact has to be made through some higher tiers.
- The **gap between Nordic (Finnish) and Russian laws** and regulations is challenging; and Russia is **not a stable, reliable environment** (too risky) especially for smaller businesses. **Corruption** is still an issue.
- Finally, **border crossing formalities** are still seen by many as too troublesome, and are discouraging CBC with Russia; therefore they need to be simplified further on both sides.

From the perspective of **the Republic of Karelia**, some problems pointed out were similar to the above, however, there are also additional obstacles listed:

- It was stated by one of the interviewees that **Russian media** (e.g. TV) foster isolationist attitudes and **negative feelings towards foreigners** (not against Finnish people, but Muslims and Chinese immigrants) presenting them as a threat to Russia. According to this opinion, these media do not understand processes of globalization, and project negative views upon their audience, which hampers TC. Consequently, ordinary people are not always supportive towards TC; it is necessary to explain them why TC is needed. There was a comment also that the inflow of immigrants from Asia, Africa and southern Europe to Finland inspires negative feelings among Finns also in respect of Russian immigrants living in Finland.
- **Centralised administration in Russia** ('Moscow') has significant leverage over Russian Karelia (i.e. the Ministry of Regional Development), which makes the participation of Russian organisations centrally 'controlled'; and too much of the 'profits' go straight to Moscow. Euregio Karelia was promoted by the former Karelian Minister of Foreign Relations (Valery Shlyamin), in the early 2000s; however, soon after the regional-level Ministry was shut down in 2002, the small international department what has remained in its place does not have much coordinating capacity for territorial co-operation.
- The **lack of political support** for TC in Russia was mentioned also related to the above: TC is sometimes regarded as a kind of threat, foreign interference in Russia's internal affairs especially when Russian liberal and human rights organizations receive funding from abroad. The lack of political will and

commitment can cause considerable **delays in the programmes** (as it happened in the case of ENPI, a 2-year delay).

- Finland's decision to **reduce national funding to the NAC from 2012** was mentioned by interviewees as an obstacle. It can also be pointed out, however, that this is not a surprising move given Russian leaders' current rhetoric about Russia being a rich and great country (nevertheless, respondents from Russian Karelia point out that this is not quite the case in Sortavala, Kalevala, etc.)
- The **lack of funding at the municipal level** in Russia prevents many of the potential actors from engaging in TC. **Russian legislation** is written to **favour the interests of the main cities**, while the interests of small and peripheral towns are disregarded.
- Interviewees from Pitkyaranta claim **it is difficult to find interested Finnish partners** for joint projects. This may be for the reason that they have **insufficient human resources**; municipalities cannot afford to have a specialist on TC in their staff. They themselves attributed the problem also to more **external reasons**: the Republic of Karelia is not that attractive for Finnish investment any more, and on the whole, there is a noticeable decline in Finnish tourist flows as the younger generation is less interested in 'nostalgic tourism'.
- There are **differences in practices**, for instance, in the accounting principles in Finland and Russia. There is a need to speed up Russia's adoption of international accounting standards. Also, although they are important mediators and actors in TC in Finland, local/regional development companies are not very familiar to the Russian actors (mainly municipal authorities), who would instead take contact with and accept mayors as their counterpart in TC.
- **Bureaucratic obstacles** to TC are frequently mentioned: it is difficult to get approvals for TC projects and **application procedures** are exceedingly complicated, particularly for Russian partners inexperienced in the 'EU project world'.
- On the other hand, it is also true that TC **project management skills** are inadequate on the Russian side, this is even greater a problem than on the Finnish side. Therefore, there are very few lead partners of projects from Russian Karelia compared to those from Finland despite the fact that Russian organisations have also good ideas and initiatives for joint projects.
- Russian **customs regulations** are also a major obstacle for economic TC.
- The **inadequate road network** in Russia is also an important impediment in the way of mobility related to TC, as well as the **absence of railway links**.

#### 3.3.4 Main facilitators supporting TC in the case study area

- The interviews in Eastern Finland disclosed several favourable conditions and developments for TC. Exchanges in the past years have already contributed to **new ways of understanding things** on the other side of the border. The relationship between officials on the two sides of the border has become much better, **mental barriers have been broken down; trust has already accumulated**. Good relationships with the Russian partners on both the

personal and the institutional, organisational level have evolved over several years; they have taken much time and work and are a real asset for TC in the future. The fact that **Russia also contributes to the programme's funding** is also beneficial, it helps changing still existing prejudices on the Finnish side ('why do we pay for development on the Russian side?').

- **Immigrants** are generally seen as an important human resource in Eastern Finland, which point is often included in the development strategies of regions and their main cities. However, their utilisation as a resource (language, cultural knowledge, networks) is not developed enough. Similarly, **work-placements for international students** are also very important because these can be the seeds of long-lasting international networks (in all three sectors).
- **Russia's WTO membership** (eagerly anticipated until very recently, when the agreement was signed, 16.12.2011) will have a strong positive impact on exchanges and flows between Finland and Russia, and therefore on TC between Eastern Finland and its neighbouring Russian regions (the average maximum import tariff rates on products will decrease from 10 to 7.8%; WTO website – News on Accessions). Russia's WTO membership also reduces policy risks and **stabilizes the collaborative environment**. **IT networks** are also important for TC, and much has been done in this regard, also some development on the Russian side.
- In terms of infrastructural developments, the opening of the Allegro **rail service between Helsinki and St. Petersburg** in late 2010, although this route itself *falls outside* the CSA, has opened up new perspectives for TC in the southernmost parts of Eastern Finland, especially for businesses. The high-speed link has cut former travel time between the two cities by two-three hours, which is a significant improvement. In the CSA context this means that just a basic regular train or bus service from, for example, Joensuu to Petrozavodsk would be a significant improvement.
- Finally, on the Russian side of the case study region, the following facilitators of TC have been identified: a relative **improvement in foreign language skills** (compared to the situation in the Soviet period); good access to the **internet**; Russia's financial contribution to the **ENPI** and therefore, availability of **funding** for TC as well as an **increased familiarity** of Russians **with the EU and Finnish bureaucratic structures**; accumulation of **experience** in TC and better **mutual understanding** with long-standing foreign partners; a notable **rise in personal incomes** in Russian Karelia during the 2000s; **easier visas**; and a considerable number of **Russian immigrants living in Finland**.

### 3.3.5 Investments that could improve conditions for TC

In sum (3.3.3-3.3.4), at this external border (and compared to intra-EU settings), high-level geopolitics and large economic trends have significant impact also on TC. This impact can be negative or positive; and obviously, these cannot be changed

neither locally, nor by EU programmes. Nevertheless, there are some aspects of the obstacles / facilitators of TC mentioned above which can be overcome / drawn upon by means of focussed investments.

Based on the above, it is not surprising that **investment in language education and cultural knowledge** on both sides of the Finnish-Russian border is seen as imperative; and also in general, efforts to improve **intercultural competencies**, creating more **openness towards ‘the other’** and towards **internationalisation** are understood as important means to improve the conditions of TC. For instance, giving **young people** first-hand experience of other cultures, neighbouring or further away, can have a huge positive impact on future TC, and requires relatively little financial investment. Similarly, special attention can be paid to improving **familiarity of the different business cultures** and bringing together businesses from the different sides of the border. Such investment and effort can be made by specially focussed projects as for instance, the one supported by the ESF (lead by the Joensuu Region Development Company JOSEK in Pohjois-Karjala) preparing Finnish businesses to engage in trade with Russian companies; and the currently on-going project under ENPI, *PoCoBus*: “The possibilities of co-operation, business and trade across the border between the enterprises” involving public, private and civil organisations alike (six of them from Russian Karelia). Similar was the message by the regional development company of Kainuu: “raising awareness” is crucial, of the opportunities of and the potential benefits presented by, TC.

Also in terms of human resources, **investments into training the staff** at public organisations in the **official procedures and paperwork** required by **TC projects** would be useful so that they could handle the extra tasks entailed more efficiently besides their ‘normal’ work. Besides some improvement ‘from above’ towards a more transparent and flexible way of administering TC programmes, more efficient local management of the existing human resource would be an important target of investment.

In terms of the physical infrastructure, the further development and **modernisation of the border-crossing points** (Vartius, Niirala; see Figure 8), and the **establishment of new ones**, as well as, for instance, the opening **passenger railway connections** between Joensuu and Petrozavodsk and through the Lyttä/Vartius border-crossing (Oulu - Arkhangelsk line) could be beneficial investments to facilitate and deepen CBC across the Finnish-Russian border.

### 3.4 Governance structures and implementation of co-operation

In this final part of the analysis, the key actors and the ways of governance of TC are described. Asymmetries between the two sides of the border are probably the most striking in terms of governance approaches; which are embedded in complex cultural, political and socio-economic realities. Our research has identified some

good governance practices from Eastern Finland which can make TC more efficient, inclusive, and more useful for the participating regions and localities, and which are worth to disseminate and transfer among actors within their own region, and also across the border to the Republic of Karelia. Some of these are described in the last part of this section.

### 3.4.1 The key actors in TC

In Eastern Finland, outside the EU programmes' realm, **in some particular domains, national level actors** play a leading role: for example, the Finnish Ministry of Agriculture and Forestry, the Finnish Forest Research Institute (Metla), or CIMO (the Centre for International Mobility), which operates under the Finnish Ministry of Education, which administers several EU, Nordic and national mobility programmes, plays an important part in facilitating international exchanges for schools and universities in Eastern Finland, too. Regional Centres for Economic Development, Transport and the Environment (ELY-Centres – regional state administration offices since 2010), regional chambers of commerce and higher education institutions as well as local/regional development companies (key 'mediators') were also mentioned among the most significant partners by the interviewees on the Finnish side. Since ENPI started, Euregio Karelia has had a strategic and political role in guiding cross-border co-operation within its area.

Nevertheless, in general, on the Finnish side, **the Regional Councils are probably the key actors** in TC, pulling all these major actors together. They convene and coordinate the exchange of experience and ideas concerning this topic between them (e.g. in Pohjois-Karjala, the Regional Council organises a consultative group – this could, however, be more efficient, with more contacts; in Etelä-Savo, an annual TC discussion forum is summoned), and TC is part of their general regional development strategies or at least, their more focused 'internationalisation strategies'. However, according to some, if their control over TC activities is too much (e.g. selection of priorities; relying too much on the same partners), it may potentially lead to the exclusion of some of the other actors. A special institutional framework of TC in the CSA, **Euregio Karelia**, helps the Regional Councils to govern cross-border-co-operation (see 1.5 and Figure 4).

### 3.4.2 Governance approaches

On the Finnish side, the most frequent answer concerning the 'ideal' governance approach seems to be a combination of **a mainly bottom-up and locally-driven approach**. In many cases, the regional level was defined as the basis for the 'bottom-up' approach in the interviews. At any rate, the governance of TC should have some sort of an **'open/flexible institutionalisation'** – a compromise between rigid control and 'chaos'; and the regional governance of the ENPI programme (i.e. regional decision-making on projects) was mostly seen appropriate.

In almost all cases no clear choice was made in terms of whether **narrow or broad stakeholder involvement** is better for TC projects, since this was seen **as a matter of the objectives of the given project**, etc. The advantage of narrow stakeholder involvement is that it makes it easier to identify the goals and the ways how to achieve them, and can be a basis of a deeper, longer-lasting collaboration. What is sure, some development towards larger projects is evident, and projects with **larger funding** are seen to be **more likely to have sustainable results**: they spend a relatively smaller amount for the initial, more conceptual, phases, and can focus on capitalisation and transfer of practices. Large projects, however, necessitate the involvement of and coordination by more resourceful, larger-scale – regional-level – actors. In any case, no matter whether there is narrow or broad stakeholder involvement, **competence** and **commitment** of the partners involved in TC is important as well as that the activities address **real local/regional needs**; which can be ensured by a sufficient level of **grass-roots involvement**.

In this CSA, both the more ‘external’ national and European regulations and the more ‘internal’ rules of everyday practices have to be taken into consideration by actors in TC. Based on the responses during the field work, every-day practices seem generally to have more influence on TC. National and European laws and regulations seem to have a greater role when one moves into an EU-external context (customs, visas, etc.). However, for the local and regional actors these are given ‘facts of life’; as one interviewee put it, ‘you have to live with them’.

### 3.4.3 Good practices and suggestions for the improvement of EU TC programmes

Those projects are seen especially useful and positive for the future that lead to **sustained and trusting relations with the actors** in the other countries, especially when it comes to CBC with Russian Karelia. Also, projects have to **result in something lasting in the society**, and **best if it is coupled with something also tangible**, e.g. a lasting symbol, embodiment of co-operation (Interreg A / TACIS: Vuokkiniemi village-house, ‘Vienan silta’ project; Interreg A/TACIS: Barents Link Forum Business Centre in Kostomuksha). It is not the complexity and size of the project that matters rather its **relevance**, the fact that it is **coming from actual local needs**, and its ability to utilize **complementarities** and produce **results for all partners involved**. Especially for smaller actors (e.g. small municipalities), it is good to aim at **practical objectives** rather than abstract things. Furthermore, those projects are seen particularly good which **invest in the education, training and active social involvement of the young**, because they will be the ‘leaders of tomorrow’, and form the foundation of future TC. Especially in the rural areas where there is an aging labour force, there is a shortage of young staff at organisations who could guarantee that TC ideas and plans will be actually carried out in the future. The city of Mikkeli in Etelä-Savo, for instance, also recognised the importance of the



young generation: as an additional incentive for the youth to learn Russian language and culture, finances visits to Russia for those who participate in relevant courses.

One of the good practices detected during the field work was Etelä-Savo's '**contract-based territorial co-operation**' with another region in Europe (Ostholstein in Germany) through the active involvement of the centre of regional administration, Mikkeli. This is in a way similar to a 'twinning agreement', but on a larger spatial scale. It functions as an umbrella or **more concrete framework for collaboration** and diverse co-operation projects between different actors from the two regions. The contract is the result of bottom-up interest in **longer-term co-operation** and therefore, indicates strong **commitment**, and can itself be a **means to create synergies** between the different TC projects. A similar, but more sector-specific solution found in CBC practices is the signing '**memoranda of understanding**', general co-operation agreements with a set of actors on the other side of the border (e.g. the Joensuu Research Centre of the Finnish Forrester Research Institute with main Russian research organisations who work in the field of forestry) which are indications of intention to collaborate; whereas for actual cooperation projects, more concrete, individual agreements are signed.

In the ENPI Karelia programme, good experiences have been made with '**thematic calls**' that focus on specific domains and themes of co-operation (see Figure 2012), such as 'cultural co-operation', 'social wellbeing' and 'sustainable use of natural resources' (thematic calls for 2012). Importantly, the content and priorities of the thematic calls are **developed in co-operation and negotiated with the grassroots level** (including smaller NGOs, too), i.e. those organizations and actors actually applying for and implementing the projects. These negotiations happen both within individual regions and on the level of Euregio Karelia. The thematic approach helps to ensure that the programme will receive equal participation from all domains of potential co-operation. This approach could serve as a model or good practice for other cross-border co-operation areas and is in fact actively marketed to others by the ENPI Karelia Managing Authority. An additional advantage of the 'thematic calls' –approach is that similar projects will run at the same time, which significantly improves the opportunities and **potential for achieving synergies and exchange between the projects** (regular meetings between projects' stakeholders, joint conferences, etc. ).



**Figure 37** The themes within the ENPI Karelia Programme (2007-13) for which individual calls are held

A good practice related to private sector involvement in TC is by a small company who acts both as a participant and as a mediator in TC, a bit like a ‘development company’, but in its own particular field of business. This company functions as an **‘interface’ organisation bundling connection to Russia**; which we may call an **‘hourglass model’**. This means that this particular company connects and brings into collaboration a set of businesses from Finland which has some sort of working relationship with it, and a bunch of Russian companies which again, are in some way or another, related to this company. This particular actor is familiar with TC programmes and has accumulated know-how about activities and ways of doing things on both sides of the border in their field and in general. Therefore it can help other companies to get involved, make it easier for them to cooperate across the border, and meanwhile can transfer to them its special know-how about how to carry out TC projects. This is also the only way for SMEs to apply for an Interreg/TACIS, or currently, an ENPI project considering the financial and administrative requirements entailed. **Enabling such model to emerge** by encouraging and supporting competent actors could be an efficient way to **increase private sector involvement in TC**.

Territorial co-operation can be encouraged by city and regional administrations by elaborating their local or regional **strategies for internationalisation**. Kuopio, the administrative centre of Pohjois-Savo has committed itself to ‘internationalisation from within’, making internationalisation visible in the city and part of everyday life, for instance through international residents, too. In such a milieu, TC emerges more naturally as a means or opportunity to local-regional organisations to extend or enhance their activities.<sup>14</sup>

<sup>14</sup> The International Strategy of Kuopio was launched in 2004.

An Interreg IIIA project, Forest Information of the East (*Idän Metsätieto*) - Information Service for Russian Forestry (2002-2005) was led by Metla's Joensuu Research Centre, and the service **developed with the 'seed money'** from the EU was **kept up after the project funding was over** by Metla.<sup>15</sup> This way, there is a long lasting impact of the TC project. Besides, the 'international forestry' research group is probably not a typical one for the reason that they are engaged in more development, practical work, i.e. on an operational level. A good indication of the usefulness of TC projects initiated by this public sector actor is that companies in the region are willing to participate as associate partners or in the steering group of the projects.

Based on the above, the following suggestions can be put forward:

- Less bureaucracy in the programmes and more flexibility allowed within projects would be appreciated.
- With the help of training, more transparency, and more communication between different projects, both the actual and the perceived burden of bureaucracy can be decreased. Good practices in increasing mutual trust between the higher administration of projects and the TC actors should be encouraged.
- Russian actors should utilise more the existing good practices in Finland to promote, organise, TC and make use of networking and synergies. Projects which aim to facilitate this learning process should be encouraged more in TC (CBC) programmes.
- Training in foreign languages is not sufficient alone: efforts to raise awareness of the benefits of TC, to increase TC skills and information can broaden participation in projects, encourage actors to initiate co-operation internationally and can make TC more effective and successful.
- A strategy needs to be developed for a better utilisation of native Russians and young people living in Eastern Finland as a resource in Eastern Finland for intensifying TC with the Republic of Karelia and Russia in general.
- TC projects which focus on capacity building, human resource development to support enterprises and their involvement in TC should be encouraged.
- Continued efforts are needed to increase possibility for synergies between projects and domains; especially by bringing projects together the geographical area of implementation of which is the same (e.g. discussion forums).
- Caution should be exercised when defining the share of infrastructural investments in TC programme funding as well as in the selection of projects. A good solution may be to ensure that 'softer' targets of investment such as advancing human capital, socio-economic capacity building, and community development are actually complemented, supported by the creation of these 'hard' structures.

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<sup>15</sup> Metla is the Finnish Forest Research Institute.

- Inevitably, more engagement and voice of local actors in defining priorities of TC programmes, and an increased transparency in decision-making have to be elements of TC governance. The ENPI Karelia programme's experience with thematic calls targeting specific domains and themes of co-operation can serve as a model or good practice for other cross-border co-operation areas, both along internal and external borders.
- Continuity and consistency of co-operation in TC have to be supported as key factors in its efficiency. The promotion and financing of concrete problem oriented, longer-term and high-budget projects are one possible solution, i.e. those which can cover both the joint conceptual development of the solutions and their pilots including actual investments (capitalisation). This can also be achieved by making businesses interested in the project and obtaining the financial support of the private sector for the implementation phase. Other means to achieve continuity are by establishing a stronger link between TC programme priorities and regional/local development strategies, by financing networks more continuously, and by providing opportunities for exchanges between and among on-going projects and potential actors. In any case, projects have to address real regional needs to have a last impact.

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### List of Interviews

	<b>Name of official</b>	<b>Position</b>	<b>Date &amp; place</b>
1	Janna Puumalainen	Director of Cultural Affairs at the City of Joensuu (Pohjois-Karjala, FIN)	Joensuu 20.9.2011
2	Veli-Matti Hurskainen	Manager of International Projects at Pielinen Karelia Development Centre, Nurmes (Pohjois-Karjala, FIN)	Skype interview 4.11.2011
3	Sirpa Nieminen, Markus Nieminen	Director and Chairman of Juminkeko civil association in Kuhmo (Kainuu, FIN)	Kuhmo 7.11.2011
4	Kari Malinen	Enterprise Advisor at Kuhmo municipality (Kainuu, FIN)	Kuhmo 7.11.2011
5	Pirjo Heikkinen	Director of Living Kainuu (Elävä Kainuu) Leader Association in Kajaani (Kainuu, FIN)	Kajaani 7.11.2011
6	Pentti Malinen	Regional Development Director at the Joint Authority of Kainuu Region, Kajaani (Kainuu, FIN)	Kajaani 7.11.2011
7	Antti Toivanen Ninetta Chaniotou	Managing Director and Director for International Cooperation projects of Kainuun Etu Ltd. Kajaani (Kainuu, FIN)	Kajaani 8.11.2011
8	Ilmari Schepel	Secretary of Rural Development at Suomussalmi municipality (Kainuu, FIN)	Suomussalmi 8.11.2011
9	Antti Honkanen	Director of the Centre for Tourism Studies at the University of Eastern Finland Savonlinna campus (Etelä-Savo, FIN)	Joensuu 9.11.2011
10	Kerttu Härkönen	Director of Natural Heritage Services at Metsähallitus (Finnish Forest Administration) Suomussalmi (Kainuu, FIN)	Phone interview 11.11.2011

11	Jouni Luoma	Business Advisor at the Joensuu Regional Development Company (JOSEK Ltd.) Joensuu (Pohjois-Karjala, FIN)	Joensuu 14.11.2011
12	Matti Mikkonen	Vice-director of Joensuu District Diabetes Association (Joensuun Seudun Diabetes ry; Pohjois-Karjala, FIN)	Joensuu 14.11.2011
13	Esko Lehto	Mayor of Lieksa municipality (Pohjois-Karjala, FIN)	Lieksa 15.11.2011
14	Jouni Korhonen	Director of Karelian Hills Leader Association (Vaara-Karjalan Leader ry) Lieksa (Pohjois-Karjala, FIN)	Lieksa 15.11.2011
15	Elisa Pirttilä	Director of North Karelia College Outokumpu (Outokummun Ammattiopisto) Outokumpu (Pohjois-Karjala, FIN)	Outokumpu 21.11.2011
16	Tiina Ynnilä	Director of the Eastern Finland division of Finland's Friends of Russia Association (Suomen Venäjän Ystävät ry) Kuopio (Pohjois-Savo, FIN)	Kuopio 21.11.2011
17	Raija Kovanen	International Coordinator at the City of Kuopio (Pohjois-Savo, FIN)	Kuopio 21.11.2011
18	Pekka Hynninen	Programme Manager at Rantasalmi Institute of Environmental Education (Etelä-Savo, FIN)	Rantasalmi 21.11.2011
19	Heikki Hirvonen	Manager of Education Services at the City of Mikkeli (Etelä-Savo, FIN)	Mikkeli 22.11.2011
20	Tuomo Leppänen	Director of Mayt Ltd, in Mikkeli (Etelä-Savo, FIN)	Mikkeli 22.11.2011
21	Riitta Koskinen	Director of Regional Development and Planning at the Regional Council of Etelä-Savo, in Mikkeli (Etelä-Savo, FIN)	Mikkeli 22.11.2011
22	Marko Ruokangas	Director of the ENPI Managing Authority / Council of Oulu Region Oulu (N. Ostrobothnia, FIN)	Phone interview 2.12.2011
23	Sisko Kaarto Tiina Moisala Pia Pitkänen	Director of Public Relations and Cross-border Cooperation, Planner, and Project Coordinator at the Regional Council of N. Karelia, in Joensuu (Pohjois-Karjala, FIN)	Joensuu 31.1.2012
24	Timo Karjalainen	Researcher, professor at Metla (The Finnish Forest Research Institute), Joensuu (Pohjois-Karjala, FIN)	Joensuu 2.2.2012
25	Risto Kankaanpää	Project co-ordinator at the Central Karelia Development Company (KETI Ltd.) Kitee (Pohjois-Karjala)	Joensuu 6.2.2012



26	Tatjana Morozova	Leading Research Associate at the Institute of Economics Karelian Research Centre of the Russian Academy of Science Petrozavodsk (Republic of Karelia, RUS)	Petrozavodsk 10.11.2011
27	Anatoly Shishkin	Director in the Institute of Economics Karelian Research Centre of the Russian Academy of Science Petrozavodsk (Republic of Karelia, RUS)	Petrozavodsk 10.11.2011
28	Pavel Druzhinin	Head of Department Institute of Economics Karelian Research Centre of the Russian Academy of Science Petrozavodsk (Republic of Karelia, RUS)	Petrozavodsk 10.11.2011
29	Sergey Soloviev	Head of Culture Department Petrozavodsk Administration (Republic of Karelia, RUS)	Petrozavodsk 10.11.2011
30	Dmitry Bazegski	Manager of the Karelia ENPI (2007-2013) Programme Branch Office in Petrozavodsk (Republic of Karelia, RUS)	Petrozavodsk 11.11.2011
31	Natalia Lavrushin	Head of International Relations Petrozavodsk Administration (Republic of Karelia, RUS)	Petrozavodsk 11.11.2011
32	Alexander Berdino	Project Manager at the International Department Petrozavodsk State University (Republic of Karelia, RUS)	Petrozavodsk 11.11.2011
33	Galina Potapova	Chief Specialist at the Territory Development Department of the Kostomuksha City Administration (Republic of Karelia, RUS)	Phone interview 21.11.2011
34	Nikolai Bigun	Head of Territory Development Department at the Kostomuksha City Administration (Republic of Karelia, RUS)	Phone interview 21.11.2011
35	Marina Lebedeva	Director of the NGO “Mir Detei” Sortavala (Republic of Karelia, RUS)	Sortavala 22.11.2011
36	Natalia Lutokhina	Director of the Municipal Centre for Culture Sport and Tourism Pitkyaranta (Republic of Karelia, RUS)	Pitkyaranta 23.11.2011
37	Galina Lazutkina	Chief Doctor of Municipal Hospital in Pitkyaranta (Republic of Karelia, RUS)	Pitkyaranta 23.11.2011
38	Natalia Kushnerova	Deputy Head of Municipal District Administration of Pitkyaranta (Republic of Karelia, RUS)	Pitkyaranta 23.11.2011
39	Maria Rebenok	Secretary of the Commission for Youth Affairs Pitkyaranta (Republic of Karelia, RUS)	Pitkyaranta 23.11.2011
40	Elena Andreeva	Director of OOO Jakimvaara Lakhdenpokhya (Republic of Karelia, RUS)	Lakhdenpokhya 23.11.2011
41	Vladimir	Chairman of Municipal District Council of	Lakhdenpokhya

	Malkovsky	Lakhdenpokhya (Republic of Karelia, RUS)	23.11.2011
42	Alexander Dryuchin	Head of Municipal Administration of Kalevala (Republic of Karelia, RUS)	Phone interview 24.11.2011

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## **2.2 Case Study on Poland-Slovakia-Ukraine**

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## Summary

Below are presented main finding of the report of Poland-Slovakia-Ukraine Case Study from the perspective of policy development and recommendations. The objective was to make them as practical and instrumental as possible, and to provide responses relevant to the research questions of TERCO project.

Summary is structured around four components of TC which were focus of the research. These are: (1) physical areas of TC; (2) driving forces and domains of collaboration; (3) territorial structures and specific border co-operation; and (4) governance structures and implementation of co-operation.

- **Physical areas of territorial cooperation;**

**Strengths:**

Territorial cooperation is mostly focused on the areas lying near the border, which opens up opportunities for applying for INTERREG A financing for Poland and Slovakia and ENPI CBC financing for Ukraine, also in the form of microprojects.

Common borders mean presence of common problems and that is why projects aimed at addressing these problems are a priority. Physical barriers are often playing positive and uniting role as neighbours need to come together to work out joint solutions. And such barriers are easier to overcome through learning international experience.

Those partners that have greater experience in TC are benefiting much more from various initiatives. Usually they are located in regional capitals and close to border rayons.

**Weaknesses:**

Territorial cooperation mainly focuses on the areas directly adjoining the border: seeking partners is determined by the factor of distance. This is because of poor transport accessibility of the region (underdeveloped road infrastructure, inefficient rail networks, airport having a minor significance), and the costs associated with travelling and communicating over longer distances. It should be noted however that the external sources of financing, at least partly, allow to overcome this barrier.

Another barrier which hampers cooperation is posed by the low language competency and lack of broad access to professional translation services. Without these, it is only possible to cooperate with the direct neighbours who speak related languages and therefore partners can communicate in their national languages.

Some influence on territorial cooperation in its local dimension is also exerted by the political relations (at the government level) between countries. Therefore, for instance tensions between Warsaw and Minsk result in a certain reluctance on the part of local governments to establish cooperation with their Belarussian partners.

There are difficulties in identifying common interests and problems across the border, as partners often have conflicting needs that require careful balancing and ability to reach compromise (this specifically refers to the use of natural resources and migration).

**Future:**

According to interviewees opinions current territorial range of cooperation is satisfactory. However, two issues should be underlined 1) it is difficult to expand territorial cooperation as a result of low attractiveness of CS actors for their counterparts in more distant countries (low accessibility, difficult to establish real cooperation between economic actors and societies, low potential to offer interesting solutions and practices 2) Ukrainian partners are also interested in transfer of knowledge and experience from Western European countries (Austria, Italy).

According to interviewees opinions all important institutional actors/partners are involved. However, one should mention weakness of business sector in all investigated CS areas as well as quite passive involvement of inhabitants. The number of INTERREG B and C projects are also relatively low both in Poland and Slovakia. Furthermore village councils and smaller NGOs should be encouraged to take part in TC in case of Ukraine.

There is a need to reduce significant socio-economic and infrastructure disparities across the border which affect opportunities for coherent economic growth of entire border area. For example Ukraine has underdeveloped telecommunication infrastructure and in order to match EU level it should get more funding from both TC and state budgets.

- **Driving forces and domains of co-operation;**

**Strengths:**

The main driving forces of TC in case study areas are the following: border location; eligibility of territories for funding in the framework of INTERREG A/ENPI CBC; culture/language similarities in border region.

In case of Polish part we should underline also the more advantageous system of projects financing in INTERREG A in comparison to ROP (lower co-financing level) as well as willingness to establish economic co-operation driven by Polish FDIs in Slovakia and Ukraine. While in case of Slovakian part we should mention the role of Hungarian minority as well as willingness to enhance tourist attractiveness of border areas. The significance of ENPI CBC funds in relation to overall regional investments is important for Ukrainian regions as well as opportunities to learn new models and experiences from elsewhere, enhance skills and knowledge.

Implementation of TC projects helps to satisfy some needs related to infrastructure deficiencies and improving the quality of life of the local residents by the organisation of cultural and sports events and youth exchanges. Therefore, the cultural and social dimension of cooperation is

emphasised, while the economic dimension remains marginal owing to the economic weakness of the region's businesses and most of their partners.

The main impact of territorial cooperation is “soft” in character: it is seen as a tool which can help create good climate, overcome prejudice and stereotyped opinions about the closest neighbours. This view is also corroborated by the residents' opinions who are predominantly in favour of cooperation even though they may not always be able to define its actual dimension.

In larger local governments, infrastructure and tourism projects can be important. They are viewed as an opportunity to overcome the peripheral location and foster the development of municipalities and regions.

Highly motivated staff and strong leaders in any type of organisation are essential for success of TC initiatives, as well as knowledge, implementation plan, and good relations with key stakeholders.

**Weaknesses:**

The main barriers in establishing TC are the following: low level of development and peripheral location; low attractiveness of CS area for Western European partners; Schengen border regime with Ukraine.

In Slovakian part we should underline weak local governments as well as the other funding opportunities (e.g. ROP) more advantageous than INTERREG.

Currently territorial cooperation in the case study areas does not foster economic development or improve the region's competitiveness in any significant way.

Relatively high expectations of regional stakeholders are related to development of tourism industry, but the real potential for this sector within the CS area is relatively low except of city of Lviv and certain parts of Slovakia (Tatra mountains).

The significance of microprojects is limited as a result of different role of Carpathian Euroregion in each case study area. Collaboration with twinning cities/regions is rather formal, is not coherent and rarely has systemic approach to implementing a set of specific measures. That is why it has almost no significant impact on the development of the regions and localities, though provides opportunities to open up the region to the world and to learn experience from other countries.

Poorly developed business cooperation at the local level, better developed at regional level.

Lack of resources in local and regional budgets often holds back Ukrainian authorities to initiative formal collaborative projects. The reason is that in

most of the cases they require co-funding which is not there due to difficult financial situation in most of Ukrainian regions and localities.

There is very little information available about the project, especially after its completion in Ukrainian part of CS. That is why it is difficult to disseminate and sustain their results. Partially this is grant providers' fault as they withhold some information about the projects (i.e. budgets). But regional/local governments are also guilty as they are not interested in releasing consistent information about the achievements up to date as it might in the future limit their ability to keep applying for more TC projects through affiliated loyal NGOs, thus keeping financial stream steady.

**Future:**

In general TC should have positive impact on working relations between partners both within case studies areas as well as between case studies areas. First relates to vertical and horizontal co-operation between actors at different level of administration (eg. Poland – poviats invite communes to common cultural actions; Slovakia – it is necessary to establish inter-communal partnership to implement larger infrastructural projects; in Ukraine collaboration between regional and municipal authorities are essential for getting local co-funding). Second relates both to twinning agreements and INTERRREG A/ENPI CBC projects (however sometimes such partnerships are strictly formal).

The balance between social and economic TC initiatives should be shifted towards the economy in Ukrainian part especially. This will spur economic growth which will contribute towards greater generation of budget revenues which in turn will fund social programmes.

TC activities aimed at transferring international experience and knowledge are becoming less useful. So in the future trainings and capacity building activities should be designed in a more flexible and responsive way, so that they address emerging needs of the particular area and are individually tailored for the challenges faced by CS region counterparts.

- **Territorial structures and specific border co-operation**

**Strengths:**

In general main roads and railways are of poor quality, but they are adequate for local and regional demand (main exception is PL-UA motorway which is now under construction). There were many activities that improved connectivity of border areas, such as construction of river ports, logistics centres, border crossings, narrow-gauge railway, dams, etc.

The greater common interests are the more intensive collaboration with neighbour regions is. For example joint hosting of Euro-2012 by Poland and Ukraine is very strong stimulus for collaboration between Lviv region and neighbouring Polish regions. Also deficit of funding though being negative factor, in fact stimulates authorities to find alternative means for implementing important initiatives and addressing local problems. Presence



of negative features stimulates partners to look for new solutions to remove the barriers.

**Weaknesses:**

Mountain areas of Carpathians are large and sparsely populated constituting significant natural barrier. Carpathian Euroregion is too large (five countries ca. 150 ths. sq km) and not so many common problems that might be tackled (environment protection (biosphere reserves, rivers), forestry, tourism (low potential). Furthermore, relatively weak economic ties also on bilateral level.

The most important barrier is not physical – it is external EU border (Poland and Slovakia vs. Ukraine) which through strict border regime, overstretched border infrastructure, corruption, low administrative capacity etc inhibits TC. Currently border crossings are working very ineffectively, considerably slowing down and hindering collaboration across the border, while visa regime created strong imbalance in the relations between Ukrainian and EU actors, and made equal partnership almost impossible to achieve.

Lack of skills and knowledge among government officials/experts to prepare project proposals, lack of mechanisms for preparing and administering projects, lack of information, weak real collaboration (opposite to declarative one), lack of experience – all these affect TC negatively, especially in Ukraine.

**Future:**

The number of border crossings should be increase. The main opportunities from cooperation with non-EU regions/countries relates to strengthening economic cooperation, exchange or transfer of knowledge as well as good neighbourhood relations.

It is possible to enhance competitiveness of the territory through TC activities, but for this there is a need in strong political will combined with cooperation between public and private sectors.

Future investments should have complex nature. Carpathian region should get support as single ecosystem, rather than a combination of various sub-regions.

- **Governance structures and implementation of co-operation**

**Strengths:**

High level of decentralisation including TC in case of Polish part of CS. As a result strong horizontal and vertical cooperation between actors (also delegating some competences related to TC to municipal entities, schools etc.)

Flexible adaptation to local needs. No one size fits all e.g.: local cooperation – decentralisation, but economic support - centralisation (depends on the project, type of TC).

Willingness of regional and local government leaders, NGOs, businesses and wider public to participate in TC initiatives is precondition for their success.

**Weaknesses:**

Low level of decentralisation – weak communes and regions in case of Slovakian part of CS. As a result excessive centralisation of the implementation system – sometimes decisions are made without knowledge of the local conditions.

Highly centralised system where local governments have little resources and opportunities for independent strategies and actions in case of Ukrainian part of CS. There is significant gap in legal and regulatory standards between Ukraine and EU countries, also Ukrainian legislation is cumbersome and bureaucracy is overwhelming, which undermines joint initiatives.

Small involvement of business sector as a result its general weakness as well as passive engagement of inhabitants.

The need for pre-financing poses a considerable burden for NGO's.

Lengthy and time-consuming procedures.

It is also difficult to indicate particularly good practices related to project management, which could be viewed as model ones and disseminated further with exception of Ukraine part of CS.

In both Lvivska and Zakarpatska oblasts experts and officials are clearly concerned about evaluation and selection processes in ENPI CBC programmes operating in their oblasts. The key weaknesses identified are lack of transparency and favouritism towards applicants from EU neighbour countries. Currently there is big resentment among Ukrainian partners about this. Also work of JSC and evaluation commissions were characterised as ineffective and having some elements of corruption.

Centralisation of power in Ukraine is damaging working contracts on the ground. There is very low independence and initiative at local level of governance. However activeness of local government stakeholders always increases if there is 'order' from the government level above

**Future:**

In the future one should expect that territorial cooperation will still be remarkably utilitarian and the contacts between the partners would very cease once the project has been completed.

While many respondents highlighted the need to increase the investment element of TC projects some of them also called for a better balance between hard and soft projects as human capital development should not be neglected because there is a great need for enhancing infrastructure. More efforts should be made to enhance human potential in rural areas, to facilitate exchange of experience and models.

Accountability and transparency of all ENPI CBC programmes should be enhanced in order to make it fairer. The balance should be achieved between funds allocated to Ukrainian and EU partners, which is currently discriminating towards former. Local partners should have greater say in formulating the priorities of TC programmes.

**Abbreviations:**

<b>CBC</b>	Cross-border Co-operation
<b>DCFTA</b>	Deep and Comprehensive Free Trade Agreement
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>ENPI</b>	European neighbourhood and Partnership Instrument
<b>JTS</b>	Joint Technical Secretariat
<b>EU</b>	European Union
<b>Euroregion</b>	A cross-border grouping of public authorities
<b>GDP</b>	Gross Domestic Product
<b>GIZ</b>	German Agency for International Development
<b>GRP</b>	Gross Regional Product
<b>HEI</b>	Higher Educational Institution
<b>HU-SL-RO-UA</b>	ENPI CBC Programme Hungary-Slovakia-Romania-Ukraine
<b>LA</b>	Local Authority
<b>LDA</b>	Local Development Agency
<b>MEDT</b>	Ministry of Economic Development and Trade of Ukraine
<b>OSA</b>	Oblast State Administration
<b>PL-UA-BL</b>	ENPI CBC Programme Poland-Ukraine-Belarus
<b>PL-SK</b>	CBC Programme Poland-Slovakia
<b>RDA</b>	Regional Development Agency
<b>ROP</b>	Regional Operational Programme
<b>TA</b>	Technical Assistance
<b>Tacis</b>	Technical Assistance to the Community of Independent States
<b>TC</b>	Territorial Cooperation
<b>UNDP</b>	United Nations Development Programme

## Introduction

The main objective of Poland-Slovakia-Ukraine case study research was to assess the impact of territorial cooperation (TC) between local governments, NGOs and businesses on socio-economic development processes in this macroregion. Our analysis aimed to identify the range and areas of territorial cooperation and to define the factors affecting such cooperation and modes of its practical implementation. Based on this we were able to identify the benefits of such cooperation for regions and localities in the area of case study research.

This report aims to provide coherent picture of the current state of art in TC on Polish-Slovak-Ukrainian border and prospects for the future taking into account the specifics of legal and regulatory environment in all three countries, degree of decentralisation and autonomy of local authorities in determining strategic priorities and implementing them; available organisational capacity and expertise of officials and experts involved in TC activities.

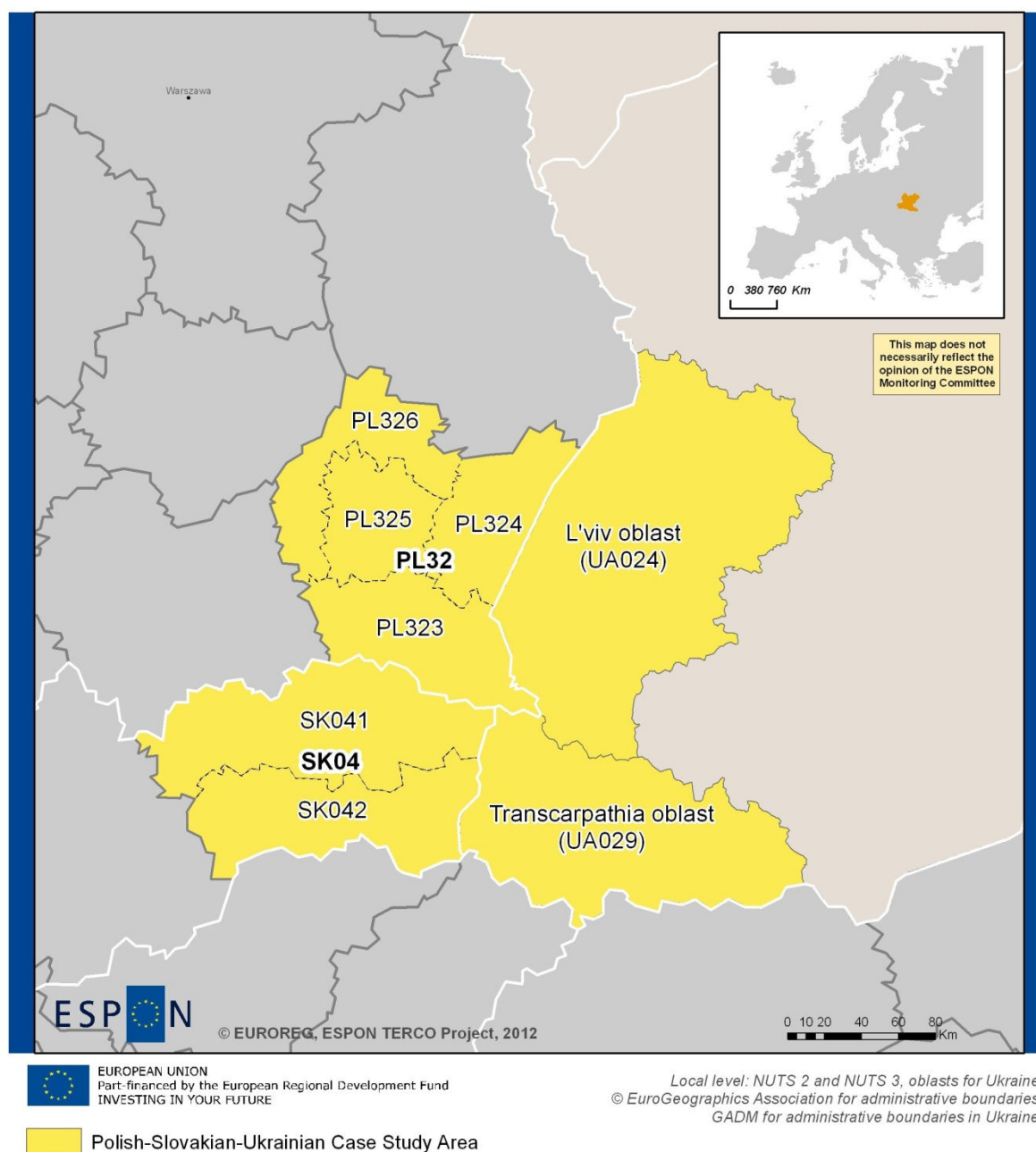
Report consists of 4 chapters: general background information about Case Study area; chapters covering Polish, Slovak and Ukrainian border areas, that include subchapters on physical areas of TC; driving forces and domains of collaboration; territorial structures and specific border co-operation; and governance structures and implementation of co-operation.

In the research, we used both hard and soft sources of information and data. The hard sources included a web-based inquiry on cooperation conducted for the twin cities, as well as data on the INTERREG projects. Another such source was a questionnaire circulated among the local governments of a given region. Its findings were additionally supplemented by the findings from a questionnaire addressed to businesses and residents, carried out in Krosno (a city with a population of 50 000, situated in the southern part of the Polish case study area). Qualitative information was mostly derived from the interviews conducted in late June and early July 2011 with representatives of the local and regional governments (in the key cities and selected municipalities), as well as representatives of community and business organisations. The range of this part of the research activity was limited to Podkarpackie region in Poland (NUTS2), Eastern Slovakia (NUTS2) and Lviv and Zakarpatska oblasts in Ukraine. Altogether, 50 interviews were held, of which 19 were conducted in Poland, 12 in Slovakia and 19 in Ukraine (See details in Annex 1).

### 1. General characteristics of the case study areas

#### *Geography*

The case study covers: one NUTS2 in Poland (PL 32: Podkarpackie Voivodship), one in Slovakia (SK 04: Eastern Slovakia) and two NUTS2 in Ukraine (UA 024: Lvivska oblast and UA 029: Zakarpatska oblast). The whole case study area is covering 68 182.06 km<sup>2</sup>: half of it is situated in Ukraine (34 610 km<sup>2</sup>), while Slovak and Polish parts are of approximately equal sizes (15 726 km<sup>2</sup> and 17 846 km<sup>2</sup> respectively). This is quite a mountainous terrain, especially in the areas in the direct proximity to the border. Plains are situated mostly in the northern part of Podkarpackie Voivodship and Lvivska oblast. Also some south areas around the Slovak-Ukrainian border are lowlands. The case study area is mostly rural, with a few big cities like Lviv, Košice and Rzeszów. The mountain areas are mostly covered by forests.

**Figure 1.** The Polish-Slovakia-Ukraine border region

Source: own elaboration

### **Administrative structure**

Podkarpackie Voivodship is situated in the southeasternmost part of Poland. It is administrative unit of the highest regional level governed by a local council chosen in a general election. There are also some central government institutions at the voivodship (regional) level. It is divided into four subregions (NUTS 3) 25 districts (LA U1 – of which four are urban) and 160 municipalities (LAU 2). The major cities in the

Podkarpackie Voivodship include Rzeszów (172 000), Przemyśl (67 000) Tarnobrzeg (49 000) and Krosno (47 500).

Eastern Slovakia (NUTS 2) has no administrative functions; it is composed of the regions of Košice and Prešov. At this level, the public administration has a system of self-government and a system of state administration; regions have enjoyed a certain degree of autonomy since 2002. The Prešov region (Prešov Region) is divided into 13 divisions and 666 municipalities (including 23 cities), while the Košice Region (Košice Region) is divided into 11 divisions and 440 municipalities (including 17 cities). The major cities in the Slovak part of the case study are the regional capitals, viz. Košice (233 000) and Prešov (91 000).

The Ukrainian part of the case study consists of two oblasts: these are regions which reflect the country's status as a unitary state. They have a unified legal and administrative regime. Zakarpatska oblast is divided into 13 regions (districts) and 5 cities of oblast subordination, while the Lviv Oblast is divided into 20 districts and 9 cities of oblast subordination. The main cities in this area are Lviv (760 000), Uzhhorod (116 000), Mukachevo (93 000), Drohobych (78 000) and Stryi (57 000).

### ***Economy***

The case study region is situated in the peripheral area of all the three countries. The regions are located at a distance from the capital cities and economic centres of Poland, Slovakia and Ukraine. GDP per capita in the Podkarpackie Voivodship and Eastern Slovakia is much lower than the national average (approximately 70%). The situation in the Polish region has been quite stable in the recent years, but in Slovakia the gap between the case study area and the best developed regions is increasing. The disparities are even wider in Ukraine, especially in the Zakarpattia Oblast. In the entire Ukrainian part of the case study area, GDP per capita (PPP) is below 70% in relation to the national average.

The highest employment in agriculture is found in the Podkarpackie Voivodship (over 25%) and in the Zakarpattia Oblast, while in the Prešov region it is only about 5%. In every region, employment in this sector is decreasing. Industry is of a major importance in Slovakia and Poland. Currently, the aviation industry is developing robustly in Podkarpackie, based on its old industrial facilities. The case study region has some deposits of natural resources which provide the basis for the local industries, but their significance is gradually diminishing. In each of these regions, we can see an share of services in total employment. They are the least significant in the Polish regions, both due to the importance of industry and agriculture and smaller cities, as compared to the Ukrainian and Slovak parts.

### ***Social and demographic situation***

The total population of the case study region is approximately 7 470 000. Most of the population live in the Ukrainian part (3 796 000), while the Slovak population is the smallest (1 582 000). The population of the Podkarpackie Voivodship is stable. In the years 2000-2008, the number of the region's inhabitants decreased by a mere -0.1%, mainly due to outward migration. The population in Eastern Slovakia is increasing; it changed by 1.8% in the years 2000-2008. Natural increase is high in this region and negative net migration has no significant influence on the number of the population. The number of inhabitants in the Ukrainian part has decreased in the last few years, which is an effect of both negative natural change and net migration. The population

density is highest in the Polish part of the case study (117.5 people/km<sup>2</sup>) and lowest in the Slovak part. Particularly low population densities can be found in the Prešov Region (89.9 people/km<sup>2</sup>) and Zakarpattia Oblast (97.3 people/km<sup>2</sup>) – due to the predominance of mountain areas. Unemployment in the case study region has increased since 2008 due to the economic crisis.

The percentage of inhabitants with tertiary education is the highest in the Podkarpackie Voivodship (18.3%). Eastern Slovakia and two Ukrainian oblasts have approximately a similar level of such population, of over 10%.

### ***Transnational flows - the role of the border***

In 2008 Poland and Slovakia joined Schengen Agreement, so there now is free flow of people through the border between the Podkarpackie Voivodship and Eastern Slovakia. That has a positive impact on the flow of people but mainly on the local scale. On the other hand, after Slovakia and Poland joined the Schengen Area, crossing the border with Ukraine has become much more difficult because of the visa requirements (only for Ukrainian citizens, since Polish and Slovak citizens do not require visas), which has strongly influenced the local border traffic. Some attempts are made, especially in Slovakia, to smuggle goods across the border.

The major road transport corridor in the case study area is located on the Polish-Ukrainian border (III Pan-European transport corridor). It runs from Dresden to Kiev, intersecting the Podkarpackie Voivodship and Lviv Oblast, joining Rzeszów, Przemyśl and Lviv. Much less important for the European transport is V Pan-European transport corridor from the Balkans to Kiev, which crosses the Slovak-Ukrainian border (branch A) at the Vysne Nemecke/Uzhhorod border crossing. There are no significant transport routes across the Polish-Slovak border.

### ***Cross-border Cooperation Programme Poland – Belarus – Ukraine 2007-2013***

The Cross Border Cooperation Programme Poland-Belarus-Ukraine 2007-2013, implemented as part of the European Neighbourhood and Partnership Instrument (ENPI), is aimed to continue and expand cooperation in the border areas of these three countries, which until 2007 was pursued via the Neighbourhood Programme Poland – Belarus – Ukraine INTERREG IIIA/Tacis CBC (Neighbourhood Programme) in the previous 2004-2006 programming period.

The budget of this Programme is MEUR 202.9 for the years 2007-2013, of which MEUR 186.2 is a contribution from the EU funds. The Programme has three main priorities:

1. Increasing competitiveness in the border area via measures which improve the conditions for businesses, tourism and regional accessibility;
2. Improving the quality of life via environmental protection measures in the border area, improving the effectiveness of border infrastructure and enhancing border security;
3. Networking and people-to-people cooperation, including initiatives undertaken by local and regional communities, to pursue territorial cooperation opportunities, promote local undertakings in the field of social, scientific, educational and cultural intergration of the border areas.



**Figure 2.** Programme eligible areas

Source: <http://www.pl-by-ua.eu>

The entire Programme area is 316 300 km<sup>2</sup>, of which 75 300 km<sup>2</sup> are situated in Poland, 68 900 km<sup>2</sup> - in Belarus and 47 800 km<sup>2</sup> in Ukraine. The Programme area (**Fig. 2**) comprises the main support areas as well as the adjoining regions, and is made up of the following administrative units:

- in Poland, subregions: Krosno-Przemyśl (Podkarpackie Voivodship), Białystok-Suwałki (Podlaskie Voivodship), Biała Podlaska and Chelm-Zamość (Lubelskie Voivodship), Ostrołęka-Siedlce (Mazowieckie Voivodship) plus, as the neighbouring regions: Rzeszów-Tarnobrzeg (Podkarpackie Voivodship), Łomża (Podlaskie Voivodship) and Lublin (Lubelskie Voivodship);
- in Belarus: Grodno and Brest oblasts, seven western districts (raions) of the Minsk oblast: Miadziół, Vileyka, Maladzyechna, Valozhyn, Stouptsy, Nyasvizh, Kletsk, as the neighbouring regions: Minsk (city) and the eastern part of the Minsk oblasts (15 districts) as well as the Gomel oblast;
- in Ukraine: Lvivska, Volynska, Zakarpatska oblasts and, as the neighbouring regions, Ternopilaska, Rivnenska and Ivano-Frankivska oblasts.

### **Cross-border Cooperation Operational Programme Republic of Poland – Republic of Slovakia 2007-2013**

The Cross-border Cooperation Operational Programme Republic of Poland – Republic of Slovakia 2007-2013 is financed from the European Fund for Regional

Development (EFRR) and co-funded by the domestic partners and participants. The total budget allocation for the Programme for 2007-2013 is MEUR 185.2, including EFRR's contribution of MEUR 157.4. The Programme is structured around the three main priorities:

1. Development of cross-border infrastructure; as part of this priority, transport, communication and environmental infrastructure investments are being made;
2. Social and economic development; as part of this priority, territorial cooperation is developed in the field of tourism, cultural and natural heritage protection, as well networking projects aimed to strengthen the existing institutional cooperation;
3. Supporting local initiatives (microprojects), as part of this priority direct contacts will be established and strengthened between the Polish and Slovak border communities, to lay the foundations for projects to be implemented in the future.

**Figure 3.** Programme eligible areas



Source: <http://pl.plsk.eu>

The Polish-Slovak border region covers an area of 38 096 km<sup>2</sup> (22 314 km<sup>2</sup> in Poland and 15 782 km<sup>2</sup> in Slovakia). The programme support area (**Fig. 3**) comprises the following NTS III and NTS IV territorial units:

- On the Polish side of the border – NTS III (subregions): Biała Podlaska, Nowy Sącz, Krosno-Przemysł and NTS IV – Oświęcim district (Kraków-Tarnów subregion – NTS III), Pszczyna district (subregion Central Silesia – NTS III), Rzeszów district and Rzeszów urban district (Rzeszów-Tarnobrzeg subregion).
- On the Slovak side of the border – NTS3(regions) Žilina Region and Prešov Region.

## 2. Case study – Podkarpackie Voivodship, Krosno subregion, city of Krosno

### *Podkarpackie Voivodship*

The Podkarpackie Voivodship lies in the south-east of Poland, at the border with Ukraine and Slovakia. Its southern part is covered by mountains, with the highest summits in the Bieszczady range (south-easternmost part of the region) elevated over 1300 m a.s.l. The remaining part of the region is an upland intersected by river valleys and the Sandomierz Basin situated in the bifurcation between the Vistula and San rivers, which is mostly lowland in character. Nearly the whole area lies within the Baltic Sea drainage basin, receiving water from the right-bank tributaries of the River Vistula flowing down from the Carpathians. Only small areas situated at the easternmost boundaries of the region belong to the Black Sea drainage basin.

The Voivodship occupies an area of 17 845 km<sup>2</sup> and has a population of 2.1 million, with the population density of 118 people per km<sup>2</sup> (which is similar to the national average). The region is characterised by a low level of urbanisation rate as only slightly over 40% of the population live in cities, which is the lowest percentage nationwide. This is due to the absence of big urban centres in the region. The largest city and regional capital is Rzeszów, with a population of some 180 000 (250 000 in the metropolitan area). The region of Podkarpacie also has a number of medium-sized cities, with 50-60 000 inhabitants (e.g. Przemyśl, Krosno, Stalowa Wola, Tarnobrzeg and Mielec) and quite populous small cities with poorly developed central functions. In effect, the polycentricity of the region's settlement system is rather high, although the considerable percentage of rural population, coupled with high population density in the rural areas, results in these areas being overpopulated.

The low urbanisation rate has historical underpinnings. Following the partitions of Poland, this region formed a part of the Austrian-Hungarian province of Galicia, which also incorporated Malopolska (Lesser Poland) and western Ukraine. It was a peripheral, agricultural region with Lviv as its main development centre. At the time, Rzeszów was a private city, owned by a magnate family. Only when Poland regained independence, a strategic decision was made to set up the Central Industrial Region (*Centralny Okręg Przemysłowy* - COP), which triggered modernisation processes associated with industrial development in Podkarpacie. Following the border changes in the wake of World War II, Rzeszów assumed some of the functions earlier performed by Lviv. Still, the metropolitan functions of Rzeszów remain underdeveloped.

The regional economy is both industrial and agricultural. However, the bulk of the region's agriculture is subsistence-oriented, with a clear predominance of tiny farms situated in areas which are difficult to cultivate. After the forced resettlement of the Ukrainian population in the so-called Operation Vistula, the region's agriculture was collectivised, which led to the emergence of large state-owned farms. For this reason, agriculture does not represent the basic source of maintenance for the rural inhabitants, and, as a result, commuting to work is quite widespread in the region. This process dates back to the times of socialist Poland with the class of the so-called *chłoporobotnicy* – peasant farmers who combined working their farms with working in factories. The indigenous population also has a long-established tradition of foreign migrations, traditionally destined for the United States, and, since recently, also Italy.

Podkarpackie is among the voivodships with the poorest economic performance, generating GDP per capita at a level of merely 70% of the national average. The region's dynamic of economic growth is also lower than the national average, as a result of which the region is lagging behind even more as compared with other areas of Poland. The industrialised part of the region, i.e. the Tarnobrzeg region situated along the Vistula and the environs of Rzeszów, is growing at the relatively fastest pace. In contrast, the border areas are characterised by economic stagnation. Traditional industries prevail, among them: furniture manufacturing, glass making or production of building materials. On the other hand, there are some high-tech and innovative industries in the region, including aviation industry, supported by the industrial cluster known as the 'Aviation Valley' (*Dolina Lotnicza* in Polish).

The peripheral character of the region is a result of its poor transport accessibility. Rail transport is inefficient, and low-quality roads run through densely populated areas. The reduced length of roads and railroads in the recent years has crippled the region's cohesion (Czudec A., 2005). This situation should be improved with the completion of the A4 motorway, which is to link the region with Kraków (via Rzeszów) and the crossing at Korczowa on the Ukrainian border. The role of air transport is still marginal in enhancing the region's accessibility: in 2010, the international airport in Jasionka near Rzeszów handled only 450 000 passengers, mostly in domestic, low-cost and chartered flights. In addition to that, the development potential of this airport seems quite limited, especially after the A4 motorway, linking the region with the airports in Balice near Kraków and Pyrzowice in Silesia, has been put into operation.

The region's community, just as in other Polish eastern voivodships, takes traditional attitudes, rooted in religiousness manifested by regular mass attendance and low tolerance towards different lifestyles (such as homosexuality) (Smętkowski 2008). There is also Greek Catholic Church in the region, which is popular among the Ukrainian minority, primarily in the border areas. The level of educational attainment of the population is very low, mostly in rural areas. The current form of the local society, its ethnic and religious structure, has been significantly affected by World War II. During the War, the Jewish population, mainly dwelling in small and medium-sized cities, was exterminated, while the operations of guerilla fighters from the Ukrainian Insurgent Army (UPA) led to forced mass-scale resettlement of the Ukrainian population after the War (Operation Vistula), to northern and western regions of Poland.

### ***The Krosno subregion***

The Krosno subregion is situated in the southern part of the region, along the border with Slovakia, and borders on Ukraine in the east (only one border crossing is operational; it services traffic of individuals at Krościenko). The area has poor transport accessibility; it is connected with Rzeszów by trunk road No. 19, which is a road with low technological parameters, similarly to trunk road No. 28, connecting Krosno with Nowy Sącz.

The economic core of the subregion is the Jasło-Krosno Basin; the subregion's three major cities are situated there at a relatively close distance: Krosno (47 000 inhabitants), Jasło (37 000) and Sanok (40 000). These cities are the main industrial centres of the subregion and also perform higher-order services. It should also be noted that Jasło – and less so Sanok – are overshadowed by Krosno in this regard, which is probably due to the fact that the latter served as the regional capital of the Krosno Voivodship under the former administrative division of Poland, existing until

1998. The border areas in the south and the eastern part of the subregion are predominantly rural in character, with small and scattered small cities (Dukla 17 000, Ustrzyki Dolne 9 000). This area is also considerably more mountainous and the road network is much less developed.

The subregion does have potential for tourism, which however is still largely untapped. Two national parks are situated here (Bieszczady National Park and Magura National Park), and a number of landscape parks. The health resorts of Iwonicz Zdrój and Rymanów Zdrój are also situated in the environs of Krosno; they mostly cater to visitors referred by the National Health Fund - NFZ. The majority of this area does not have any well-developed service network for tourists; its accommodation base is of low and medium quality, mainly including agri-tourism farms and lodging houses. There are no amenities for winter sports, which is partly due to low relative altitudes.

The subregion has only one local border crossing with Ukraine, as compared to many more (five) with Slovakia, but only one - at Barwinek, in trunk road no. 19 – plays a role in international transport. The others, including the recently opened alternative crossing connecting Krosno with Bardejov in the vicinity of Krempana, has only local significance.

### **Krosno**

Krosno is the largest city in the southern part of the Podkarpackie Voivodship. Barriers to the region's development include its poor transport accessibility. The city lies afar from the main road routes, the only exception being trunk road no. 19, which runs less than 20 km east of the city and connects Rzeszów with Slovakia. Rail transport, both passenger and cargo, are also of a minor importance.

The city has a relatively well-developed industrial zone, with a dominance of traditional industries. The largest enterprises include a glassworks (currently under liquidation procedure) specialising in the production of technological glass and domestic glassware. Other major companies include the Nowy Styl Group, owner of four furniture brands and interior decorations. The company also runs a plant in the subzone of the Tarnobrzeg Special Economic Zone in the nearby city of Jasło. In addition, the city operates a big marketplace targeted at local clients and those from Slovakia. In the peak period of its operation, the marketplace provided employment to some 2 500 people.

Higher-order services in Krosno are rather poorly developed and focus on education. There are five higher education institutions in the city, including a branch of the AGH University of Science and Technology in Kraków and the University of Information Technology and Management in Rzeszów.

## **2.1. The spatial scope of territorial cooperation**

Territorial cooperation of municipalities in the Podkarpackie Voivodship is mainly directed at partners from the neighbouring countries, who are typically situated at a short distance from the border. Additionally, the directions of such cooperation varies depending on the actual location of the municipality within the Voivodship. Municipalities from the Krosno subregion mainly cooperate with Slovakia, and those from the Przemyśl subregion mainly focus on collaborating with Ukrainian partners.

In the case of municipalities situated further away from the border (the Rzeszów and Tarnobrzeg subregions), territorial cooperation is not as clearly territorially targeted.

Partners from other Central European countries also play a role in territorial cooperation for the local governments in the Podkarpackie Voivodship. Hungary is the key partner in this regard, which can be explained by the traditional affinities between the two countries and the fact that such cooperation is eligible for financing from the Visegrad Fund<sup>16</sup>. Other institutions than local governments (NGOs, chambers of commerce), which are beneficiaries of INTERREG, also concentrate on partners from Central Europe (Strand B). Nonetheless, their involvement is rather modest. In the two recent rounds of INTERREG B and C, partners from Podkarpackie took part in as few as 13 projects (**Tab.1**), of which only three were located outside Central Europe. This was one of the worst results as compared to the demographic and economic potential in Poland, and only the Świętokrzyskie Voivodship had lesser involvement in territorial cooperation as part of the INTERREG programme. Entities involved in this cooperation were mostly regional-level institutions (Marshal's Office, Voivodship Office) and NGOs specialising in supporting enterprise and regional development. Sanok was a notable exception by comparison as it participated in three INTERREG III projects. The projects were mainly related to sustainable development in its environmental directions, spatial planning and economic cooperation in the present conditions of transition to knowledge-based economy.

**Table 1.** INTERREG IIIB, IVB and IIIC and IVC projects in the Podkarpackie Voivodship

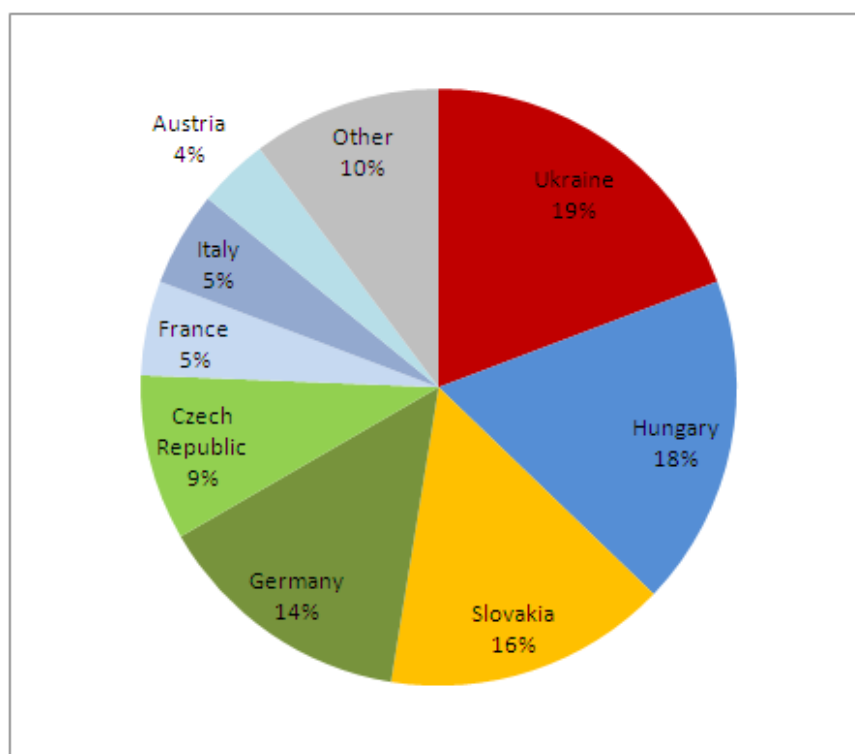
	Project	Acronym	Entity	Programme	Status	Budget (€)
1	Managing the Industrial Territories in the Knowledge Era	MITKE	Rzeszow Regional Development Agency	Interreg IVC	Partner	1 925 799,89
2	Improvement of CE regions' accessibility through air transport interconnectivity	CHAMPIONS	University of Information, Technology and Management Rzeszów	Interreg IVB	Partner	1 969 700.00
3	Transnational Network of Leading Automotive Regions in CE	AutoNet	Sub-Carpathian Chamber of Commerce	Interreg IVB	Partner	2 136 099.00
4	Cluster and Network Cooperation for Business Success in Central Europe	CNCB	Aviation Valley Association	Interreg IVB	Partner	2 129 157.55
5	Action to Develop Experiment and Mainstream innovative schemes to support territories	A.D.E.P	Marshal's Office of Podkarpackie Voivodeship	Interreg IIIC	Partner	4 475 416.00
6	Multifunctional Intensive Land Use Network	MILUNET	Municipality of Sanok	Interreg IIIC	Partner	2 201 643.00
7	Biofuel chain Enhancement for Territorial development of European Regions	BETTER	Podkarpackie Voivodship	Interreg IIIB	Partner	1 088 029.00

<sup>16</sup> The International Visegrad Fund was created under the agreement dated 9 June 2000, concluded between the Czech Republic, Republic of Hungary, Republic of Poland and Republic of Slovakia, with a view to supporting international undertakings. The Fund's annual budget is MEUR 6, contributed by members of the Visegrad Group in the form of equal contributions. Three types of projects can be financed from the Fund (small, up to EUR 5 000, standard, over EUR 5 and strategic projects). Financial support can be awarded to projects in the field of cultural cooperation, scientific exchange and research, cooperation in the field of education, youth exchanges, cross-border cooperation and tourism promotion. In 2000-2010, there were 1 112 small projects, 1 828 standard and 24 strategic projects which were supported by the Fund. The Visegrad Fund also co-finances such initiatives as academic scholarships, supporting mobility of artists and development of training programmes on issues related to the Visegrad Group members.

8	Protection and sustainable development of the Carpathians in a transnational framework	Carpathian Project	Marshal's Office of Podkarpackie Voivodeship	Interreg IIIB	Partner	4 260 000.00
9	European Development Corridor III "Via Regia"	ED-C III	Podkarpackie Voivodeship City of Rzeszów	Interreg IIIB	Partner Partner	1 396 400.00
10	Harmonisation of economic and infrastructure development in the Pan-European transport Corridor III	EU-CORE III	Rzeszow Regional Development Agency	Interreg IIIB	Partner	827 283.00
11	Urban Green as a Key for Sustainable Cities	GreenKeys	Municipality of Sanok	Interreg IIIB	Partner	2 388 881.48
12	Integrated revitalisation of historical towns to promote a polycentric and sustainable development	Hist.Urban	Municipality of Sanok	Interreg IIIB	Partner	2 172 618.84
13	Transversal lands: abbeys and large rivers	TRANSLANDS	Rzeszow Regional Development Agency	Interreg IIIB	Partner	1 029 789,00

Source: prepared by the authors based on programme websites.

**Figure 1.** Partner cities of local governments in the Podkarpackie Voivodeship by country



Source: prepared by the authors based on an Internet inquiry (Jan-Jun 2011)

Cooperation with partner cities was the most spatially developed type of cooperation pursued by local governments. In addition to countries neighbouring with Poland, such contacts are maintained with cities situated in other EU countries or even

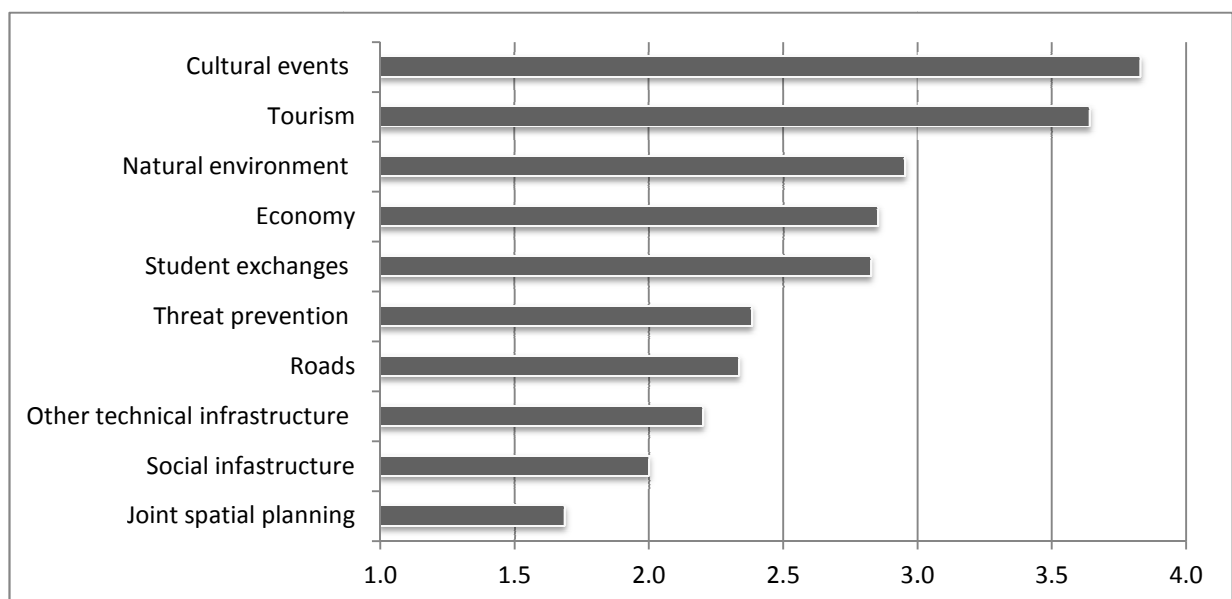
outside Europe (such as China or USA) (**Fig. 1**). It should be noted that not all such contacts are formalised, i.e. not in all cases are partner agreements signed. In some cases cooperation is based on irregular contacts or is pursued at the level of schools or sports clubs, which only receive support from local governments. Looking at the expressly formal agreements (79 in all), we can say that the countries neighbouring with the region, viz. Ukraine, Slovakia, and the nearby Hungary, which account for over 50% of the formalised contacts, represent the main directions of cooperation. Other countries which border on Poland but not directly with Podkarpacie, which also play an important role, are Germany and the Czech Republic, which account for 14% and 9% of contacts, respectively. The remaining cooperating states are big EU countries, i.e. France and Italy (but not the UK on account of its dissimilar administrative system which makes it difficult to establish such cooperation), and the nearby Austria. Instances of cooperation with other countries are far and between, and agreements with non-European partners are signed very seldom.

## 2.2. Driving forces and domains of cooperation

### 2.2.1 Main domains of territorial cooperation

Territorial cooperation is pursued in many different areas, and in many cases is determined by the requirements posed by programmes or relevant external funds. At the same time, bilateral agreements or contacts which have not been formalised allow considerable freedom in the cooperation actually pursued. On the other hand, one definite advantage of external financing (from such sources as CBC programmes, INTERREG, the Visegrad Fund, Polish-Swiss Cooperation Programme, Norwegian Financial Mechanism, etc.) is the possibility to implement projects which would not be feasible if only the beneficiaries' own funds were to be used.

**Figure 2.** Role of territorial cooperation domains [N=21, scale 1-5]



Source: prepared by the authors based on questionnaire data.



Culture is the most readily visible form of territorial cooperation pursued by the local governments in Podkarpacie (**Fig. 2**). It is manifested, amongst other things, by organising joint festivities, exhibitions and cultural events, also including hosting various bands and artists (Łęcznar 2008). Such cooperation is established for high-culture events, when local culture institutions are involved, as well as mass-culture events, sometimes in the form of sporting or quasi-sporting events (such as ballooning contests) (see **Box 1**).

#### **Box 1. International cultural and sports events in Krosno**

The International Mountain Ballooning Contest, organised every spring, is one of the major international-scale events organised regularly in Krosno. In 2011, the Contest was organised for the 12<sup>th</sup> time, attracting participants from Poland, Hungary, Latvia and Lithuania. In previous years, there were also contestants from such countries as the Czech Republic, Slovakia and Germany.

Krosno also joined an initiative entitled “The Wine Route Across the Carpathians” (*Karpacki Szlak Wina*), drawing on the age-old traditions of wine trade and transport with Hungary. The current route runs as follows: Tokaj – Satoraljaujhely – Humenne – Łupków – Zagórz – Sanok – Krosno. It is also planned to open a rail connection between these cities; to date, this initiative has been put to life in the form of occasional journeys for the residents of Krosno and Sárospatak (partner cities). As part of this initiative, Portius Hungarian Wine Festivals are organised.

Another initiative organised by the city is the Border Culture Festival, the “Ambience of Carpathia”, with folklore and dance performances as well as art exhibitions from such countries as Poland, Ukraine, Czech Republic, Slovakia and Hungary.

Projects and investments in tourism also represent an important domain of cooperation. Owing to the region’s diverse natural assets and cultural heritage, this is a strategic sphere of development at the Polish-Ukrainian border (Miszczuk 2007). Nonetheless, these initiatives are usually modest in scale and do not lead to any substantial increase in the number of tourists. They are mostly investments, of dubious quality and usefulness, in network services, such as publication of leaflets and marking of thematic tourist trails. Their impact is hampered by the fact that no activities are carried out to develop profitable tourism products. Similarly, there are no investments in the accommodation base and catering facilities, although it has to be conceded that these are mainly the field of activities usually pursued by the private sector.

Cooperation relating to environmental protection is established mainly via infrastructure projects to build sewage networks (primarily in smaller municipalities). These investments play an important role for local governments and help improve the living standards of the local population. It should be noted however that such cooperation does not have a transnational dimension, since the partners carry out separate projects in their own municipalities. In this case, cooperation means that the project expenditures are accounted for jointly and, potentially, experiences from the

implementation are shared<sup>17</sup>. Quite frequently, this type of investment is due to the fact that the projects in question were earlier rejected in other operational programmes, and in some cases the lower own contribution requirement is an additional incentive (25% instead of 50%).

School youth exchanges represent another popular domain of cooperation. They are financed both from the local and EU funds (e.g. the Comenius programme). Such contacts are very frequently initiated by the municipal and city authorities, but at the later stages they are entirely handled by school principals (and the local authorities may not even be cognizant of how they evolve). Some examples of grassroots initiatives can also be found, of schools which establish cooperation by themselves and then request the local authorities for sponsorship and assistance. In some cases such grassroots initiatives later evolve into partner cooperation between cities. All these domains of territorial cooperation are implemented mainly via partner city networks since they do not require substantial financial outlays. It is not so in the case of infrastructure projects which require significant outlays, provided from external financing, mainly as part of the INTERREG A programme. In Podkarpackie, these are mainly projects involving the construction and modernisation of road and environmental infrastructure. However, normally such projects are near-border, and not cross-border in character since their impact does not go beyond a given local system. Some of them, however, do have a cross-border dimension, for example modernisation of roads leading to the border crossings (e.g. the road from Krosno to Bardejow) (**Box 2**). Such projects are basically aimed to overcome the peripheral location and enhance the quality of life of the local residents (*Badanie ewaluacyjne ex-post efektów transgranicznej współpracy polskich regionów w okresie 2004-2006*, 2010).

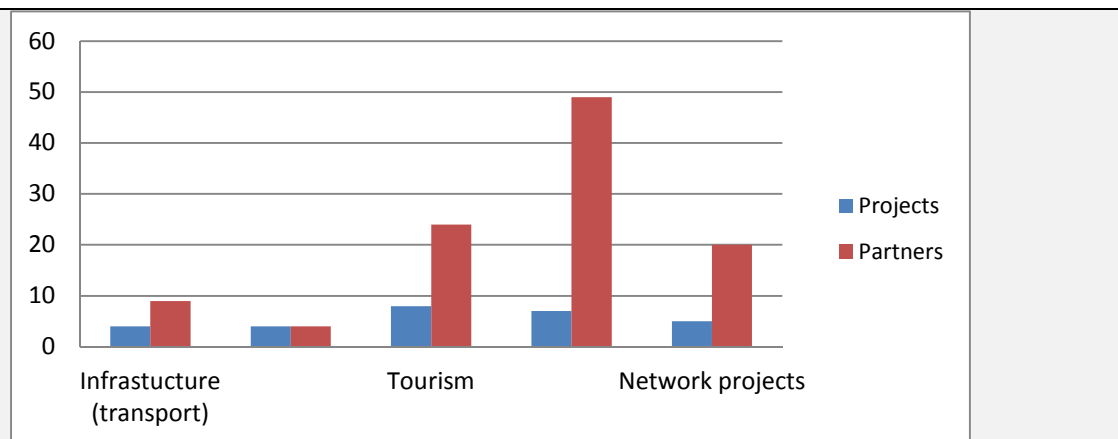
#### **Box 2. Domains of cooperation in INTERREG IV PL-SK 2007-2013**

In the case study area, 28 projects involving 108 108 partners<sup>18</sup> are being implemented as part of the Cross-border Cooperation Operational Programme Republic of Poland – Republic Slovakia 2007-2013 (**Fig. 3**). The largest number of projects are being implemented in the field of natural and cultural heritage protection, tourism and networking projects. A modest number of partners are also taking part in the few projects in the sphere of transport and environmental infrastructure.

**Figure 3.** Number of projects and partners by domain of cooperation in PL-SK 2007-2013 in the case study area

<sup>17</sup> The *Ex post evaluation of the National Development Plan 2004–2006 (2010)* offers a different perspective. It points out that „a clear priority should be introduced for undertakings which help, in a comprehensive manner, to solve water and sewage related issues for several municipalities, agglomerations or other functional-spatial areas (collective sewage disposal and treatment), also in the border zone, which would enhance their impact on the environment of the European Union” (p. 110).

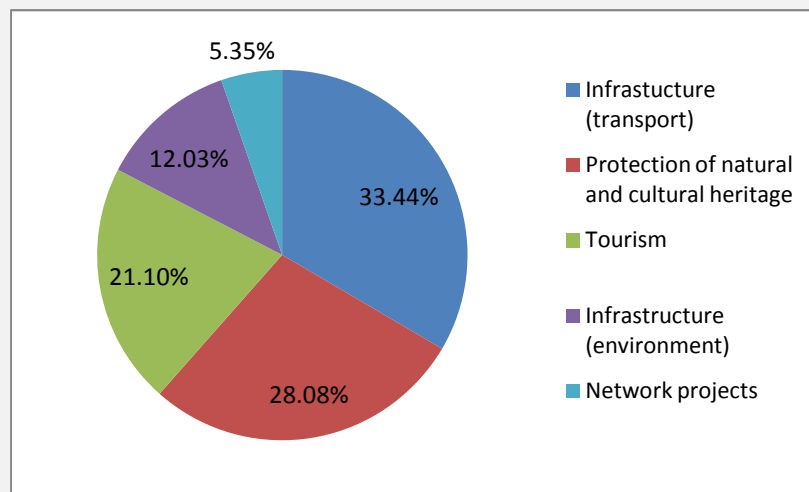
<sup>18</sup> These numbers only indicate partners and projects located in the case study area. It should be noted that the border of the Presov Region lies much further west than the area of the Podkarpackie Voivodship, which means that the local governments from the Presov Region are also implementing CBC projects with the local governments from Podkarpackie the Małopolskie Voivodship. In such cases, only the Slovak entities were taken into account, with their parts of the budget only being considered.



Source: prepared by the authors based on the list of ETC beneficiaries.

A different picture emerges when we look at the project budgets by domain of cooperation (**Fig. 4**). The aggregate amount of contracts signed by the end of June 2011 was MEUR 37.4. One third of the budget is spent on expenditure related to transport infrastructure, and slightly less than 30% - on projects in the field of cultural and environmental protection (as part of which infrastructure projects are also implemented; they account for another 12%). About one fifth of the funding is earmarked for tourism projects, whereas networking projects represent the smallest component of the budget (5%).

**Figure 4.** Share of domains of cooperation in the allocated budget of approved PL-SK 2007-2013 projects in the case study area



Source: prepared by the authors based on the list of ETC beneficiaries.

### Box 3. Business cooperation of enterprises

The real dimension of territorial cooperation is essentially entirely independent of the activities (or their lack) of the local authorities. It is mostly market mechanisms and initiatives launched by local businesspeople or residents. Such cooperation is mostly manifested by purchases of cheaper goods or use of cheaper services.

For the Polish-Slovak border region, this has meant that Slovaks were interested in Polish construction and finishing materials and Poles used medical services (orthodontics) in Slovakia. To meet this demand, Polish construction businesses are opening up trade outlets targeted at Slovak clients, also ones on the other side of the border. Among the surveyed

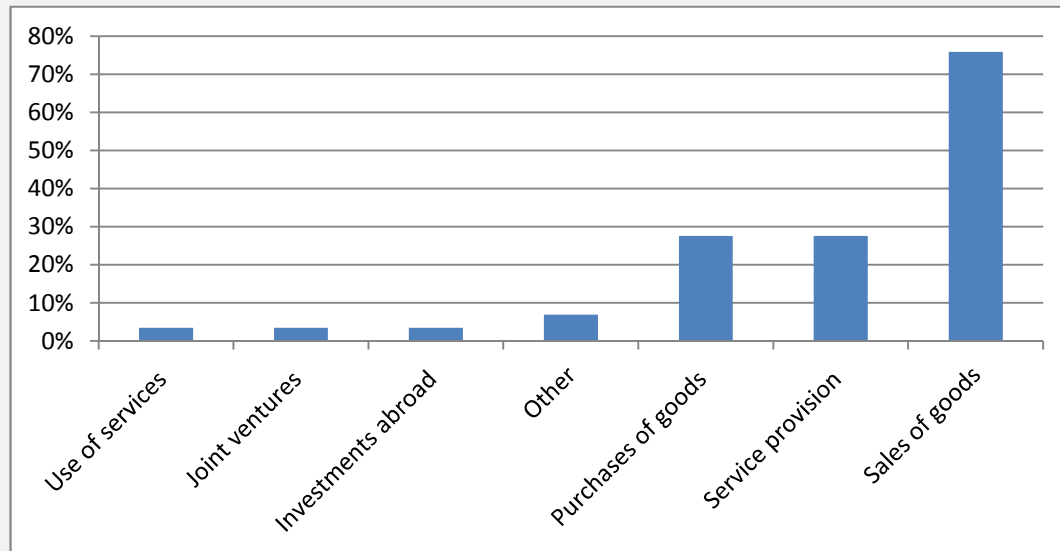
businesses in Krosno, 49% declared that they maintained trade contacts with Slovakia. Although the domestic market plays a key role in their sale structure (for one third of respondents), the market near the Slovak border is the second most important one (22%). At the same time, trade contacts with more distant regions of Slovakia are considered as much less significant (5%). The Ukrainian market is of little if no importance for the businesspeople from Krosno (1 response).

The Krosno entrepreneurs primarily sell their goods to Slovakia; this is done by some 75% businesses which declare cooperation with Slovak entities. Slightly under 30% enterprises provide services to the Slovak market or buy goods there. Other forms of linkages are of minor importance. Businesses from Krosno are therefore targeted at exporting their products to the Slovak market (**Fig. 5**).

Economic cooperation with Ukraine is also much less developed. Although entrepreneurs operating in Krosno appreciate the potential of the Eastern markets, they encounter a number of barriers to embracing such opportunities. There is also certain reluctance to establishing business contacts visible among the local businesspeople. Merely 8% of them declared that they had trade contacts with Ukraine, mainly through selling their products in this country.

According to entrepreneurs, the biggest obstacles to economic cooperation with Ukraine include the difficulties encountered while crossing the border (in both individual and cargo traffic), poor quality of transport and telecom infrastructure on the other side of the border, corruption and bureaucracy, lack of security and certain dislike of the public authorities to investors from abroad. On the other hand, customs tariffs are not regarded by the respondents as a serious obstacle. Another issue which may discourage potential cooperation is unreliability of Eastern partners: they may not always honour their obligations or even terminate the contract without any legitimate reasons, often leaving the Polish partner in a difficult situation.

**Figure 5.** Nature of contacts of Krosno businesses with Slovakia [N=29]



Source: prepared by the authors based on questionnaire results.

According to entrepreneurs from Krosno, the products and services offered by them are competitive in the markets of the neighbouring countries. In case of the Ukrainian market, all entrepreneurs with trade contacts there are of such an opinion, as compared to nearly 70% in relation to the Slovak market.

Another type of investments in infrastructure (although regarded as cultural projects by some respondents), includes repairs or construction of community centres.

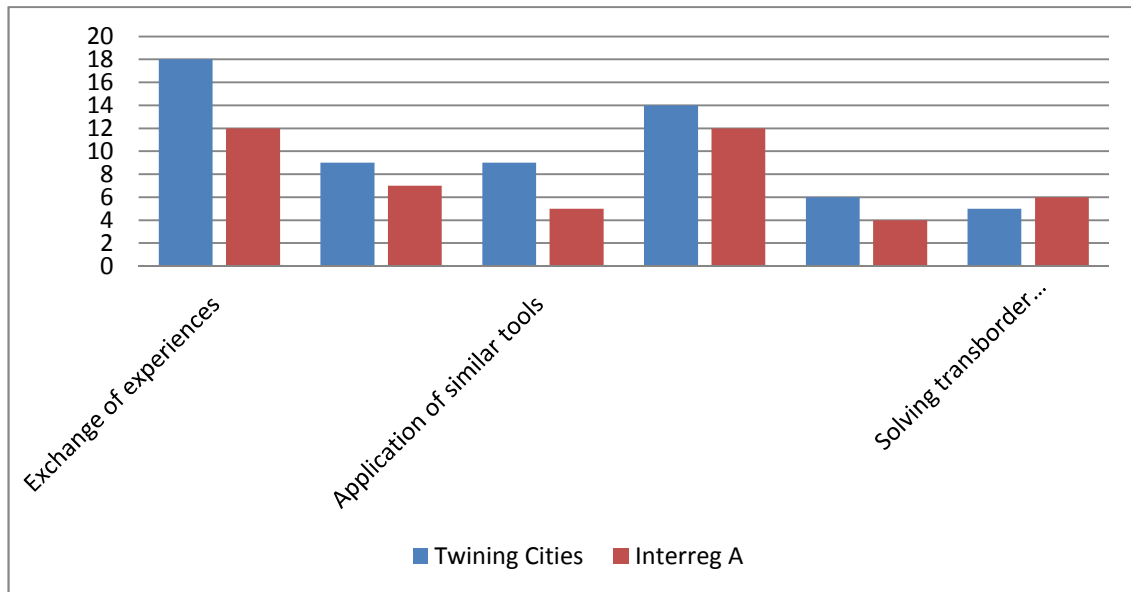
Nevertheless, such projects rarely lead to any substantial expansion of international cooperation since these facilities usually cater mainly to the needs of the local population.

A relatively widespread popularity of infrastructure projects co-financed from INTERREG A is due to less stringent own contribution requirements (25%) than in regional operational programmes (50%). Therefore, there is a temptation to commence such projects straight away or, if the application is turned down in the ROP procedure, to fund them from a territorial cooperation programme.

The number of economy-related projects is rather small, partly because of the weak sector of the local enterprises. Some projects are being carried out by chambers of trade and commerce as part of INTERREG B and C (**see Tab.1 above**). Although its results are hard to measure, the local authorities will normally emphasise the role of this cooperation. It should be borne in mind, however, that strong and large businesses can establish networks of international contacts on their own and do not need any help from the local governments (**Box 3**). An example can be quoted where a local enterprise initiated international cooperation and then encouraged local authorities to get involved.

Transfer of knowledge and exchange of experiences can also represent important dimensions of territorial cooperation. Unfortunately, practice shows that this dimension is most difficult to put to life. Respondents could hardly name any specific examples of using the experiences of their partners. One of the reasons for this situation could be the similar or lower development level of the project partners; also the dissimilar administrative and legal contexts make it difficult to implement certain solutions. Among the few examples is Krosno's drawing upon the experiences of the city of Zala in Hungary related to community housing programmes. However, the respondents mainly underlined the transfer of knowledge to the Ukrainian partners and, though less so, to the Slovak ones, mostly in the field of organisational knowledge associated with project management and implementation.

**Figure 6.** Scope of territorial cooperation (Twinning cities N=18, INTERREG A N=12)<sup>19</sup>



Source: prepared by the authors based on questionnaire data.

The scope of the territorial cooperation of the local governments from the Podkarpackie Voivodship using the modified scale developed by Claire Colomb (2007) indicates that preliminary cooperation stages prevail, notably exchange of experiences between partners (Fig. 6). It should also be noted that the provided responses were not discrete, as assumed by the scale in question. For instance, a relatively large number of local governments are implementing joint activities and projects, bypassing interim stages such as mutual consulting or application of similar tools to solving shared problems. The reasons for this mainly lie in the very nature of cooperation, that is its being project-based (particularly in INTERREG A).

### 2.2.2 Driving forces of territorial cooperation

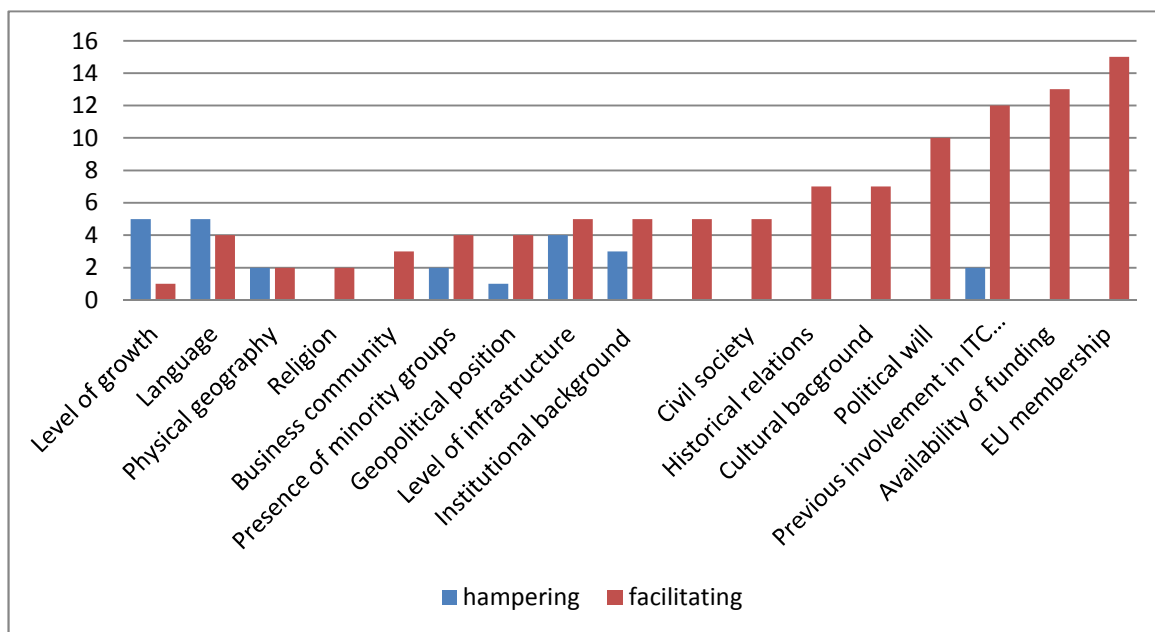
#### *Facilitators*

The border location is most frequently listed among factors facilitating territorial cooperation. There are several reasons which justify the attractiveness of cooperation with neighbours on the other side of the border. Firstly, it is the proximity of the partner, which is transposed into the ease and frequency of personal contacts. The key factor in the cooperation with Slovakia is its EU membership and the resultant availability of funds allocated to the development of international cooperation and (Fig. 7). Other important facilitators include cultural affinity and similarity of language. The latter is to some extent a matter of subjective perception since while in the Krosno subregion Slovakian is described as a closer language, and one easier to understand, it is viewed the other way round in the Przemysl subregion. At the same time, it is emphasised that while linguistic affinity facilitates making first contact and daily communication, it can be a source of misunderstanding if formal

<sup>19</sup> In discussing the findings from the CAWI survey, we decided to take into account only the responses pertaining to cooperation based on concluded partnership and INTERREG A agreements. Responses pointing to other types of cooperation were too infrequent to be shown in a graphic form.

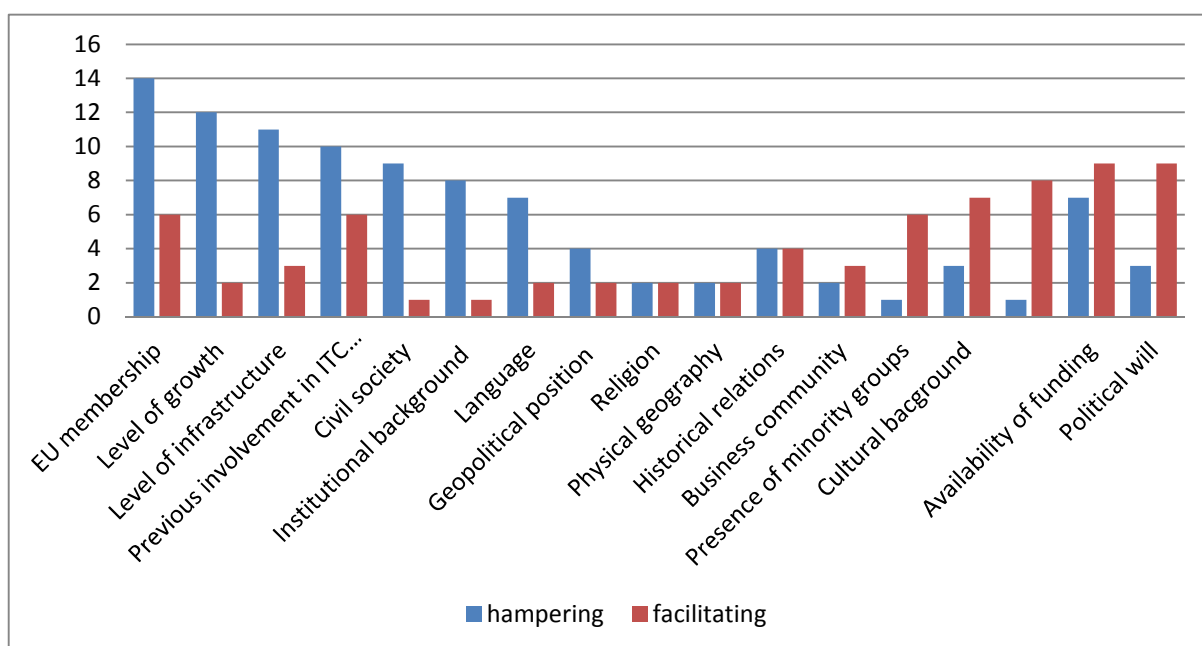
agreements are signed. This is due to a barrier hampering the development of border cooperation associated with the relatively poor accessibility of professional translation services. This is particularly important in contacts with Ukraine (**Fig. 8**). Cooperation with this country is also made easier by the existence of ethnic minorities on both sides of the border.

**Figure 7.** Factors facilitating and hampering cooperation of Polish local governments with Slovakia [N=15, average responses from 0 to -2/+2]



Source: prepared by the authors based on questionnaire data.

**Figure 8.** Factors facilitating and hampering cooperation of Polish local governments with Ukraine [N=14, average responses from 0 to -2/+2]



Source: prepared by the authors based on questionnaire data.

Another significant factor is also the possibility to use external sources of financing, mainly from INTERREG IVA. The cooperation in the Podkarpackie Voivodship is mainly effected with Slovak and Ukrainian partners, although collaboration with Belarus is also possible. The possibility of financing cooperation is particularly important in contacts with Slovakia; in case of Ukraine, the respondents' opinions are divided; it is also pointed out that there are no available funds for such cooperation.

The majority of respondents were of the opinion that the transnational programme should be amended, whereby a joint programme would be established for Poland, Slovakia and Ukraine, with the exclusion of Belarus owing to the problematic political situation, effectively precluding cooperation with this country at the local and regional levels. In many cases, availability of external financing provided the stimulus for embarking on specific projects, and the needed partners from the other side of the border were only sought at the subsequent stage. It can be assumed therefore that territorial cooperation for some entities is not a goal but merely a means to undertake initiatives that were planned earlier. On the other hand, such external sources of financing make it possible to strengthen the existing linkages and forms of cooperation.

### *Barriers*

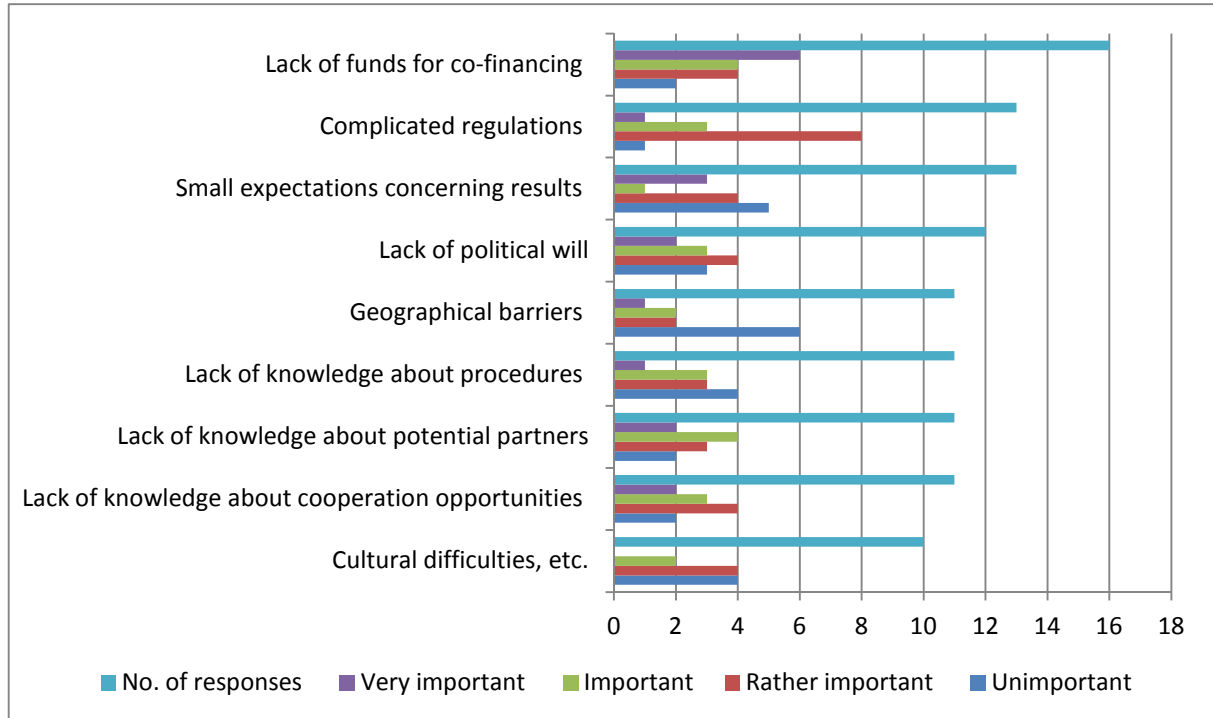
According to respondents in in-depth interviews, the major barrier hindering territorial cooperation is the peripheral location of the region. Its poor transport accessibility makes cooperation difficult (in terms of time and money) and also cripples the attractiveness of Polish cities to foreign partners. A lesser-scale problem is the selection of partners from the neighbouring countries, which is associated with the issue of finding budget resources (particularly in smaller municipalities) for the financing of transnational projects. Cooperation in the implementation of projects funded from external sources can be viewed as an exception to this rule.

These findings are largely corroborated by a questionnaire circulated among local governments. The key reason why they do not become involved in territorial cooperation is the lack of funds for the co-financing of projects (**Fig. 9**). The role of the financial aspect is also indirectly manifested in the respondents' answer: "Other reasons", where it is the rejection of the application for INTERREG co-financing which is commonly regarded as the reason explaining the lack of cooperation (16 municipalities). Other barriers to cooperation include the complicated regulations and lack of knowledge about the procedures in programmes providing funding for territorial cooperation, although these factors are not regarded as insurmountable barriers [medium impact]. Some respondents also listed the lack of knowledge about potential partners and cooperation opportunities, and the lack of political will. This could be seen as a symptom of certain immaturity of some local governments and their ineptitude in acquiring knowledge, making contacts and handling more complicated procedures, going beyond the daily activities of their municipality. In effect, many local governments (second most frequently indicated barrier) did not expect that such cooperation will bring any tangible benefits that would justify the efforts made in connection with its establishment. Difficulties related to culture or language and geographical barriers were quoted much less frequently, which could probably be explained by the fact that most potential partners who were viewed as belonging to the same cultural environment and were situated in the proximity of the



border. Nevertheless, it can be concluded that the lack of cooperation was due to financial and organisational issues rather than cultural or geographical ones.

**Figure 9.** Reasons for lack of territorial cooperation [number of municipalities; N=17]



Source: prepared by the authors based on questionnaire data.

Yet another reason for the spatial narrowing of cooperation to partners from the region, quoted during the interviews, was the potentially low attractiveness of partners from the Podkarpackie Voivodship for local governments from Western Europe. It is also because Polish governments above all hope for transfer of knowledge and experiences while e.g. German partners either seek partners with a similar status or engage in territorial cooperation where this can lead to the establishment and developing business contacts. The low economic potential of Podkarpackie, combined with the region's poor transport accessibility, puts the local governments from Podkarpackie at a disadvantage when compared with better-developed municipalities of western and central Poland. For instance, during the field research, some cases were reported where German partners withdrew from cooperation and established contacts with representatives of cities which they found more attractive in these areas of interest (e.g. from China).

There is a different situation concerning cooperation with partners from Belarus. In this case, we can speak of an untapped potential due to the political situation in Belarus and the authoritarian rule of Alexander Lukashenko, violating democratic rule of law. This hinders cooperation as part of the Transnational Cooperation Programme Poland-Belarus-Ukraine 2007-2013, which is largely limited to bilateral Polish-Ukrainian cooperation.

Poorly developed transport infrastructure (already mentioned earlier) was also listed among factors which hinder border cooperation. This applies to both the

Podkarpackie Voivodship and the border regions of Slovakia and Ukraine. In case of Slovakia, practically no other major barriers to cooperation were listed. On the other hand, cooperation with Ukraine encounters many obstacles caused by several factors. One such barrier is the existence and functioning of the external border of the European Union, which is a source of serious difficulties in the cargo and individual traffic (lengthy waiting times, obligatory customs clearance). Poor institutional capacity in Ukraine is also viewed as an equally important barrier. This is, firstly, related to the considerable centralisation of the decision making process, which weakens the position of the local authorities as partners in joint undertakings and lengthens the implementation period of joint projects, thereby increasing the risk of failure. Secondly, it is due to the widespread corruption and a great deal of uncertainty regarding the final outcome.

Some problems left over from the earlier periods of Polish-Ukrainian history also play some role in the bilateral relations, which, however, as a rule does not have any bearing on the willingness to cooperate. On the other hand, Slovaks emphasise a significant degree of cultural affinity, manifested by considerable religiousness, fostering mutual cooperation.

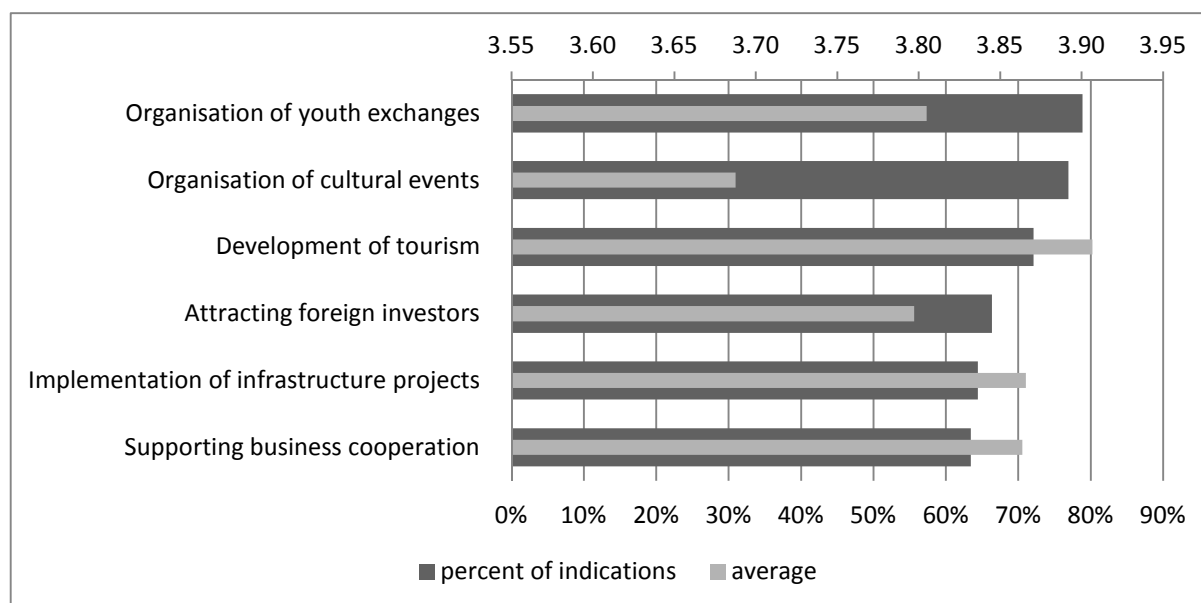
### 2.3 Governance structures and implementation of cooperation

Currently, applicants can seek financing as part of two CBC operational programmes: Poland-Belarus-Ukraine 2007-2013 and Poland-Slovakia 2007-2013, which are implemented as part of the European Territorial Cooperation (INTERREG IVA). Local governments and other entities situated within the Voivodship may apply for funds for the implementation of bigger projects; it is also possible to receive co-financing for small-scale initiatives, so-called microprojects. In addition, albeit on a very limited scale, projects supported by other European Territorial Cooperation strands: territorial cooperation (INTERREG IVB) and interregional cooperation (INTERREG IVC) are being implemented within the Voivodship.

It should be noted that there still exist deficiencies in the technical and social infrastructure, the elimination of which is viewed as a priority by the local authorities. For this reason, INTERREG B and C projects are enjoying less popularity among the local authorities as they mostly pertain to “soft” aspects, and their results cannot be measured in a short period of time. That is why local governments prefer “hard” projects, whose results can be shown to the electorate immediately after their completion.

The residents of Krosno look at this in a slightly different way (**Fig. 10**). Typical examples of cooperation include organisation of youth exchanges and cultural events, although, in their opinion, the evaluation of the scale of implementation is not as important (this is particularly true about cultural events). Cooperation in the field of tourism development is viewed most positively, so as (although less so), in the implementation of infrastructure projects and development of business collaboration, though these two fields were listed the least frequently.

**Figure 10.** Scale of project implementation by domain of cooperation as viewed by local residents [% responses] and [evaluation of the implementation; scale: 1-5]



Source: prepared by the authors based on questionnaire data.

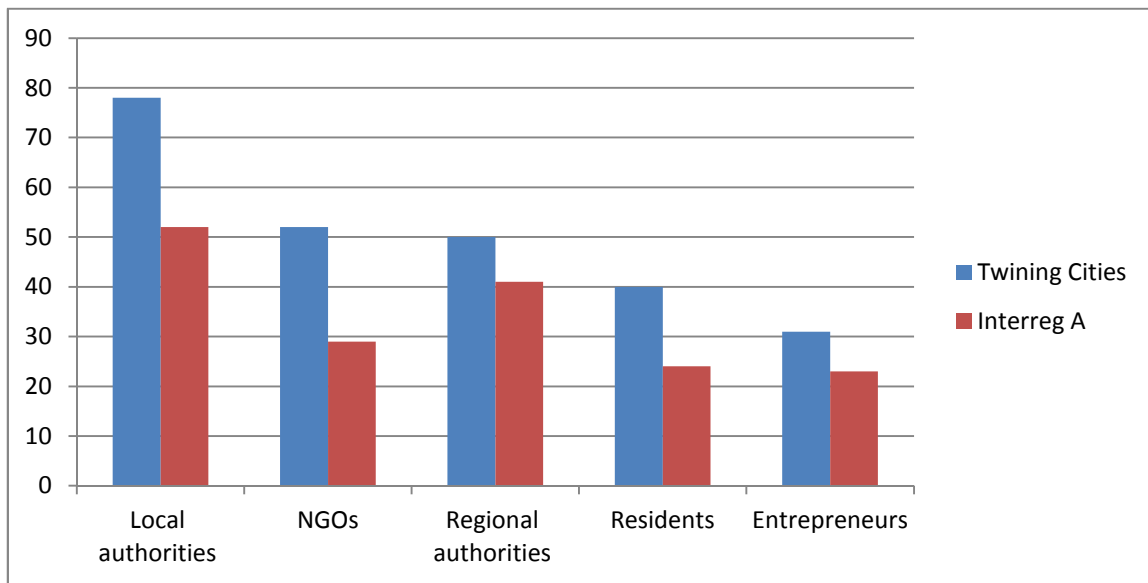
Excessive bureaucracy and overly complicated application and reporting procedures are regarded as the main obstacles in the management and implementation of territorial cooperation projects; however, some respondents point out that some formal requirements were slightly simplified in the current programming period. Such overly complicated procedures are particularly cumbersome in case of microprojects, where the number of formal requirements is out of proportion with the possible financial allocation awarded. At the very outset, this poses a formidable if not insurmountable barrier for smaller entities, e.g. NGOs, particularly in projects with greater financial requirements such as INTERREG A (Fig. 11). Local residents and businesspeople show lesser involvement. Other key territorial cooperation players include the regional authorities, other organisations associated with EU structures as well as Euroregions, which have been intended as major tools supporting territorial cooperation (Kawałko B., 2007) (Fig. 12).

Another barrier (and factor discouraging cooperation) is the time needed for the completion of the procedures. The period between submitting an application for co-financing and its approval is too long. What is more, the principles of financing may change in the meantime, and the funds reserved as the applicant's own contribution may prove needed for other purposes. Co-financing in the form of reimbursements also poses a difficult issue: for small local governments pre-financing of expenditure can be a serious budgetary burden, and the (potentially) long period for the reimbursement of the costs incurred may lead to upsetting their financial equilibrium.

It is difficult to indicate one specific management model which would beyond any doubt be the best one to follow in the implementation of territorial cooperation programmes. The opinions expressed by the respondents suggest both some elements of centralised, top-down management as well as bottom-up governance.

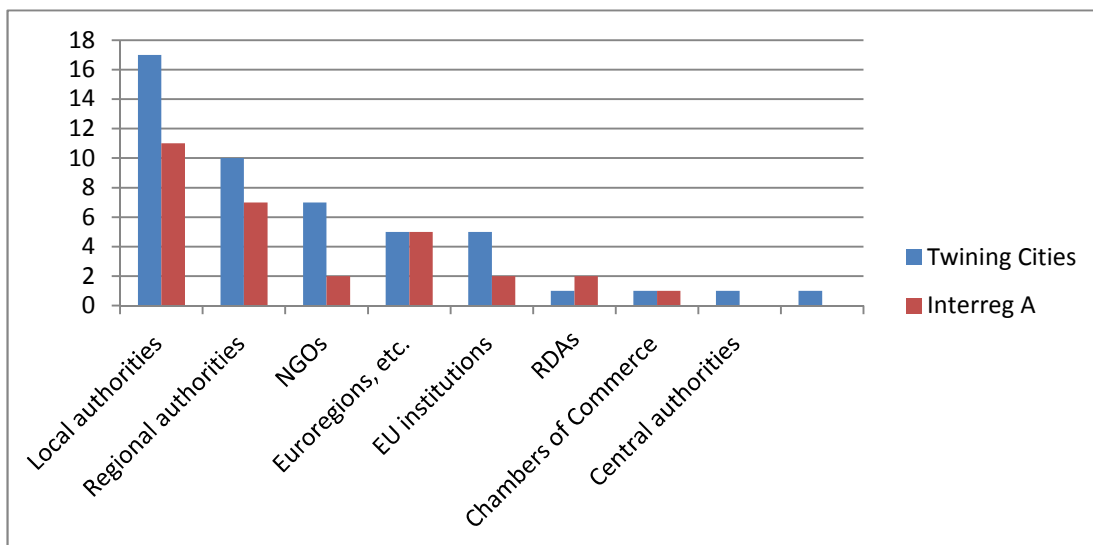
However, the majority of respondents saw the need to simplify the structures and reduce to a minimum the number of institutions involved in the management and implementation of projects. To put it simply, it could be concluded that while the disbursement of funds and general monitoring of the programme should be done centrally, project implementation should involve the lowest possible number of formalities, and project beneficiaries should be allowed flexibility in adapting their expenditure depending on actual needs.

**Figure 11.** Level of engagement in territorial cooperation [Twinning cities N=18, INTERREG A N=11, scale 1-5, weighted]



Source: prepared by the authors based on questionnaire data.

**Figure 12.** Key players in territorial cooperation [Twinning cities N=17, INTERREG A N=11, up to three responses]



Source: prepared by the authors based on questionnaire data.

At the local level, cooperation between different players involved in territorial cooperation is commonly regarded as good, although there are no formalised management structures or well-developed coordination arrangements. The frequent practice, particularly in large cities, has been to delegate project management to municipal entities and companies directly involved in a given activity (e.g. taking over various issues related to youth exchanges by the schools themselves). In such situations, the role of the local governments is limited to coordination and assistance in case problems arise. Also municipal (i.e. city-owned) companies take part in territorial cooperation; they also strive to put in place interesting arrangements and solutions applied by their partners. On the other hand, local residents play a minor and quite passive role in territorial cooperation; their role is mainly limited to participating in mass events, organised primarily as part of CBC and in collaboration with the partner cities. In effect, the perception of such cooperation is rather poor, and this is further exacerbated by the fact that the residents in many cases fail to see the difference between territorial cooperation projects and other EU-funded projects.

#### 2.4. Benefits from territorial cooperation

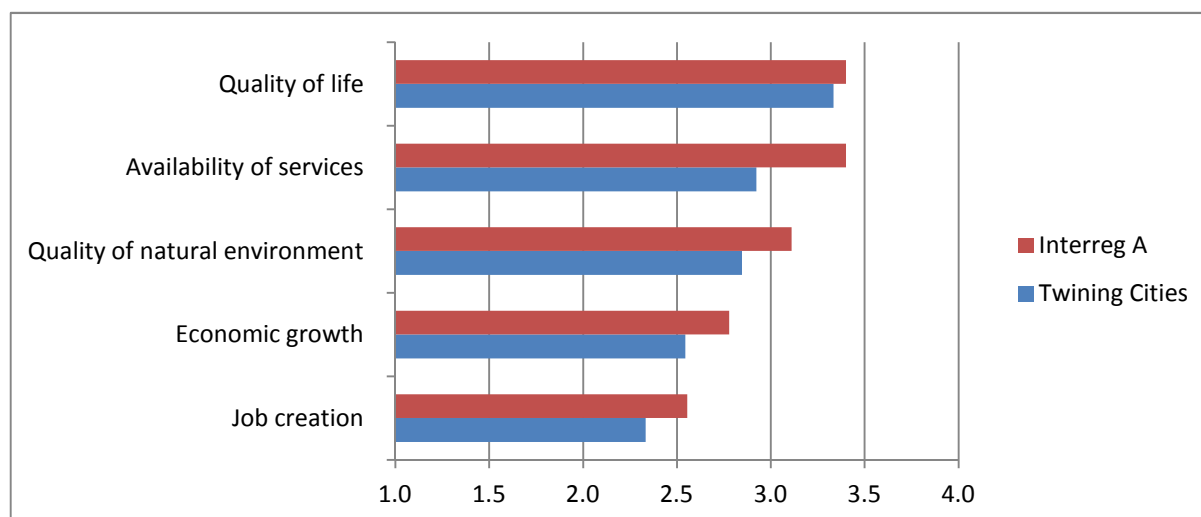
The experiences of INTERREG IIIA in the Podkarpackie Voivodship indicate that although individual territorial cooperation projects can produce significant impact at the local level, the impact of the entire programme is rather scattered (*Badanie ewaluacyjne ex-post efektów transgranicznej współpracy polskich regionów w okresie 2004-2006*, 2010). As a rule, the decision on commencing territorial cooperation did not rely on any thorough cost-benefit analysis. The local authorities had varied reasons for getting involved in such cooperation, ranging from occasional contacts to being inspired by other local players to the possibility of using external financing. The respondents would mainly underline the socio-cultural dimension of this cooperation; organisation of joint events adds variety to the local cultural life and is viewed as an interesting way of spending leisure time by the local residents. It can be said therefore that such cooperation helps improve the quality of life, be it only locally. It also helps build good neighbourly relations. It should be noted that the culture sector is perceived traditionally, not being regarded as a significant competitiveness factor of a given municipality or city. Frequently religious themes can be found in the organisation of joint events, particularly in cooperation with Slovakia. In addition, historical issues, responsible for the mixing of the population and presence of minorities throughout the border region play a role. Although their significance is not as marked as in the pre-War period, some attempts are being made to revive old traditions via the local initiatives. In some places, efforts are being made to establish contact with the former residents, with a view to enriching a sense of the local identity.

In comparing the impact of cooperation effected as part of INTERREG A and of partner agreements, the somewhat greater role of the former is manifested in all categories (**Fig. 13**). At the same time, regardless of the type of cooperation, the strongest impact has been made on the quality of life and accessibility of services, slightly lesser – on the quality of the natural environment, and the smallest – on economy-related aspects: economic development and creation of new jobs.

Similarly, a survey of the impact of territorial cooperation on flows (**Fig. 14**) demonstrates a greater significance of INTERREG A projects than that of cooperation between partner cities. In both these cases, tourist traffic plays a key role. In addition to that, cooperation exerts some influence on economic issues such

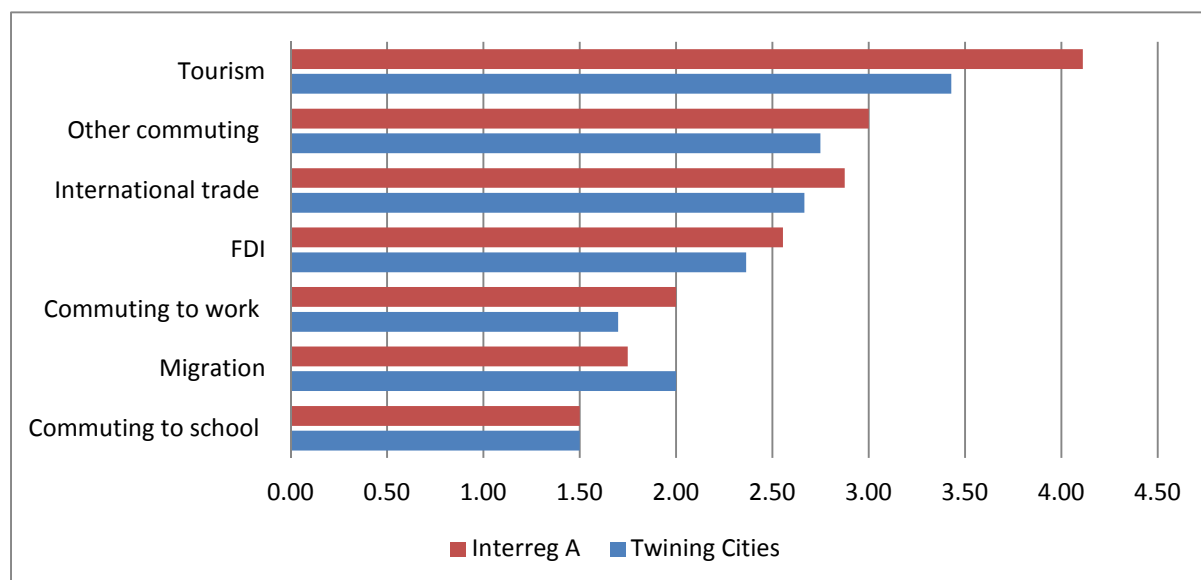
as international trade or foreign direct investments, but is of little if any significance in case of commuting to work, migration and school commuting.

**Figure 13.** Degree of the impact of international territorial cooperation on regional development [Twinning cities N=15, INTERREG A N=10, average, scale: 1-5]



Source: prepared by the authors based on questionnaire data.

**Figure 14.** Degree of the impact of international territorial cooperation on regional flows [Twinning cities N=14, INTERREG A N=9, average, scale: 1-5]

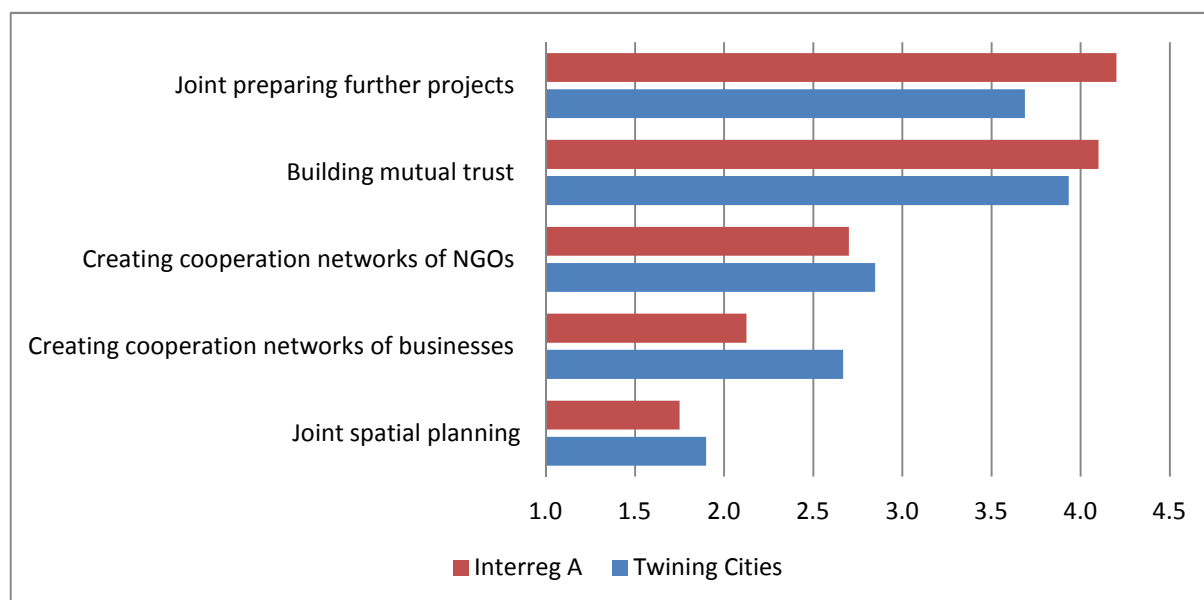


Source: prepared by the authors based on questionnaire data.

As mentioned above, building mutual trust between the participating entities is one of the most important results of territorial cooperation. As a result, and owing to the acquired experiences, subsequent joint projects can be implemented by the partners (**Fig. 15**). It should also be noted that partnership-based cooperation is more effective in the development of networking between NGOs and business than is the

case in INTERREG A projects. However, both these types of cooperation has little bearing on joint spatial planning.

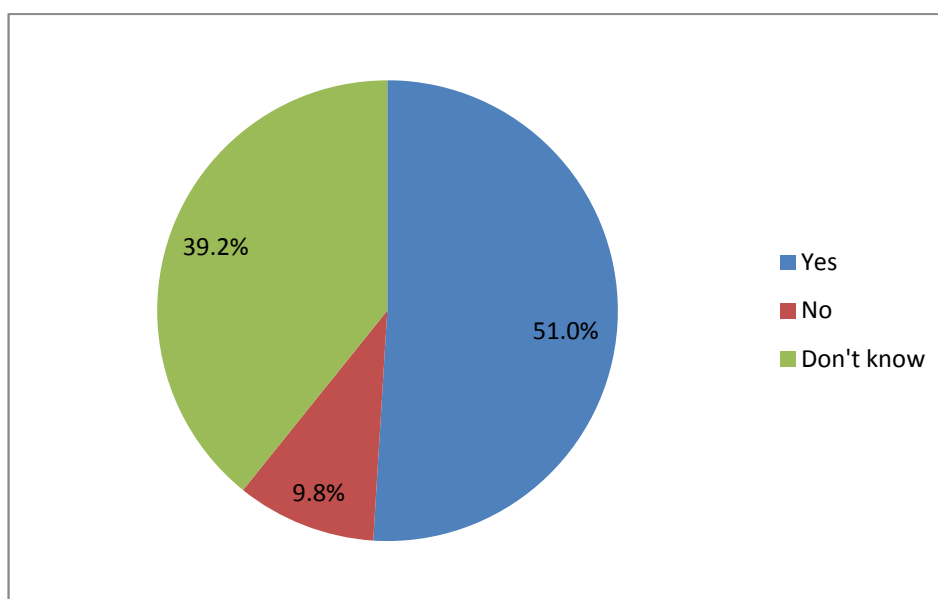
**Figure 15.** Degree of the impact of international territorial cooperation on regional developments [Twinning cities N=16, INTERREG A N=10, average, scale: 1-5]



Source: prepared by the authors based on questionnaire data.

Over a half of the residents declare that they are familiar with CBC projects implemented in Krosno and the region at large (**Fig. 16**), and 75% of them can quote specific examples. However, the listed projects included many which were implemented from different funds, unrelated to territorial cooperation, and therefore, in the perception of the residents, territorial cooperation is no different from other, external sources of financing projects. This means that factual knowledge about CBC projects is even more modest.

**Figure 16.** Awareness of the existence of territorial cooperation among the residents of Krosno [N=102]



Source: Prepared by the authors based on questionnaire data

Territorial cooperation is not regarded as an instrument which can be used to overcome problems related to the peripheral location of the region, including enhancing its international competitiveness. The economic dimension of territorial cooperation of the local and regional authorities as well as other players (with the exception of chambers of commerce and industry) is not viewed as having any singular importance. This is partly due to the fact that cooperation is largely restricted to the border regions, characterised by a similar economic standing and coping with similar socio-economic problems.

Environmental issues do not represent an important component of cooperation, owing to low anthropopressure (low population density). At the same time, the local authorities in the Podkarpackie Voivodship together with their partners on the other side of the border see opportunities in the development of tourism and are jointly implementing tourism-related projects. However, their real impact is rather limited; it is difficult to find examples where joint tourism products would be effectively promoted, whereas the newly designed thematic trails in most cases mean little but the marking of historical buildings and publication of information leaflets.

Restricting partners to the closest neighbours makes it considerably more difficult to improve the present socio-economic situation as they are at a similar development level and face similar problems. Transfer of knowledge is rather limited, though quite noticeable in some places. Undoubtedly, however, the transfer of experiences to Ukraine plays a greater role, in the context of its potential EU membership, not least participation in subsequent territorial cooperation programmes.

## 2.5. Conclusions

The scope of territorial cooperation of the local governments in the Podkarpackie Voivodship is largely restricted to the two direct neighbours: Slovakia and, to a lesser



extent, Ukraine. This cooperation mainly focuses on the areas directly adjoining the border: seeking partners is determined by the factor of distance. This is because of poor transport accessibility of the region (underdeveloped road infrastructure, inefficient rail networks, airport having a minor significance), and the costs associated with travelling and communicating over longer distances. It should be noted however that the external sources of financing, at least partly, allow to overcome this barrier. Another barrier which hampers cooperation is posed by the low language competency and lack of broad access to professional translation services. Without these, it is only possible to cooperate with the direct neighbours who speak related languages and therefore partners can communicate in their national languages.

Some influence on territorial cooperation in its local dimension is also exerted by the political relations (at the government level) between Poland and a given country, or traditional perceptions of the relations with a given partner. Therefore, tensions between Warsaw and Minsk result in a certain reluctance on the part of local governments to establish cooperation with their Belarussian partners. Conversely, the widespread opinion about Poland's good relations with Hungary results in the local authorities seeking partners there despite the objective language difficulties.

Territorial cooperation in the Podkarpackie Voivodship does not foster economic development or improve the region's competitiveness in any significant way. Nevertheless, implementation of ITC projects helps satisfy some needs related to infrastructure deficiencies and improving the quality of life of the local residents by the organisation of cultural and sports events and youth exchanges. Therefore, the cultural and social dimension of cooperation is emphasised, while the economic dimension remains marginal owing to the economic weakness of the region's businesses and most of their partners. The main impact of territorial cooperation is "soft" in character: it is seen as a tool which can help create good climate, overcome prejudice and stereotyped opinions about the closest neighbours. This view is also corroborated by the residents' opinions who are predominantly in favour of cooperation even though they may not always be able to define its actual dimension.

The practitioners dealing with the implementation and management of territorial cooperation projects are not fully convinced as to the effectiveness and soundness of some of the activities; it is pointed out the some projects are not intended to strengthen cooperation but rather satisfy the local needs. In this context, it can be concluded that some of this cooperation is remarkably utilitarian and the contacts between the partners cease once the project has been completed. It is also difficult to indicate particularly good practices related to project management, which could be viewed as model ones and disseminated further.

### **3. Case study – Eastern Slovakia, Prešov subregion, city of Prešov**

#### ***Eastern Slovakia***

The eastern regions of Slovakia occupy an area of 15 475 km<sup>2</sup> and border on Poland in the north, Ukraine in the east and Hungary in the south. The predominant part of the region is mountainous, stretching from the Tatra mountain range in the west to the Bieszczady mountains in the east. Only the region's south-eastern part is a lowland. The region is situated in the drainage basin of the Black Sea, with the exception of the River Poprad, which drains into the Baltic Sea.

Eastern Slovakia is made up of two subregions: Prešov Region in the north and Košice Region, neighbouring with it in the south. The characteristic feature of the administrative system in Slovakia is that it is quite fragmented at the local level: the municipalities are small and, outside cities, inhabited by a small number of residents. This is reflected into restricted budget potential and weakness of municipalities as actors fostering local development. In effect, to be able to embark on larger-scale infrastructure projects, the municipalities need to form groups, conclude agreements and establish consortia to be able to meet the financial requirements. It is a factor which makes it difficult to apply for external funding where the applicant's own contribution is required; therefore some government stimuli are in place, encouraging local governments to enter into agreements and establish associations at a higher than local level (Klimovsky 2009).

The region's settlement system is dominated by two large cities lying at a small distance from each other (30 km): Košice (233 000 inhabitants) and Prešov (95 000), which are, respectively, second and third largest urban centres of Slovakia. In addition, several small industrial cities are located in the region. The region's urbanisation rate is lower than the national average (57%), mainly owing to the small low urbanisation rate of Prešov Region (approximately 50%). Population density in the region is 100 people/km<sup>2</sup>, with slightly lower values in Prešov Region (90 people/km<sup>2</sup>).

When compared with the western part of the country, particularly the metropolitan region of Bratislava, Eastern Slovakia is relatively poorly developed (Világi, A., Strážaj T., Benč, V., 2006). At the same time, Košice has a potential for the development of its metropolitan functions owing to its size and considerable distance from the country's capital. Nonetheless, industry is the dominant sector of the region's economy, with dominant traditional branches such as metallurgy or chemical industry. As regards other branches of the economy, some potential for tourism development should be noted, particularly in the Spiš region (Tatra Mountains). The majority of smaller cities are monofunctional economically and thereby susceptible to changes in the economic situation in the existing sectors. This monofunctionality is a residue of the development paradigm characteristic of socialist economy, whereby individual regions of Czechoslovakia had different industrial specialisations. This is the source of the present underdevelopment of certain industries (such as construction), which paves the way for trade exchange, also with other countries. The development of trade exchange, however, is hampered by the poor accessibility of the region (D1 motorway leading to Žilina and further on to Bratislava, still waiting for completion, and the low standard of transit road from Poland to Hungary).

In social terms, there is a visible prevalence of traditional attitudes and strong religion feelings (in addition to the Catholic community, the region has many Greek Catholic as well as Orthodox communities), particularly in rural and mountain areas. The northern part of the region is inhabited mostly by Slovaks, but the south has a large Hungarian minority. Migratory outflow, particularly of young people from smaller cities (who go to university or leave to find a job), which then changes into permanent migration, is a growing problem. Natural increase is quite high, but predominantly in the deprived Roma communities.

### ***Prešov Region***

The largest city of the Prešov subregion is its capital, with a population of 95 000. Other major urban centres include Poprad (63 000) and Humenné (35 000). The subregion also has many very small municipalities; over half of 666 municipalities has fewer than 500 residents.

Prešov Region is one of the least developed regions of Slovakia (**Smętkowski, Herbst, 2007**). Its economic potential is concentrated mainly in the capitals of *okresy* (districts), particularly in traditional industry and construction, including some plants which extract raw materials. The remaining areas are predominantly rural, although the employment in this sector is slightly over 10% of people in work. Tourism is increasingly gaining in importance, particularly in the north of the country, owing to the favourable natural conditions.

Prešov Region is characterised by poor transport accessibility. The existing local airports are only of a marginal importance. As regards the road network, the road connecting the region with the west of country, running latitudinally, is of cardinal importance. However, only few of its sections are of high quality; these are parts of the D1 motorway. The quality of the remaining road infrastructure is poor, which, coupled with the predominant land relief, results in the poor accessibility of the peripheral areas.

### ***Prešov and Košice***

The city of Prešov has strong links with Košice, lying 35 km away (and connected via a motorway), but is also “overshadowed” by it, which in certain terms can lead to its marginalisation. Such marginalisation is partly counteracted by the city's administrative functions associated with its role as the capital of a self-governing voivodship. On the other hand, the city's economy mainly relies on traditional industries with a low level of innovation. A rock-salt extraction and processing plant operates in the city; in addition, machine-building, electrical-machine and clothing industry plants play a considerable role in the city's economy.

Košice is the second largest city in Slovakia and the strongest administrative and economic centre in the eastern part of the country. The country's biggest steelworks is located there, so as plants from the steel industry and metallurgy sectors. Currently, the market services sector is gaining in importance, and some metropolitan functions are emerging. Košice is also a major academic centre and tries to mark its presence in the international arena by becoming involved in various forms of territorial cooperation (**Box 1**).

**Box 1. Territorial cooperation of Košice**

Košice maintains a well-developed network of partner cities. The first such agreement, with Wuppertal in Germany, was signed as early as 1980. Currently, the city has 16 partner agreements with cities in other countries: Germany (Wuppertal, Cottbus), Poland (Rzeszów, Katowice, Krosno), Hungary (Miskolc, Budapest), Czech Republic (Ostrava), Finland (Raahe), Bulgaria (Plovdiv), Russia (Sankt Petersburg), Turkey (Bursa), Serbia (Niš), United States (Mobile), Italy (Verona) and Ukraine (Uzhorod). These are mostly large urban centres or cities located at a small distance from the Slovak border. As part of this cooperation, many various events are being organised, mainly in the sphere of culture and promotion (e.g. a DVD recorded together with Miskolc, featuring the attractions of both cities). However, cooperation with partner cities is not only limited to the contractual provisions; other projects are also being carried out in partnership, e.g. one with Miskolc, as part of the CBC Slovakia-Hungary Programme 2007-2013, which also focused on the promotion of both cities.

Furthermore, the authorities are taking part in many other international projects. They include for example: participation in the Roma Net as part of UrbAct, bringing together partners from the UK, Spain, France, Italy, Greece, Czech Republic and Hungary. The aim of the project is to find ways to integrate the Roma community with the society at large.

The city is also involved in interregional cooperation, e.g. by participating in INTERREG IVC. Together with partners from Portugal, Spain, United Kingdom, Italy, Czech Republic, Poland, Hungary, Bulgaria and Greece, it is implementing a project on the incorporation and integration of rural and nature areas into the body of the city.

**3.1. The spatial scope of territorial cooperation**

For the local governments in Eastern Slovakia, the neighbouring countries represent the main direction of territorial cooperation. The cooperation with the Czech Republic is particularly well-developed (which is connected with the fact that, until 1991, Czechs and Slovaks formed one state), although from the perspective of Eastern Slovakia the Czech Republic is relatively distant when compared to Poland, Hungary or Ukraine. The contacts established at the time of Czechoslovakia, however, are so persistent that they are largely independent of the availability of external funds and territorial cooperation programmes.

Almost as often, the local governments in Eastern Slovakia cooperate with partners from Poland. From the point of view of the local authorities, the neighbourhood with such a large and strong partner is an advantage, especially when it comes to the implementation of joint projects. The Polish-Slovak cooperation is particularly intensive along the border zone in the Prešov Region. Also, it should be noted that for the Slovak local governments, the municipalities located in the Malopolskie Voivodship are more attractive partners than those in Podkarpacie. Only the entities located close to the border engage in cooperation with the cities in Podkarpacie. The fact that the Joint Technical Secretariat of the Cross-border Cooperation Operational Programme Republic of Poland-Republic of Slovakia 2007-2013 is located in Krakow can be of significance here. On the other hand, it can be the effect of a higher level of activity of the Tatra Euroregion in promoting cooperation, compared to that of the Carpathian Euroregion.

The cooperation with Hungary is also quite intensive, particularly in the southern part of the Košice Region, which is the home of the Hungarian minority. In this case, however, this cooperation is not based on very sound grounds, as the Slovak-Hungarian relations at the national level are rather poor (national minority issues,

Danube-related environmental issues). Despite declarations made by the local governments that this has little impact on their relationships at the local level, the bilateral relations between the two countries can cause certain problems. This can be particularly true for the CBC projects, the implementation decisions for which are made in Bratislava.

An additional integrating factor relating to the cooperation of the Slovak local governments with Poland, Czech Republic and Hungary is Slovakia's membership in the Visegrad Group. The Visegrad Fund, which is a part of the cooperation programme within the framework of the Group (with a budget of EUR 6 million), can finance a variety of projects, ranging from infrastructure projects to social, cultural and scientific cooperation.

### **Box 2. Microprojects in the Euroregions at the Polish-Slovak border**

A specific type of cross-border cooperation are the microprojects carried out as part of the INTERREG programme, which allow for the implementation of small projects (up to EUR 50 000), mainly in the field of culture, tourism, cross-border studies and promotion. They not only foster closer cooperation between local governments but also between non-governmental organisations, thereby in many cases engaging local communities in transnational territorial cooperation.

The organisation of microproject management and implementation has some impact on the intensity and directions of the cooperation. In Poland, the entities responsible for the implementation of microprojects are the Tatra and the Carpathian Euroregions, hence the terms and conditions for the beneficiaries are identical regardless of whether they are located in the region of Małopolska or that of Podkarpacie. On the other hand, the situation on the Slovak side is varied. For the beneficiaries in the western part of the Prešov Region, the situation is similar to that in Poland – the entity responsible for the management and implementation of the microproject component is the Tatra Euroregion. The others, however, are supported by the Prešov Self-Governing Region. The prevailing opinion among the local authorities is that such a solution is less favourable as it requires more paperwork.

The reason for adopting a different microproject management system is the fact that the Carpathian Euroregion is situated in the Prešov Region only, while the Tatra Euroregion extends to both the Prešov and the Žilina regions. In the latter case, it was not possible to have one administrative unit managing the whole area of support.

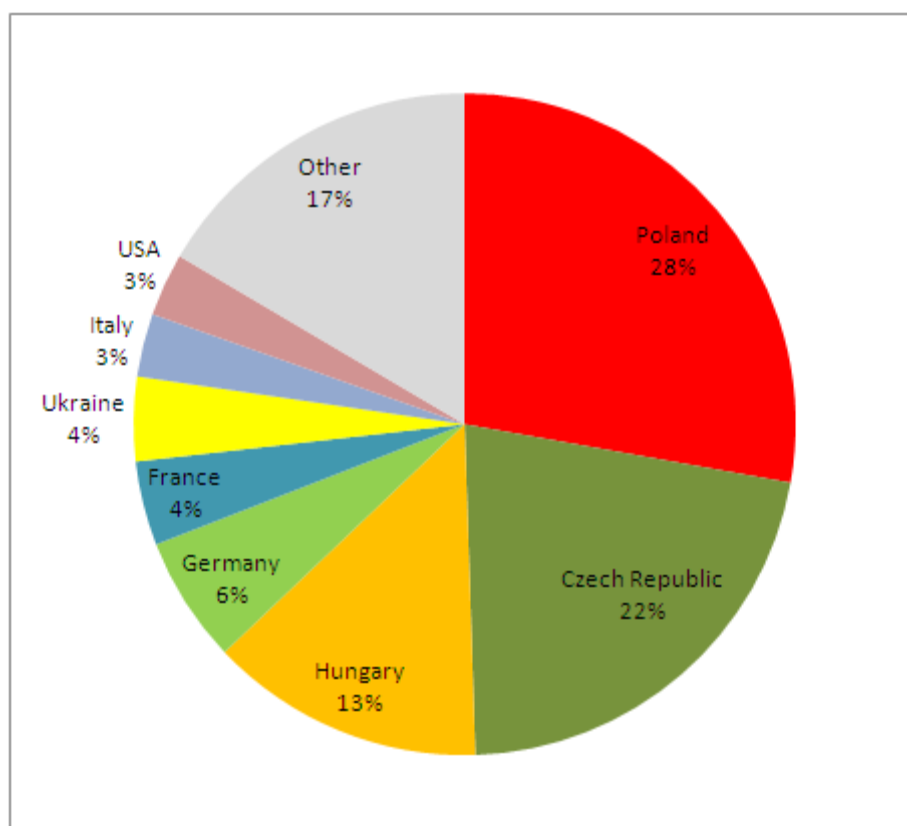
Of all the neighbouring countries, the least effective is the cooperation between the Slovak local governments and Ukraine. One of the reasons for this is the relatively short and poorly permeable border – there are only two road crossings and two rail crossings. Another problem is the reluctant attitude of the local authorities to cooperation with Ukrainian partners due to many problems arising in the relations with Ukraine. The most frequently mentioned one is the time needed to cross the border – this concerns mainly the Ukrainian partners waiting to enter Slovakia. Other obstacles often indicated by the respondents in Ukraine include the bureaucracy and centralisation of decision-making, as well as the lack of trust regarding the organisational capacity of the eastern partners. Despite the territorial cooperation

programmes in place, the authorities prefer to choose partners from the other countries mentioned above. In addition, there have been declarations of cooperation with partners from Romania in the issues concerning the Carpathian arch, but the obstacle is the large distance and the related costs as well as inconvenience.

The latter factor is indicated as the main impediment to establishing cooperation with more distant partners. The high costs of transport and poor accessibility (there are two regional airports, in Košice and Prešov) significantly reduce the possibility of contacts with more distant partners. Another reason for the poor cooperation with such partners is the low attractiveness of the Slovak partners – their inability to contribute much in terms of organisation and finance. The language issues and poor availability of translation services (especially outside Košice and Prešov) are also regarded as barriers, so as the unavailability of adequately trained staff.

As a result, cooperation with countries other than the ones mentioned above is only occasional and often informal or in the form of partner agreements. The local authorities often acknowledge that the cooperation with the partners located in Western Europe is very limited and mostly comes down to mutual visits once a year. Sometimes, the initiative to develop cooperation is voiced by foreign partners, e.g. the Chinese, who seek new business contacts in Central Europe (as was the case in Poprad).

**Figure 17.** Partner cities of the local governments in Eastern Slovakia by country



Source: prepared by the authors based on Internet inquiry (Jan-Jun 2011)

Twin-city projects represented the best spatially well-developed network of territorial cooperation among local governments. In addition to Poland's neighbouring countries, contacts are maintained with the cities located in other EU countries or even beyond the European continent (e.g. in the USA and China). It should be noted that not all such contacts are formalised, i.e. in some cases no partnership agreements have been signed. In some cases, this cooperation is carried out through irregular contacts or at the level of e.g. schools or sports clubs, with the local government only supporting such relationships. As regards explicit formal agreements (98 in total), it is clear that the main direction of partner cooperation is Poland – the immediate neighbour of the region, and – to a lesser extent – Hungary, while the role of Ukraine is rather insignificant, these two countries accounting for around 45% of the formal contacts (**Fig. 17**). The role of the neighbouring Czech Republic is also significant, with 22% of all the agreements. It is rather surprising that there is no well-developed cooperation with the Austrian municipalities. Other partners include major EU countries, such as Germany, France and Italy, while the cooperation with other countries is rather incidental, intercontinental agreements being very rare.

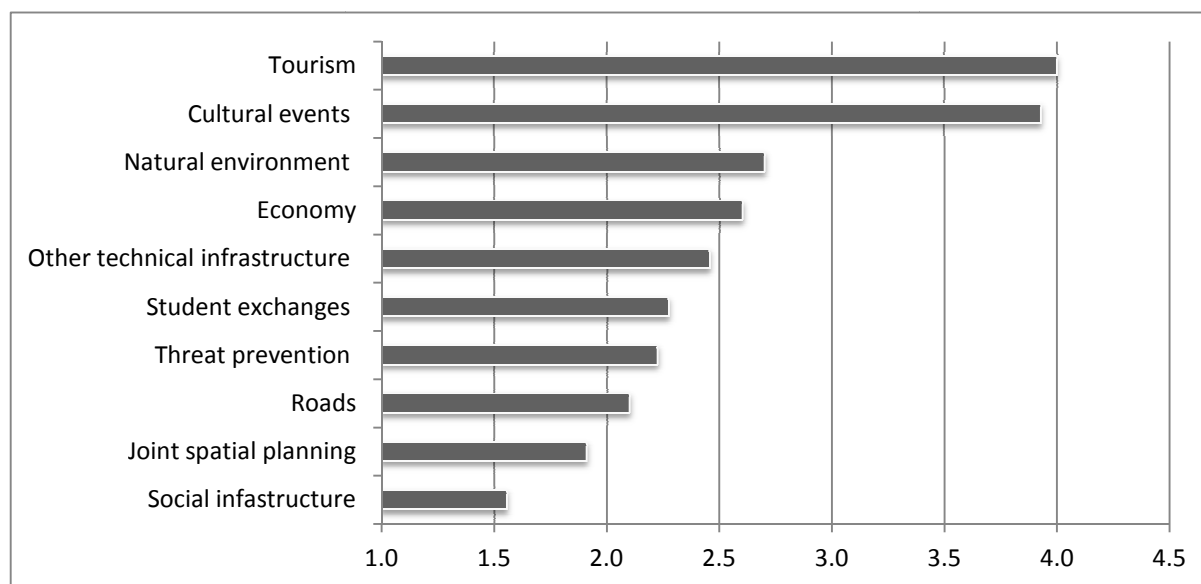
The entities from Eastern Slovakia are quite active participants in the international cooperation undertaken as part of INTERREG B and C (**see Annex I**). Of 42 projects implemented in this area, eight projects involved more than one partner from Eastern Slovakia. The institutions involved were mainly the regional governments and the major cities' (Košice and Prešov) authorities, as well as the regional development agencies and chambers of commerce.

## **3.2 Driving forces and domains of territorial cooperation**

### *3.2.1 Main domains of territorial cooperation*

The main territorial cooperation domain has been the organisation of various cultural events, ranging from small exhibitions of works of artists from the partner cities to large mass events, including concerts and sporting events. Most of the events are organised with the city's residents in mind; according to the respondents, they add exciting variety to the city's cultural life. The EU funds are also used to fund youth exchanges, e.g. via the Comenius programme. In this case, the local governments make the first contact and help schools to establish cooperation, although in some situations it is schools themselves which come up with such an initiative.

However, the local authorities cherish the opinion that infrastructure projects are much more effective and bring more benefits. Such projects are predominantly related to basic technical infrastructure, such as road construction, development and modernisation of water and sewage infrastructure or renovation of public utility buildings. According to the local authorities, this tangibly improves the living standards of the residents and enhances the city's competitiveness in relation to its ability to attract inward capital. On the other hand, many projects located in the border zone are funded unilaterally, from domestic resources and other EU-financed programmes; this accounts for the relatively minor significance of such cooperation in the context of territorial cooperation (**Fig. 18**). Repairs and extensions of community centres and other public utility buildings are viewed as a specific type of infrastructure projects funded as part of cooperation measures.

**Figure 18.** Role of territorial cooperation domains [N=11, scale: 1-5]

Source: Prepared by the authors based on questionnaire data

Projects in broadly understood tourism infrastructure and promotion are enjoying considerable popularity. For instance, CBC projects include the marking of transborder tourist and bicycle trails, publication of maps and albums and carrying out promotional activity. However, the pace of development is relatively slow and few initiatives are being undertaken (private or financed from domestic funds) which aim to improve the region's accommodation and catering facilities. In effect, the region's offer is not as attractive (**Box 3**).

The local authorities are aware of the potential of the Polish and (somewhat lower) Hungarian demand in the field of tourism. This is due to the relatively small population of Slovakia, which reduces the volume of domestic demand. The local authorities make use of various marketing strategies. Quite frequently, information on tourist attractions and forthcoming events is passed on to the partner cities or municipalities. Sometimes, this is done in the form of competitions or contests in which prizes can be won (e.g. with stamps collected on special forms, following visits to Sary Sącz and Levoča, tourists can take part in drawing prizes). Some projects involve preparations for the construction of thermal parks and spas, which is largely inspired by the Hungarian experiences in that regard. In addition to that, thematic trails are opened and information and promotional materials are published jointly (e.g. initiative launched by the city of Svidnik, which, together with Polish partners (e.g. Krosno and the Pro Carpatia association) are publishing tourist maps with major Beskid Niski destinations and thematic trails as part of INTERREG III A, and now the PL-SK 2007-2013 programme).



Owing to the features of the country's administrative division, i.e. a large number of very small municipalities, the budgets of local units are limited. This encourages the local governments to participate in smaller-scale, and usually “soft”, cooperation projects in the sphere of culture, promotion or tourism. As a result, the ensuing cooperation is not in all cases a consequence of the real needs and preferences but rather of financial capabilities. In many cases, the weakness of the local economies makes it impossible to include economic cooperation into potential cooperation domains. At the same time, it should be noted that the local authorities do not see themselves as entities which are responsible for fostering cooperation in the field of economy. There is a widespread opinion that this lies beyond their powers, and that entrepreneurs have a more thorough knowledge of the market and are better aware of their needs.

### Box 3: Development of tourism in Eastern Slovakia

The period 2001-2010 saw a decrease in the tourist accommodation base in Eastern Slovakia (**Tab. 1**). This trend continued practically for the entire decade, with the exception of the years 2003-2004 and 2007-2008, when a slight increase could be observed. Altogether, over the past decade the number of beds fell by as much as 15.5%. The fall in the number of tourists using tourist accommodation was not as sharp in the eastern part of Slovakia (7%). In this case, however, the decisive factor was the dramatic slump in the number of tourists in 2009 – by 20% in comparison with the previous year. This was most likely caused by the economic crisis, which strongly affected not only Slovakia but also Hungary, whose tourists accounted for a large share of foreigners visiting this part of Slovakia. Another reason could be adoption of the euro by Slovakia, which led to a relative increase of the costs of stay for tourists from Poland due to the fall in the value of the Polish zloty. In effect, the number of tourists using accommodation fell below the 2001 values, and 2010 was not significantly better in that regard.

**Tab.1.** Number of beds in tourist facilities and number of tourists using accommodation in Eastern Slovakia in 2001-2010

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
No. of beds	68939	66004	67118	69390	66541	52812	57887	60767	59323	58287
Change to previous year [%]	x	-4.26%	1.69%	3.39%	4.11%	20.63%	9.61%	4.98%	-2.38%	-1.75%
No. of tourists	960160	1066034	981887	894028	916784	953038	1021189	1092997	877562	892868
Change to previous year [%]	x	11.03%	7.89%	8.95%	2.55%	3.95%	7.15%	7.03%	19.71%	1.74%

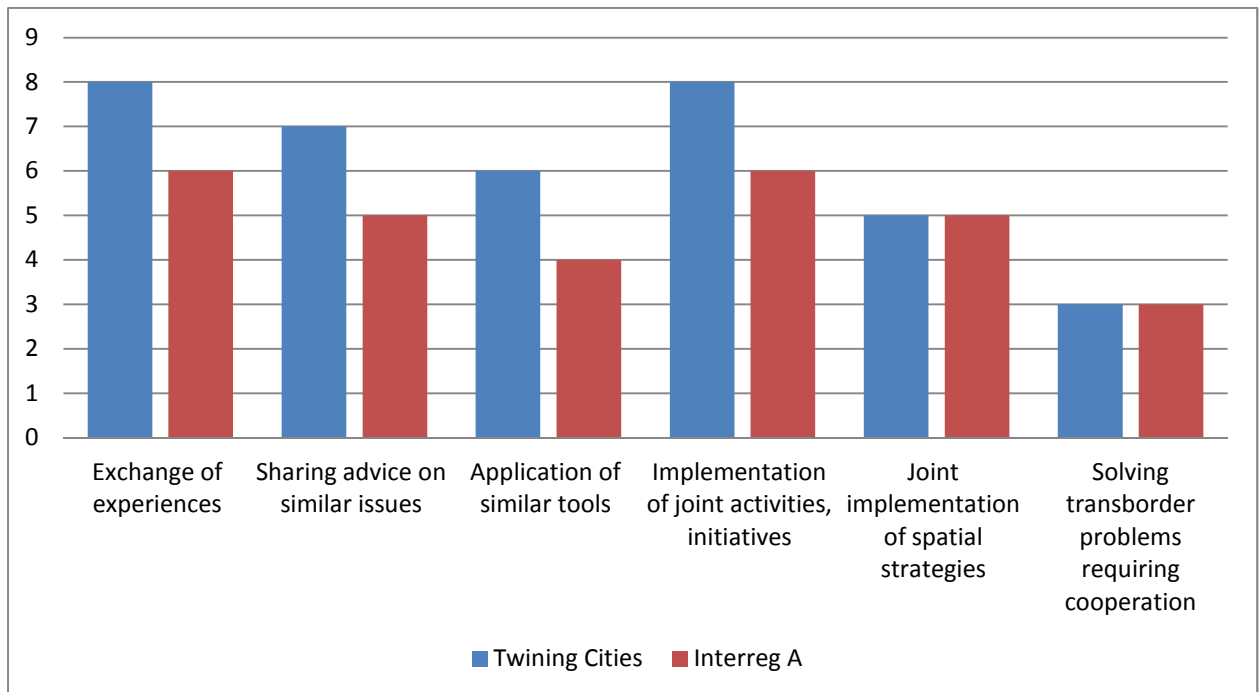
Source: Statistical Office of Slovak Republic

Environmental projects do play a role in the context of cross-border cooperation “on the ground”. This is due to a small population density and low degree of anthropopressure. Issues related to ecology and environmental pollution are seen as problems primarily in larger cities, although some smaller cities are also concerned about this (e.g. Svidnik, together with foreign partners, is implementing a waste segregation project). Some waste management projects are also being carried out

but, owing to the geographical conditions (the state border running along the watershed), they do not have any transborder impact. More attention is given to flood protection, and the relevant measures are being prepared, also with financial assistance from the Norwegian Financial Mechanism.

The scope of territorial cooperation of the local governments from the Podkarpackie Voivodship, using the modified scale developed by Claire Colomb (2007) indicates that cooperation is mostly in its initial stages (**Fig. 19**), and has a similar intensity. On very rare occasions, cooperation involves the implementation of joint strategies or solving transborder problems. It should also be noted that the answers provided by respondents were not discrete (as assumed by the scale in question); for instance, the respondents declared that joint projects were being implemented, but did not always mention an exchange of experiences or mutual application of the tools.

**Figure 19.** Scope of territorial cooperation (Twinning cities N=10, INTERREG A N=8)



Source: Prepared by the authors based on questionnaire data

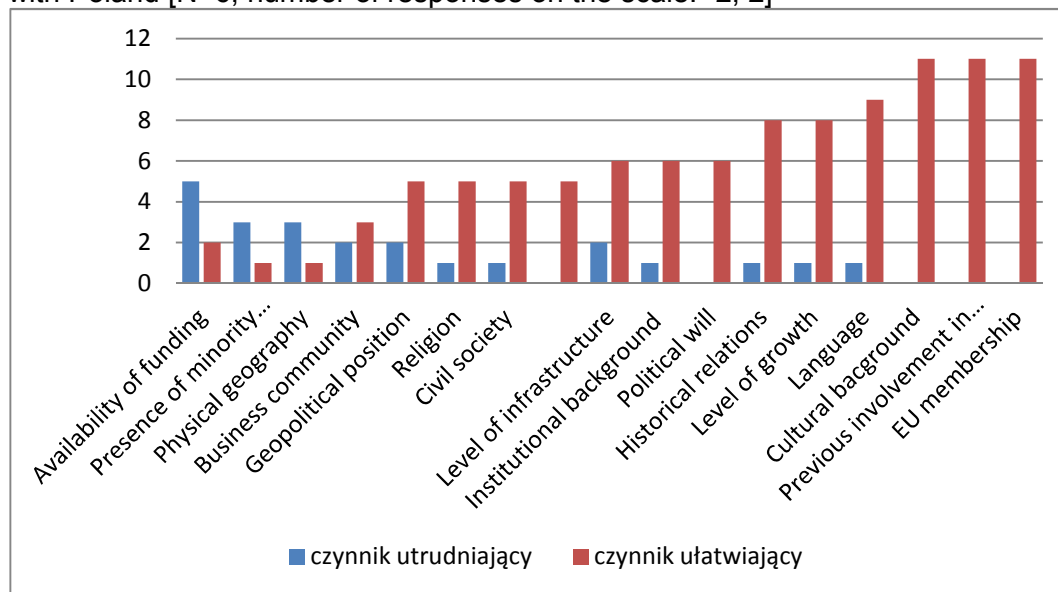
### 3.2.2 Driving forces of territorial cooperation

Territorial cooperation in the region is mainly effected with the neighbouring countries. This makes the border location the key factor encouraging cooperation. The proximity of potential partners facilitates the implementation of joint projects. In the respondents opinion, cooperation with Polish partners is particularly important, mainly in terms of economic prospects (opportunity to attract investments and tourists from Poland). Some respondents also appreciate the role of economical cooperation with Ukraine, especially with a view to potential benefits to be derived from investments made in this country. At the same time, they are as a rule aware of the difficulties associated with the delivery of the investment process and having trade exchange with Ukrainian partners.

According to respondents, the key factors facilitating cooperation with Poland notably include EU membership and earlier experiences in joint project implementation (**Fig. 20**). Cultural and historical factors are also significant, so as language affinity. The fact that both countries are at a similar level of economic and infrastructure development also fosters cooperation owing to the possibility to jointly solve shared problems. The main impeding factors listed by the respondents include the presence of ethnic minorities, topographic features of the border areas and poor access to funding.

Another important factor which determines the actual dimension of cooperation and economic links with the neighbouring countries (particularly in view of the contacts with Poland and Hungary) is the introduction of the euro in Slovakia in 2009. As a result of the increased value of the euro in relation to the currencies of the neighbouring countries, the competitiveness of foreign goods and services has increased. In consequence, near-border traffic has grown in scale (doing shopping on the Polish side of the border), and so has the value of Polish investments made in the Slovak market near the state border.

**Figure 20.** Factors facilitating and impeding cooperation of Slovak local governments with Poland [N=6, number of responses on the scale: -2; 2]<sup>20</sup>



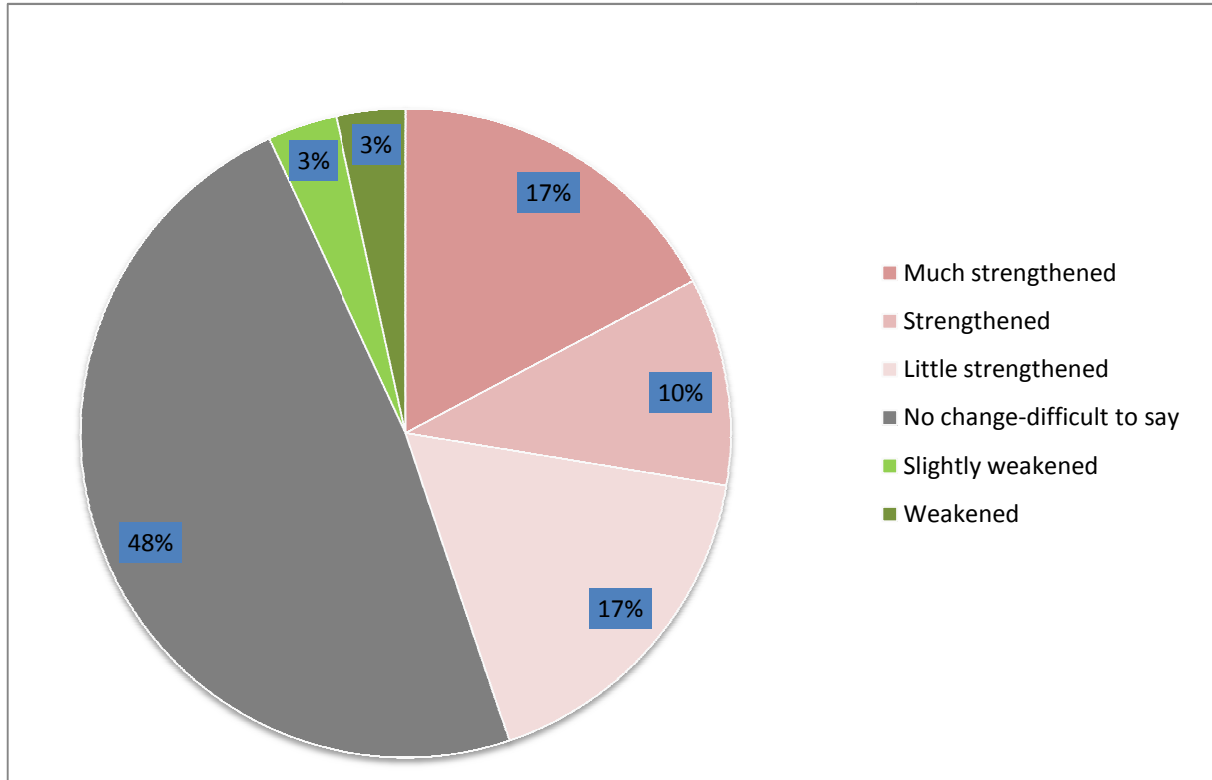
Source: Prepared by the authors based on questionnaire data

The elimination of trade barriers and accession to the European Union have undoubtedly had a positive impact on the development of economic linkages. For instance, the significance of links with Poland has increased considerably, which is corroborated by the fact that, of the entrepreneurs from Krosno who answered the question on the strengthening of contacts following EU accession, about half of the respondents (44%) stated that this had a positive influence on trade relations with Slovakia (**Fig. 21**). Only 6% of the surveyed entrepreneurs concluded that this adversely affected their cooperation with the Slovak partners, while others did not

<sup>20</sup> Based on the data obtained in the CAWI survey, transnational territorial cooperation with Ukraine cannot be discussed (1 response).

see any considerable difference or were not able to evaluate the impact of Slovakia's and Poland's accession to the EU on their mutual trade contacts.

**Figure 21.** Trade contacts of Krosno entrepreneurs with Slovakia after its EU accession [N=29]



Source: Prepared by the authors based on questionnaire data

One important factor influencing territorial cooperation is the ease of language communication. In this context, however, language problems, mainly in contacts with Hungarians, need to be taken into consideration. These problems are sometimes solved through cooperation with those Hungarian municipalities which have a Slovak minority. On the other hand, the barrier does not apply to the Slovak local governments located along the southern border due to a sizeable Hungarian minority living in the area. The national languages which do not pose any significant barrier in communication are used in working contacts with the Polish and Czech partners. According to respondents, language issues pose a more serious barrier in the contacts with Ukraine. At the same time, the need to use professional translation services in official contacts (contracts, agreements) is emphasised, irrespectively of the partner's country.

A lower interest in cooperation programmes financed from the European Union funds can be observed in Eastern Slovakia in comparison to the Podkarpackie Voivodship. It is not important for local governments in the Slovak scheme whether they implement a project under an operational programme or the INTERREG programme since in both cases similar own contributions are required. Thus, cooperation programmes do not provide a more attractive financial alternative to bigger and more easily accessible funds from other operational programmes. On the other hand, it may be assumed that the entities participating e.g. in INTERREG programmes are

genuinely interested in territorial cooperation rather than in the funding of the necessary investments.

Competition from other non-EU external sources of funds for territorial cooperation projects can be observed in the region. The Visegrad Fund, the Norwegian Financial Mechanism (monitoring of flood management risks in the Hornád river basin) and the Swiss Mechanism (nature conservation and creation of protected areas in the Slovak Carpathians) are perceived as competitive sources. They are not as popular as the programmes implemented within the European Territorial Cooperation, but local governments are quite frequently aware of the opportunity to use these funds.

Poorly developed and obsolete transport infrastructure does not facilitate cooperation with the neighbouring countries. The key transport routes run in the east-west direction, connecting Eastern Slovakia with its capital city. The condition of the roads in the north and south direction, in particular towards the north, is much poorer and most of the roads are local in character. The poorly developed infrastructure in Slovakia, combined with an unsatisfactory quality of the infrastructure in the neighbouring countries, makes personal contacts with the partners more difficult and time-consuming. In case of Ukraine, there is also an additional issue of the European Union external border and the related impediments, particularly inconvenient for Ukrainians (need to get a visa).

Territorial cooperation is also hampered by the management and implementation system of the INTERREG programme. It is manifested, among others, by a huge centralisation of the decision-making process – decisions on projects to be financed are made in Bratislava, sometimes – as emphasised by respondents – irrespective of the regional and local context. In foreign contacts, the respondents point to the weakness of the Ukrainian administration, resulting from its excessive centralisation and corruption related-problems, which considerably hamper the planning and implementation of territorial cooperation with Ukrainian partners.

### **3.3 Governance structures and implementation of cooperation**

The area of eastern Slovakia is covered by two territorial cooperation programmes implemented within the European Territorial Cooperation (Republic of Poland – Slovak Republic Cross-border Cooperation Operational Programme 2007 – 2013) and the European Neighbourhood and Partnership Instrument (The Hungary-Slovakia-Romania-Ukraine Cross-border Cooperation Programme 2007-2013). Moreover, there is an opportunity to benefit from other programmes implemented within the European Territorial Cooperation (INTERREG IVB and IVC).

There is a widespread criticism of the excessive centralisation of the implementation system and decisions on project co-financing in the evaluation of the INTERREG programme management by the Slovak local governments. As mentioned earlier, decisions concerning the projects implemented in eastern Slovakia are made in Bratislava and do not always take the actual needs of the region into account. Additionally, it is implicitly suggested that the decisions are influenced by factors of a political nature. As a result, a recommendation frequently put forward by the local governments is to limit the role of the central administration in the implementation process of territorial cooperation programmes and delegate these powers to the regional governments. At present, they are only responsible for the management of microprojects, and even if the support area overlaps with the region's territory, the

microprojects implemented under PL-SK 2007-2013 are managed both by the regional government (Prešov Region) and the Carpathian Euroregion.

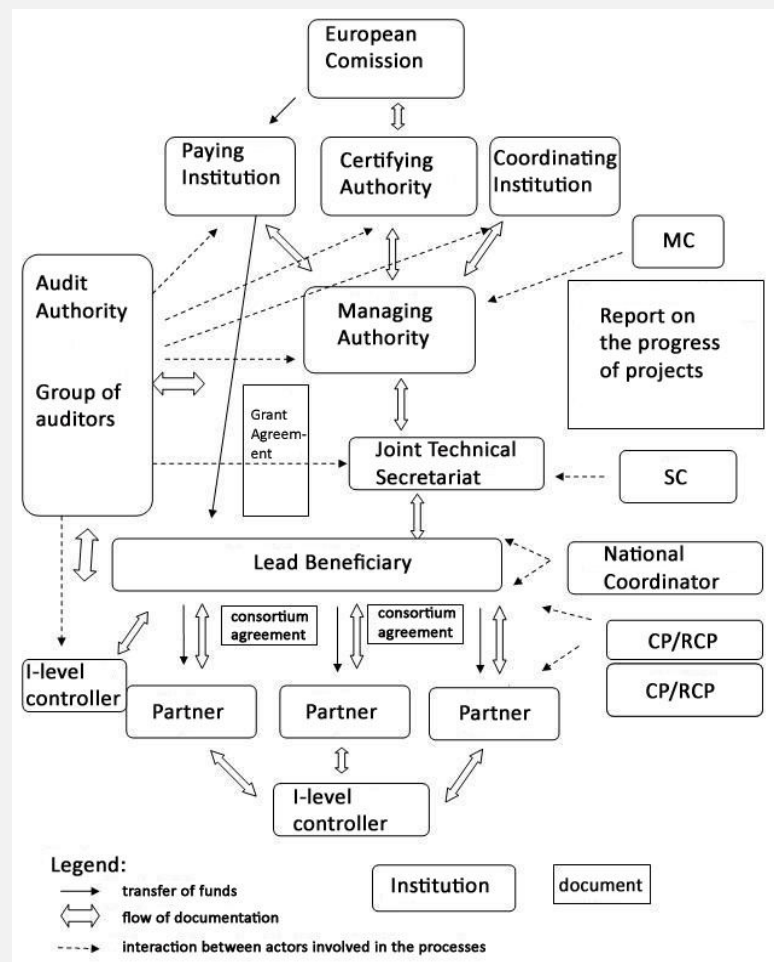
**Box 4: Role of the Joint Technical Secretariat in PL-SK 2007-2013**

One of the key intermediary bodies in the management of the Cross-border Cooperation Programme Republic of Poland-Republic of Slovakia 2007-2013 is the Joint Technical Secretariat (JTS) based in Kraków. Its position in the management scheme of the European Territorial Cooperation is shown in Fig.4. The diagram also illustrates the entire management structure of territorial cooperation programmes.

The role of the JTS is primarily to act as an intermediary between the lead beneficiaries and the Managing Authority (i.e. the Polish Ministry of Regional Development for the Programme; with the Slovak Ministry of Agriculture and Rural Development as its National Authority), to ensure the smooth flow and correctness of the documentation, publish calls for proposals and verify the applications submitted by potential beneficiaries. In addition, the JTS is in charge of preparing documentation for potential beneficiaries; organisation of training programmes; offering advice related to the drafting of applications and other visibility activities; the JTS also provides support to the Monitoring Committee.

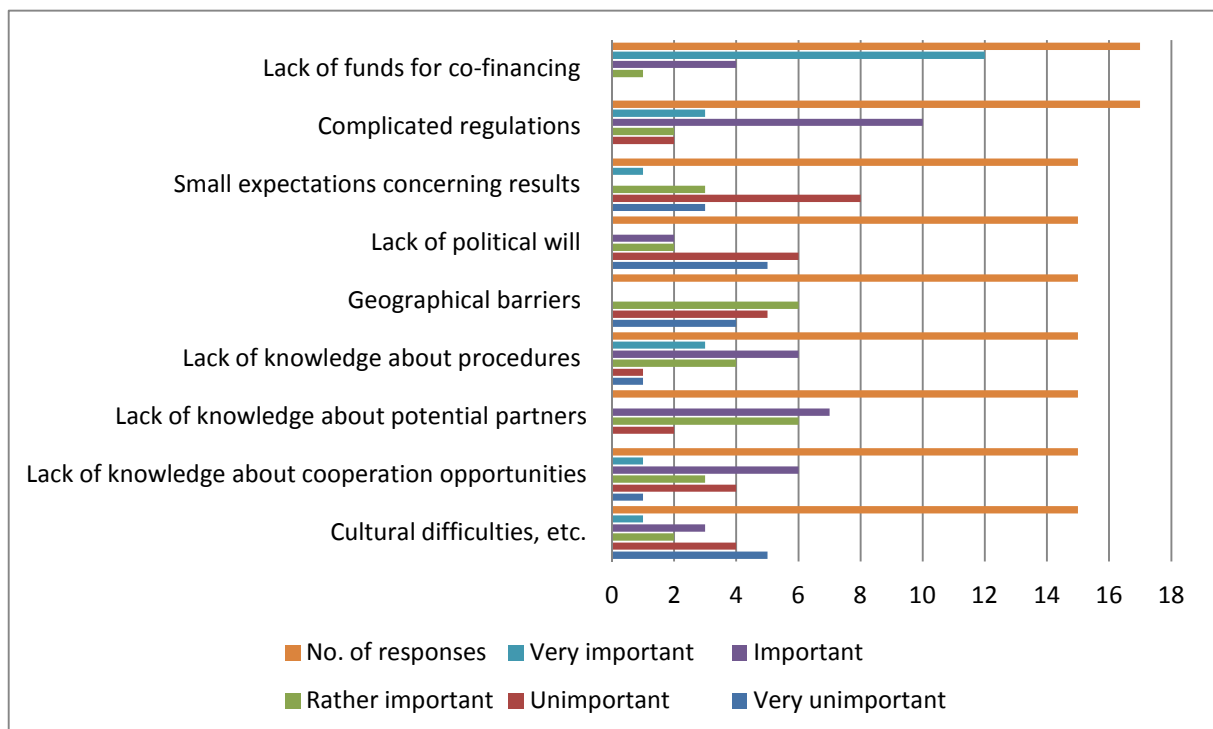
The Joint Technical Secretariat is at the core of the management system, serving as an intermediary between the beneficiaries and higher-level institutions. For this reason, the speed at which procedures are followed relies on its efficient operation.

**Figure 4.** The management scheme of European Territorial Cooperation



Another issue which can lead to problems is the application process and, later, financial settlement of the projects. Respondents point to an excessive number of formalities, which unduly extends cooperation in time and makes its implementation overly complicated. In particular, this applies to the time of waiting for the reimbursement of the expenditure incurred; in extreme cases, the beneficiaries are reimbursed after more than a year since the submission of the financial settlement. This poses a serious barrier to many smaller local governments and NGOs. What is more, most local governments at the lowest tier of territorial self-governance are weak financially and therefore unable to fund the projects from their own means. In effect, many local governments do not even seek external financing. This has been corroborated by the respondents in the CAWI survey (**Fig. 22**), where the lack of funds for co-financing has been the most frequently listed and crucial reason for not applying. Additionally, some organisational issues (complicated regulations, lack of knowledge about cooperation opportunities and potential partners) suggest that improvements could certainly be introduced into the system.

**Figure 22.** Reasons for non-involvement in CBC by local governments in Slovakia (max N=19; scale 1 to 5)

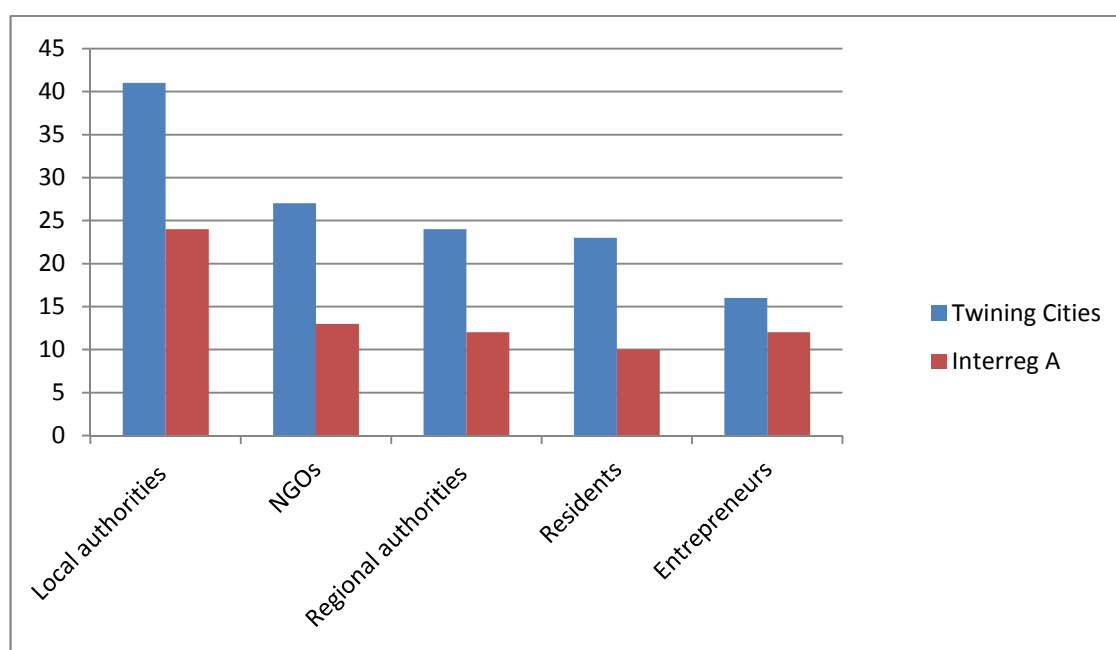


Source: Prepared by the authors based on questionnaire data.

According to the local governments, the collaboration between various actors engaged in international cooperation is good, although few attempts at coordinating these activities can be found. The task-based approach, focusing on the implementation of joint undertakings, is the prevalent one. According to respondents, efforts to involve NGOs and local residents in cooperation projects carried out by the municipal authorities have proved ineffective so far.

The local authorities are among the most active players in territorial cooperation in Eastern Slovakia (**Fig. 23**). The local residents and NGOs are considerably less active, so as the regional authorities and entrepreneurs. However, the structure of key cooperation actors is different (**Fig. 24**); the local authorities play a key role in partnerships and in cooperation undertaken as part of INTERREG A, as well as institutions with links with the European Union. Non-governmental organisations also play an important part in partnerships, even though do not become involved in CBC projects. As regards the role of the central authorities, they act as important players in the INTERREG A programme.

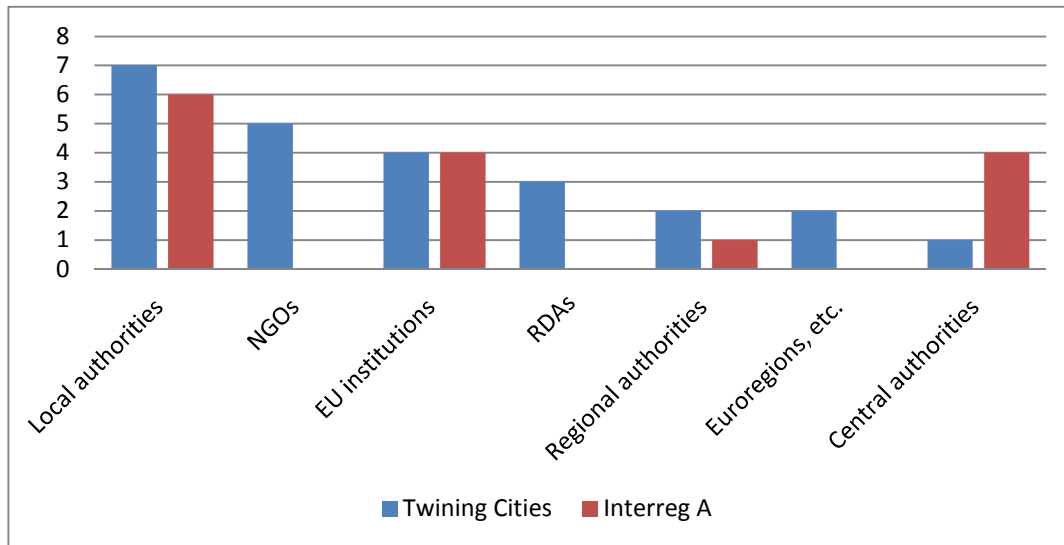
**Figure 23.** Degree of involvement in territorial cooperation [Twinning cities N=10, INTERREG A N=8, scale 1-5, weighted]



Source: Prepared by the authors based on questionnaire data.



**Figure 24.** Key actors in territorial cooperation [Twinning cities N=10, INTERREG A N=8, up to three responses]



Source: Prepared by the authors based on questionnaire data.

### 3.4 Benefits from territorial cooperation

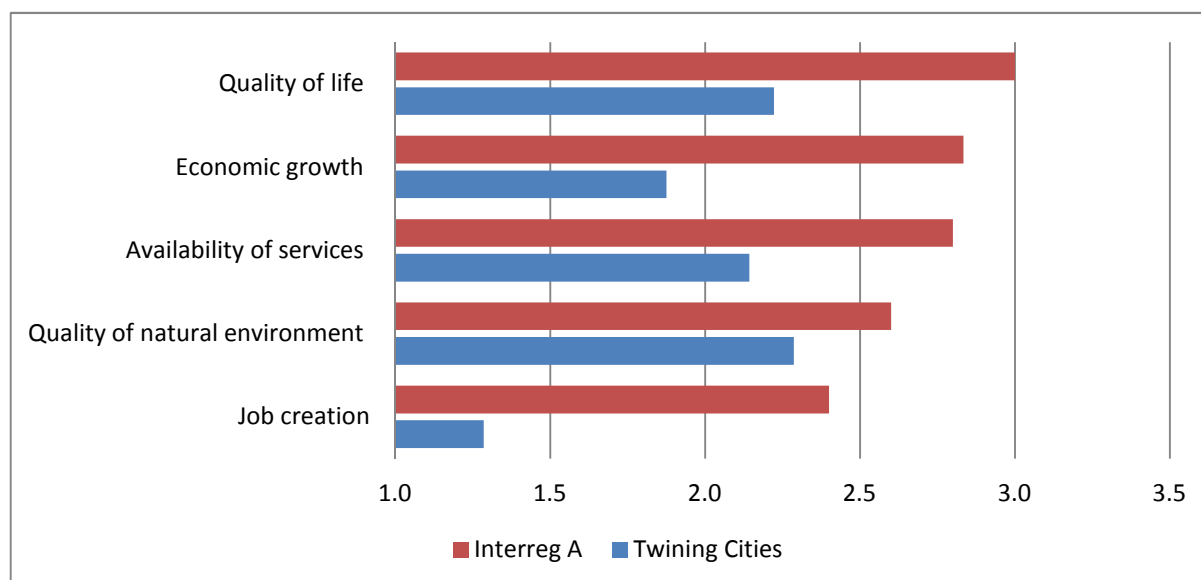
Territorial cooperation at the local level in Eastern Slovakia is not based on a direct analysis of costs and benefits (it is more relevant at the regional level due to a bigger scale of cooperation). Factors which foster the development of territorial cooperation include the opportunity to receive external funds to co-finance the implemented activities. However, the co-financing role is not a key issue, due to the requirement to provide a similar own contribution as in other operational programmes. The role of cooperation in improving the quality of life of the inhabitants, mainly through cultural events, is prominently listed among the tangible results of this cooperation.

The local authorities in Slovakia are rather reluctant to get involved in the economic dimension of territorial cooperation, indicating that it is not a part of their responsibilities. On the other hand, they have some expectations in this regard, related to increasing the region's competitiveness, mainly through improvement of the transport infrastructure. Implementation of quite a large number of projects in the area of tourism is also supposed to overcome the peripheral location. These projects have not produced many tangible benefits so far, nevertheless the expectations connected with a tourist boom are high among the local governments.

The transfer of knowledge resulting from territorial cooperation is limited mainly to the acquisition of skills relating to project management, implementation and coordination. First of all, a significant role of the Polish partners is emphasised in this respect. They are contrasted with the Ukrainian partners who gain knowledge from Slovak local governments. Examples of other types of knowledge transfer are limited and can be found at the level of regions and the largest cities where the networks and opportunities are the biggest. It mainly refers to situations where the selection of partners is target-oriented in the context of similar problems faced by a given city or municipality. Examples include the cooperation of Košice, Miskolc, Katowice and

Ostrava, which experience similar problems connected with the need to restructure their heavy industries.

**Figure 25.** Impact of ITC on regional development [Twinning cities N=10, INTERREG A N=8, average, scale: 1-5]

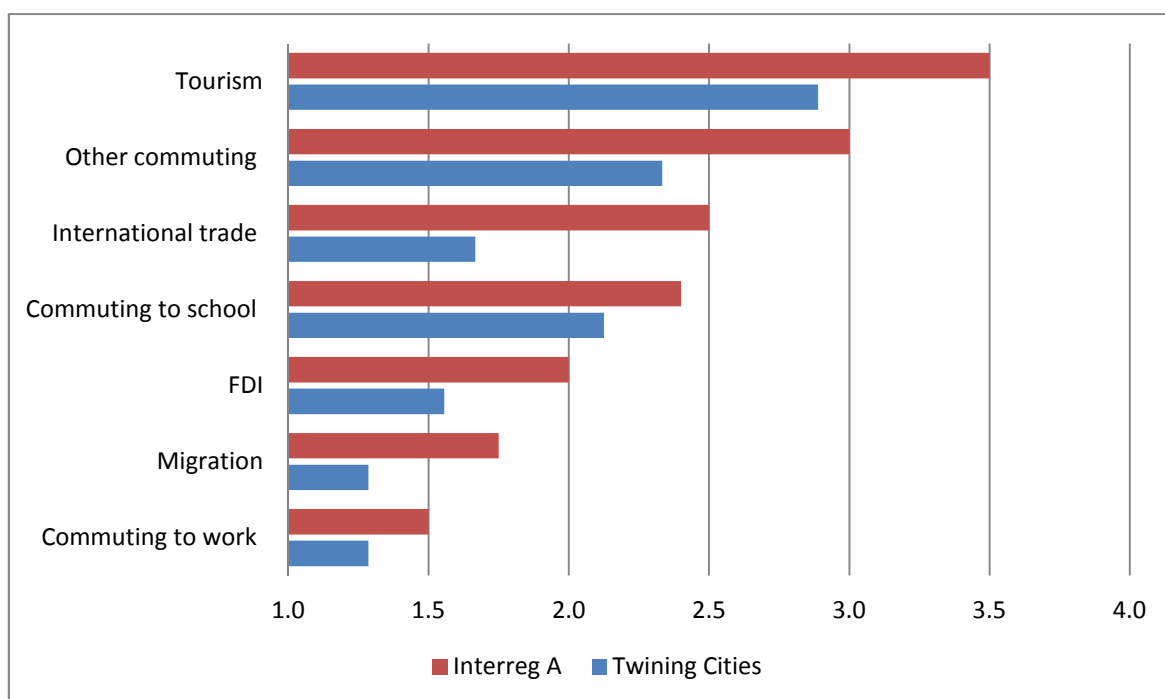


Source: Prepared by the authors based on questionnaire data.

The findings from the CAWI survey confirm that the strongest impact of territorial cooperation is visible in the quality of life of the region's inhabitants (**Fig. 25**). It is also important to economic growth and availability of services. This impact is less significant for the quality of the natural environment and creation of new jobs. Partnership agreements have the strongest influence on improving the quality of the natural environment. The results also demonstrate that the influence of territorial cooperation projects is greater in comparison to the activities implemented within partnership agreements. The INTERREG-A projects also play a more important role (**Fig. 26**) in terms of their impact on the flows. In both cases, cooperation has the strongest influence on tourism and on commuting not connected with work, migration or education. Cross-border cooperation projects also have an impact on international trade, although their role in attracting foreign direct investments is insignificant.

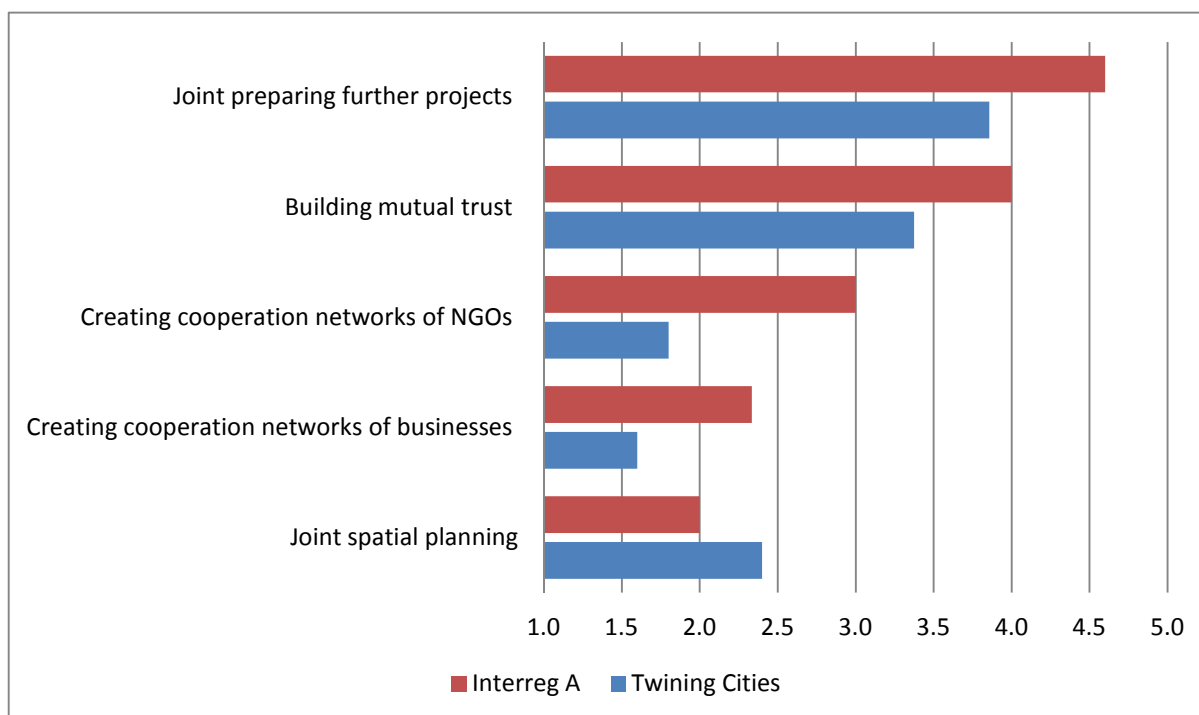
One of the major results of territorial cooperation is building up mutual trust between the partners, which is translated into decisions on the preparation and implementation of subsequent joint projects (**Fig. 27**). Such cooperation is viewed as less important in developing links between NGOs and entrepreneurs from the cooperating regions, and as the least important – in making decisions on joint spatial planning.

**Figure 26.** Impact of ITC on flows in the region [Twinning cities N=10, INTERREG A N=8, average, scale: 1-5]



Source: Prepared by the authors based on questionnaire data.

**Figure 27.** Impact of ITC on developments in the region [Twinning cities N=10, INTERREG A N=8, average, scale: 1-5]



Source: Prepared by the authors based on questionnaire data.

### 3.5. Conclusions

Territorial cooperation in Eastern Slovakia is mostly focused on the areas lying near the border, which opens up opportunities for applying for INTERREG A financing, also in the form of microprojects. The main barrier to making use of external resources is the weakness of smaller local governments, which makes it difficult for them to accumulate funds needed as their own contribution. In effect, CBC programmes often give way to other undertakings, implemented as part of sectoral programmes or the integrated regional operational programme.

As a rule, the local authorities restrict international cooperation to their closest neighbours and do not have much interest in expanding it owing to the many accompanying barriers. Signing partnership agreements with the local governments of other European countries can be viewed as an exception to this rule, nevertheless tangible results of such cooperation can be mentioned relatively seldom. In effect, its intensity is described as insignificant. It should also be pointed out that such cooperation is typically initiated by foreign partners. Only few of the local governments in Slovakia, particularly those larger in size, which have sufficient funds at their disposal, seek partners from locations situated further away.

Projects in the sphere of culture are the usual topics of territorial cooperation, giving preference to initiatives espousing a rather traditional approach to the sector. However, in larger local governments, infrastructure and tourism projects can be as important. They are viewed as an opportunity to overcome the peripheral location and foster the development of municipalities and regions. This can be hampered by administrative barriers, viz. the excessively centralised management of CBC programmes, long period of waiting for decisions and reimbursement of the incurred costs.

Another important factor hindering cooperation is the region's poor accessibility and language problems, as a result of which broadly understood communication issues constitute a serious barrier to territorial cooperation. Likewise, we cannot overlook the fact that Slovak local governments are not perceived as attractive partners. In consequence, they are forced to seek potential partners mainly in their own region, where the local governments have a similar level of development and have to cope with similar problems.

#### 4. Case study – Lvivska and Zakarpatska oblasts

Ukraine is one of the largest Eastern neighbours of the European Union with the population of 45.7 million people. It has common borders with 4 EU member states: Poland, Slovakia, Hungary and Romania and thus is one of the key players in Eastern Partnership initiative launched in 2009.

Strategic partnership between Ukraine and EU is regulated by a range of overarching strategies and sector agreements. Currently Ukraine is in the process of finalising Association Agreement with the EU as well as Deep and Comprehensive Free Trade Agreement (DCFTA). This will bring the level of co-operation between Ukraine and the EU to the new level, however without clear prospects of EU membership, as many Ukrainians would wish. Currently core documents regulating Ukraine-EU relations are; Partnership and Co-operation Agreement (1998) Association Agenda (2009), Country Strategy Paper 2007-2013 (2007).

It is worth noting that Ukraine is one of the biggest recipients of EU Technical assistance in the framework ENPI and Eastern Partnership. Currently implementation of various ENPI programmes and activities is stipulated by ENPI National Indicative Programme 2011-2013. Ukraine is also a party in the Black Sea Synergy, a regional cooperation initiative covering the five eastern ENP countries, Russia and Turkey. It is an EU sea-basin inclusive initiative aimed at addressing issues of regional significance, for example in the area of environmental protection (EU, 2010).

Ukrainian part of case study consists of two oblasts. Ukraine is unitary state and all oblasts have equal legal status and similar administrative structure which consists of elected oblast council and oblast state administration (OSA) which performs all executive functions in the region. Head of OSA (governor) is appointed by the President and is a key decision-maker in the region. There is very strong vertical of power and actual decentralisation of powers in Ukraine is limited. Local budgets mainly consist of equalisation transfers and targeted transfers for execution of delegated social authorities. Share of own revenues in local budgets do not exceed 10% of total amount.

Table 2. provides some basic administrative data for Lvivska and Zakarpatska oblasts. Lvivska oblast is one of the biggest regions in Ukraine while Zakarpatska has one of the most diversified national composition of population. It is also one of two Ukrainian regions where birth rate is persistently above death rate (overall Ukraine is suffering from large-scale depopulation where each year it loses about 150 thousand people (SSSU).

**Table 2. Administrative structure and population data for Lvivska and Zakarpatska oblasts**

Characteristics	Lviv oblast	Zakarpatska oblast
Share in Ukraine's territory, %	3.6	2.1
Population, 2010, million people	2.5	1.25
Share in country's population, 2010, %	5.6	2.7
Number of districts (rayons)	20	13
Number of cities (incl. cities of oblast significance)	44 (9)	11 (5)

Biggest cities and their population, 2010	Lviv - 760,000 Drohobych - 98,700 Stryi - 60,300	Uzhhorod - 115,000 Mukachevo - 83,500
-------------------------------------------	--------------------------------------------------------	------------------------------------------

Source: SSSU, 2011

Table 3. provides some socio-economic indicators that illustrate relative position of two Ukrainian CS regions in national economy and level of their social development. Both oblasts are not the most economically powerful regions of Ukraine, as could be seen from their share in Ukraine's GDP. However **Lvivska oblast** is historically the economic leader of Western macroregion with quite diversified structure of economy. Among key sectors are machinery, food processing industry, extraction industry, tourism, transport services and agriculture. It has highly qualified labour force some of which is involved in high-tech activities such as software development.

**Table 3. Key socio-economic indicators for Lvivska and Zakarpatska oblasts**

Characteristics	Ukraine	Lviv oblast	Zakarpatska oblast
Share in national GVA, 2010,	-	4	1.4
Gross Regional Product relative to national average, 2009, %	100	71	51
GRP per capita, 2009, USD	2480	1762	1260
Nominal salary relative to national average, 2010	100 (280 USD)	87	82
Unemployment, 2010, %	8.1	7.8	8.9
FDI per capita, Jan 2011, USD	978	504	292
Disposable income per capita relative to national average, 2010	100 (2,293 USD)	90	67
Share in national export of goods and services, 2010, %	-	1.7	1.9
Share in national import of goods and services, 2010, %	-	3.2	2.1

Source: SSSU, 2011

**Zakarpatska oblast** is less economically advanced and key industries here are woodworking industry, food processing, light industry, as well as agriculture and winemaking – about a quarter of all economically active population is employed in agriculture. Until 2005 the entire Zakarpatska oblast enjoyed special regime of Free Economic Zone, which attracted a lot of car-assembling facilities oriented on European market (e.g. Skoda, Audi, Volkswagen etc.). But with the abolition of tax preferences in 2005 this industry was steadily in decline and its capacities reduced significantly.

Neither Lvivska oblast nor Zakarpatska are economic strongholds of Ukrainian economy (see Chapter 1). However the quality of life and social standards in these regions are higher than national average. Life expectancy, birth rate (in Zakarpatska oblast only), health standards are much higher than in industrially powerful Eastern

and Central regions of Ukraine. Levels of drug abuse and criminality are lower than national average. Also environmental situation is much better.

This is good illustration of Ukrainian phenomenon where the most economically advanced regions with strong industrial base and considerable contribution to GDP and tax revenues are suffering from underdeveloped social sphere, weak human capital and environmental hazards. Eastern industrial strongholds are in the bottom of the national league table for most of the social indicators. At the same time Ukrainian western border regions that have no significant presence of traditional Ukrainian industries (metallurgy, extraction industry and energy) are doing much better. Also population in these regions is more mobile, with greater entrepreneurial spirit, stronger family traditions and ethical values.

Both Lvivska and Zakarpatska oblasts have significant economic relations with their western neighbours. The scale of **trade flows and investment flows** between these regions and Poland, Hungary and Slovakia is considerable.

Ukraine is in quite unique situation among other case study countries since it is not participating in any of Interreg programmes. **All activities, statistics and responses collected through conducting interviews and CAWIs are referring only to two types of TC: twinning cities/regions and transcontinental collaboration.** The latter type requires clear interpretation as it includes not so much transcontinental types of activities (they are in fact very scarce if at all existent) but mostly programmes funded by European Union (through European Neighbourhood and Partnership Instrument, including CBC programmes with EU neighbours) and other international donors, both unilateral (i.e. Germany, Sweden, US, Canada, UK etc) and multilateral (i.e. World Bank, EBRD, UNDP etc)

Ukrainian part of case study area is covered by two ENPI CBC programmes - Poland-Belarus-Ukraine and Hungary-Slovakia-Romania-Ukraine - which account for a significant share of all TC initiatives and funding. They are operating on the basis of EU seven-year budget cycles (currently 2007-2013).

#### **4.1. Physical areas of territorial co-operation**

This chapter outlines the nature of TC initiatives in two Ukrainian regions of Case Study area; types of collaboration, how different they are in terms of intensity and content, what are main barriers and how to overcome them. It also concentrates on the impact on TC on relations among various stakeholders in the region or locality. The ways to expand TC – geographically and across sectors – are analysed, as well as the types of TC that work best in specific types of TC – twinning and transcontinental in respect of Ukraine.

It is worth stressing that 21 out of 38 CAWI respondents indicated that they take part in some type of TC and that is why all CAWI results in part of current activities are based on this reduced sample.

##### *4.1.1. Types of territorial co-operation*

Two Ukrainian regions from CS participate only in first and fifth types of TC; twin cities/ regions and transcontinental collaboration. Transcontinental collaboration mainly means various EU programmes and initiatives (largely in the framework of ENPI), as well as TA programmes by other international donors, which include component of learning international models and exchanging experiences with partners from other countries.

Though it's worth mentioning that detailed information about transcontinental type of TC was provided during IDIs rather than CAWIs. Most of CAWIs respondents concentrated on twinning projects or other types of projects. This could be explained by the fact that sub-regional authorities often are not key stakeholders in various ENPI initiatives and also they are not quite aware of the initiatives that are happening at their territory but being implemented by other stakeholders (NGOs, hospitals or schools).

IDI respondents demonstrated greater proficiency in TC issues, due to the fact that they are experts in their fields and thus have more aggregated information with greater details. However even during interviews some respondents were not aware of the activities going on in their own geographical area (for example city council is not aware of the project being implemented by rayon administration). This trend could be explained by administrative arrangement of Ukraine and great centralisation of power, where state administrations at oblast and rayon level are decision-makers and project stakeholders (and budget holders!), rather than local self-government bodies.

#### *4.1.2. Differences in territorial co-operation types*

All respondents highlighted significant difference between twinning and transcontinental projects and initiatives. While former are mainly concentrating on culture, events and official level contracts, the latter are providing concrete and necessary support in the area of socio-economic development. Twinning partnerships are often declarative and not systemic. There are many high-level summits and cultural events, but not enough money and specific actions. While ENPI and other donor projects are providing assistance in determining challenges and problems in local development and developing mechanisms for addressing them. However if political will is strong and leadership of two partner regions has good working (and often personal) relations then this 'soft' collaboration could lead to more substantial projects, often funded through ENPI programmes. So all in all transcontinental type of TC – mainly ENPI and other international donor programmes – has greater impact on two regions.

#### *4.1.3. Physical barriers*

Both Lvivska and Zakarpatska oblasts have some physical barriers, however many respondents qualified them less as barriers and more as commonalities which harness collaboration. These are in particular Carpathian mountain range, with several natural reserves and protected territories, and multiple rivers along the border between Ukraine, Poland, Slovakia and Hungary. **The greatest barrier of all is border itself** and this is the area which requires a great deal of actions in order to smooth the negative effect of new 'iron' curtain on the border between Ukraine and the EU. The partnership between border regions is unequal since EU citizens can travel to Ukraine without restrictions while Ukrainians need visas (sometimes EU, sometimes only national).

Visa regime in general is one of the most significant undermining factors of TC in Ukrainian regions. Since Poland, Hungary and Slovakia joined Schengen zone in 2007 the situation became more serious, especially for the livelihoods of residents of 50 kilometers zone from the border. There are some attempts to facilitate 'small cross-border movements' of Ukrainian residents living in 30-50km zone from the border. Small border movement agreements were signed with Poland (2009),



Slovakia (2008) and Hungary (2007). However the problem is still there despite some marginal improvements.

**The best way to overcome physical barriers, in particular borders, is to enhance accessibility of the borders** – through building and expanding border crossings, building access routes and developing their infrastructure. It brings direct effect (through speeding up the process of border crossing) but also could kick-start economic activities in the remote areas, where opportunities for employment are scarce. For example one of the interviewees remarked that after opening border crossing in his rayon of Lviv oblast the scale of illegal logging decreased significantly. It means that this new border crossing provided opportunities for alternative (and hopefully legal) economic activities and discouraged people from activities that not only economically illegal, but also environmentally destructive.

However we should distinguish Lviv and Zakarpatska oblasts in terms of availability of border crossings. The problem exists largely in Lviv region. Zakarpatska oblast has relatively high density of the border crossing points and it is comparable with the density in the whole area of operation of HU-SL-RO-UA ENPI CBC Programme (one border-crossing point per each 28 km). For example on the Hungarian-Ukrainian border crossing points (railway, road or pedestrian) located at each 22.4 km. At the Slovak-Ukrainian border which total length is 97.6 km, there are five border crossings – one for each 19.6 km (JTS of HU-SL-RO-UA ENPI CBC Programme, 2008). However where the problem really exists is in the density and quality of access public roads leading to the border and pedestrian points.

#### *4.1.4. Impact on relations within the region*

TC unquestionably has positive impact on the level of interaction and mutual understanding among various stakeholders in the region that are involved in TC initiatives or are planning to do so. First of all many programmes have formed partnerships as condition of releasing funds and this is one of the crucial drivers behind the will to collaborate. But gradually, as partners learn about each other more and their mutual understanding is improved they are keen to collaborate without conditionality and initiate new initiatives.

Though it would be unfair to state that the horizontal relations between government, non-governmental sector and business are ideal. Several respondents noted that actually this triangle is not working. But others referred to the need of strong leadership and political will to change situation and then the team of like-minded partners will come together to address specific issues.

Where leaders are determined in the positive role of TC and commit to achieve tangible results there is more success stories to tell in terms of successful horizontal partnerships. City mayors, leaders of oblast/rayon councils or heads of OSA/RSA might establish tradition of regular meetings (e.g. Lviv mayor initiative of institutionalized forum with local business leaders), allocate targeted funding (e.g. Zakarpatska OSA has 5-years budget programme for supporting CBC), create new institutions for harnessing partnerships (e.g. Association of self-governments 'Carpathian Euroregion').

Vertical partnerships in Ukraine are more challenging to build due to lack of equality in relations – local councils are too often financial dependent on oblast and rayon administrations that have much greater financial capacities and also greater authority to develop and implement socio-economic policies. Top-down approach definitely

prevails in this type of partnerships and there is often no channel for bottom-up feedback, which even further distorts the equality of relations. Without administrative and budget reforms aimed at greater decentralization of power in Ukraine it will be difficult to recalibrate this balance and strengthen position of local self-governance.

#### *4.1.5 Geographical expansion of TC*

Experts in both regions highlighted that geographically TC is mostly concentrated in close to the border sub-regions and regional capitals. The more 'inland' territories are less engaged, and often are more marginal since the level of activeness among local government and non-governmental leaders is really weak. Most respondents recommended more actions towards engaging these 'inland' territories more actively in TC initiatives. Some provided illustrations where more advanced rayons, with many partnership relations across the border, are sharing their experience and tips with less experienced. It is done through forums for local-self-governments (e.g. Association 'Carpathian Euroregion'), rayon state administrations and joint activities organized by oblast leadership.

There is however some controversy in the opinions as for what represents periphery and core in CBC type of collaboration. While majority of respondents indicated that close to border territories are more engaged in TC, they also often noted that territories in immediate proximity (30 km zone) are the most vulnerable ('dead zone' as one respondent put it) and need greater support through expanding accessibility and increasing their economic opportunities for development.

There could be one possible explanation. The intensity of relations does not always lead to 'perfect situation'. Most of contacts are on the level of rayons and towns/cities, while pockets of border deprivation exist at the level of village councils, which are rarely involved in direct joint actions. Presence of border with the EU is double-edged sword for Western Ukrainian territories since on the one hand it is huge opportunity to 'melt' with neighbouring territories through joint programmes and exchanges. But then border territories suffer the most from negative elements of the EU neighbourhood – visa regime, strict border controls, huge gap in financial capabilities and freedom of movement for goods and people.

Proximity of the EU border also spurs migration flows much greater than national average – Lvivska and Zakarpatska oblast are famous for significant number of work migrants who are living in the EU countries and support their families in Ukraine through remittances. There is also growing generation of children of 'zarobitchany' (work migrants) who are left in care of their grandparents or neighbours, without much restraint and family environment, but with relatively good monthly income and high consumer demands. They are already called 'lost generation' as have very basic perceptions about family life and how society is functioning. As far as we could see from the range of initiatives in two regions very few of them are focused on this specific group.

#### *4.1.6. Engaging new partners*

TC needs to engage more partners from very basic territorial tiers – village councils, local community organizations and local NGOs. The trend is positive and over the last years we are seeing growing number of projects/initiatives where these stakeholders are equal partner. However the scale of problems they face and the scarcity of capacity they possess are immense and TC initiatives should pay more attention towards building capacity at the very basic territorial tier. Quite often first

'mobilisation' measure should have nothing to do with TC. They could be around teaching local community how to take control over local economy and social life and how to participate in decision-making. When local communities are feeling more confident in their ability to influence local governments they will be more eager to learn international models and thus happy to engage in different forms of TC.

For example expert from Oblast Water Management Agency noted how beneficial it is to engage local self-government and community leaders in their work related to water management and flood prevention. At the end of the day the quality of their services affects the livelihoods of local population. So the more they understand about the need to revamp current infrastructure and reform administrative model, the more keen they are to take on board various recommendations and take actions that are in line with the Agency's efforts (for example not to issue construction permits for the areas that are in high danger of being flooded). So trainings and site visits to neighbour regions organized for representatives of local self-government in the area of water management was indicated as very useful activity that needs to be sustained (the same could be said about other activities related to use of natural resources – forestry, solid waste management and recycling, waste water treatment etc).

Businesses and especially SMEs have to be engaged more in TC. They largely stay away from TC initiatives due to their nature, different financial and accountability frameworks and difficulties in translating their 'language' into business terms and conditions. Here the role of business associations and CCIs as effective mediators between business community and regional government (as well as wider public) and channels for translating collective will and needs of business community is hard to overestimate.

#### *4.1.7. What works in territorial co-operation*

The most effective types of TC were presented from several perspectives. For example representative of CCI and LDA working with businesses are insisting that search of new business partners, participation in trade fairs, exhibitions and forums, are very good types of TC. They also highlighted transfer of experience, especially in the sphere of building good working relations between the government and business community, support to not so well developed CCI, support to new technologies.

Regional and local governments are distinguishing projects that deliver replicable models as the most useful. They brought examples of such spheres as forestry and forest management, water management and flood prevention, waste management and recycling, participatory approach to local economic development.

NGOs and independent experts are keener on capacity building projects and initiatives aimed at enhancing capacity of local organisations, community leaders and public representatives. They believe this is the fundamental condition for success in any other spheres related to enhancing competitiveness of the territory, stimulating economic growth and raising social standards. They also highlighted development of strategic documents – either for specific region or for the group of regions across the border – as successes which bring systemic effect to the development of the region.

Consensus has been reached in the area of large infrastructure projects – such as building border crossing or access rout, or waste treatment station. Their results are tangible and thus it is easier to engage more stakeholders and public in further actions by demonstrating them what it is possible to achieve with TC initiatives.

Tourism is the crucial sphere for enhancing competitiveness of two Ukrainian regions, as well as their neighbours. Many of existing TC activities are either directly or indirectly aimed at enhancing tourist potential, building tourist infrastructure, restoring historical monuments and sites, enabling cultural exchange. Some respondents refer to these activities as 'putting Ukraine on the world map'. But more needs to be done, in particular in the area of capitalising on joint assets and histories with the EU neighbours through creating joint institutional frameworks and effective advertising on both sides of the border, in order to achieve maximum results.

The multitude of 'what works' types of collaborative initiatives prove that there are actually quite a lot of achievements and different sectors perceive successes from their own perspective. But it means that each sector and each type of stakeholders has something to be proud of, which is good in the general scale of things.

## **4.2. Driving forces and domains of co-operation**

This chapter outlines key drivers and domains of TC initiatives, it analyses the presence of synergy effect between various TC projects and initiatives and how it could be improved in the future. It summarises the most important infrastructure projects that require TC support, and other types of socio-economic activities that would benefit from such support.

### *4.2.1. Drivers behind territorial co-operation*

It is clear that for Ukrainian stakeholders access to additional financial resources is the key driving force behind TC. Ukraine traditionally has financial difficulties of allocating funds for 'developmental' activities and projects, as most of the budget funding is spent on current needs and socially-sensitive domains. There is very little money left for large-scale infrastructure projects, or activities aimed at enhancing competitiveness of given territory.

That is why TC programmes are considered as significant source of funding for addressing local problems and 'bottlenecks' which in other countries might well be resolved with local or/and state budgets. It is especially true in the aftermath of 2008 when Ukraine suffered significantly and still struggles to regain its pre-crisis economic position.

Interviewees also indicated other drivers behind TC, in particular: possibility to exchange experiences; opportunities for enhancing skills and capacity of local experts, government officials/ specialists, and wider public; building capacity of local non-governmental organisations; enhancing capacity of young generation through various educational initiatives. Willingness to learn new models of territorial/urban development and management, as well as the ways to engage community into decision making process was also mentioned among key drivers of TC.

But more generally TC provides an opportunity 'to open the world' for organisations and individuals, to enhance their self-confidence and broaden vision of the socio-economic processes happening in the country, continent and beyond.

### *4.2.2. Domains of territorial co-operation*

**There were similarities and differences in determining key domains where TC is contributing significantly to the development of 2 regions.** This could be explained by the differences in socio-economic profiles of two Ukrainian oblasts, their geographical location, demographic processes and other specificities.

For example experts in Zakarpatska oblast specifically distinguished initiatives in the sphere of natural resources use and management: water management, flood prevention, and forestry management – as those that have significant impact on oblast development. In Lvivska oblast respondents were more inclined to distinguish economy, urban management, transport, education and cultural heritage domains.

However there is some common ground in two regions, where tourism is a big priority, as well as employability and engagement of local communities in socio-economic planning and development. Infrastructure – transport, logistics, telecommunication etc – is the area which is gradually getting more attention by TC programmes (and also by Ukrainian government, especially on the eve of Euro-2012 football tournaments that will take place in Ukraine and Poland in summer 2012). However this area badly needs much larger investments and grander scale initiatives in order to change things for the better and provide two regions with the ‘conduits’ for enhancing their competitiveness.

Almost all respondents, based on their experience, agreed that twinning projects are more suitable for cultural projects, festivals, school exchanges and sport events, as well as high-level partnership events and forums. At the same time ENPI projects, as well as projects of some other international donors and landing institutions (UNDP, EBRD, Canadian CIDA etc) are more effective in supporting ‘real economy’ and ‘real life’ activities. In particular in such areas as stimulating economic growth and raising social welfare, managing natural resources and enhancing responsible and environmentally friendly economic activities, improving employability and economic changes of local population, training and capacity building activities etc.

#### *4.2.3 Achieving synergy*

There is **a real challenge of lack of synergy between various projects and programmes** in both Lvivska and Zakarpatska oblasts. As one oblast official put it ‘there is a multitude of initiatives and good practices but there is no single place where all this information could be collected and analysed easily. Nobody knows what exactly is going on, for how long, where and how much it costs’.

Some responded referred to lack of registration system for projects at oblast level. However it’s worth noting that project registration is required by Ukrainian legislation and is performed by the Ministry of Economic Development and Trade (MEDT). The same Ministry is responsible for collecting and analysing information about various international projects, including TC (especially ENPI), and co-ordinating their activities in order to avoid duplications and waste of resources. However as representative from JTS local office noted, MEDT performs well only one part of the function – collection of information – while neglecting the need to systematise it and make it openly available to various stakeholders in order to increase visibility, synergy and co-ordination.

There is also very weak legacy of the majority of projects and their sustainability is often undermined by weak organisational and individual capacity. Lack of state

funding to support further stages, or dissemination stage, is also harmful, as does not allow to sustain achieved results, especially those that require continuous 'maintenance' after the specific initiative is complete.

Problems identified by interviewees varied from lack of information about existing and complete projects to duplication of efforts among various international donor organisations that are engaged in TC activities. Some respondents attributed information 'hunger' not only to the operational difficulties (lack of database or funding for creating it) but also to certain deliberate withholding of information by donors and oblast authorities. Motives are different – in the case of former it is to protect financial sensitive information, while in the latter it is desire to have continuous stream of donor support and funding, regardless the achievements of the past.

Oblast authorities, from which many expect some 'depository' and 'disseminator' roles are largely ineffective – often due to lack of funding, capacity and time.

However solutions seem to be not that complicated and they are presented in the Table 4. below – corresponding to the specific problem identified by respondents.

**Table 4. Challenges of achieving synergy in TC and the mechanisms for addressing them**

<b>Challenge</b>	<b>Solution</b>	<b>Responsible institution</b>
<b>Little information about current and completed projects</b>	<ul style="list-style-type: none"> <li>comprehensive project/programme database should be created in each oblast;</li> <li>initiate procedure of registering projects in each oblast;</li> <li>regular publications and creation of web-site with detailed information about TC projects and related activities (preferably jointly with international partners)</li> </ul>	<p>OSA with possible donor financial support</p> <p>OSA</p> <p>OSA and NGO stakeholders</p>
<b>Overlaps in funding TC activities by different international donors</b>	<ul style="list-style-type: none"> <li>organise regular meetings with all international donors working in the oblast;</li> <li>more effective exchange of information about plans/ strategies and readiness to harmonise priorities</li> </ul>	<p>OSA</p> <p>International donors</p>
<b>Lack of projects' systematisation, their dispersion in space and across sectors</b>	<ul style="list-style-type: none"> <li>reanimate activities in the framework of Carpathian Euroregion;</li> <li>create joint body for all border territories of Ukraine in order to monitor and co-ordinate various initiatives and activities;</li> <li>more proactive position in</li> </ul>	<p>Local/ regional governments of 5 Carpathian Euroregion countries</p> <p>Local and regional governments in border oblasts</p>

	defining the spheres and types of collaboration, which at the same time should not contradict to national and regional priorities; <ul style="list-style-type: none"> <li>• participation in each other events, building capacity of local actors.</li> </ul>	OSA, oblast council  All stakeholders
<b>Short-term legacy of the projects and non-sustained results</b>	<ul style="list-style-type: none"> <li>• government agencies should support and add to the results achieved by various TC projects</li> </ul>	National and regional government
<b>Lack of co-ordination between projects, institutions and donors</b>	<ul style="list-style-type: none"> <li>• create special unit that would co-ordinate various project activities and would be responsible for managing project database;</li> <li>• organise regular meetings for donors and also for NGOs active in the area of TC in the region;</li> <li>• creating national level body that would be responsible for managing database and disseminating information</li> <li>• NGOs should have more active position – harness relations with different partners, monitor their own activities in order to avoid duplication of activities</li> </ul>	OSA  OSA  Ukrainian Government  NGOs

*Source: own analysis based on IDI results*

#### 4.2.4 Need for more infrastructure investments

**All respondents without exception have agreed that infrastructure investments are essential for success in TC area**, and especially CBC strand. They noted the gradual improvements in the infrastructure area, since ENPI programmes are increasing share of ‘hard’ projects in their portfolio, comparing to earlier EU assistance programmes, such as Tacis. But this increase is not sufficient and much more funding is required to improve the border infrastructure (crossings, access roads, necessary infrastructure along them); roads and logistical centres; telecommunications; communal infrastructure in cities, towns and villages; water management and wastewater treatment; solid waste management and recycling; alternative energy infrastructure (e.g. hydro electric power stations) etc.

However there were some voices (in Zakarpatska oblast) which raised issue of **lack of capacity among Ukrainian partners to prepare and implement large-scale investment projects**. And thus before committing more money to infrastructure EU assistance programmes should first invest in enhancing project planning and management skills of local officials and experts. Another respondent from Lvivska oblast noted that there should be many small-scale projects as steps towards getting confidence and experience necessary for planning and implementing large-scale infrastructure projects.

That brings another important point – that increase of investments in infrastructure does not mean that ‘soft’ projects related to capacity building and exchange of experience are irrelevant. It’s just that after many years of TA there is a need in targeted and needs-based programmes that would build very specific skills needed for specific areas of types of collaboration.

It is important to note some **division between government and non-government sectors’ views**. Representatives of NGOs and independent experts were more supportive to ‘soft’ TC activities, since for many of them this is their ‘bread’ or key activity for their organisation. Contrary government representatives quite often criticised NGO sector for being unprofessional and unable to mobilise capacity necessary for successful planning and implementation of TC projects crucial for the region. This division is partially subjective but clearly marks difference in interests and final aims of different types of organisations/stakeholders.

#### *4.2.5 Activities that should be supported by territorial co-operation*

Bearing in mind the relative socio-economic position of two Ukrainian regions of the case study (See Chapter 1) **the range of activities offered for future TC initiatives was very wide**. The multitude and complexity of problems paired with inadequate funding and lack of autonomy of local self-government to really influence local economic situation, are all contributing towards such ‘hard’ loading on TC. Given the depth of regional problems it is also not surprising that very few experts mentioned more mature and ‘modern’ initiatives such as investments in more innovative economic activities, green economy or fine-tuning human capital for regional needs and specialisation.

The key message was **to beef up the economic component of TC activities** that would improve economic chances of border territories and increase competitiveness of local economies and labour. Resulting economic growth and rising incomes of population will contribute towards greater budget incomes which in turn will be available for spending on effective and targeted social programmes.

Among more **specific areas that require TC initiatives** are:

- regeneration of the territories and cities;
- creation of production clusters (e.g. in forest industry);
- creation of technological parts;
- enhancement of investment attractiveness of the territories;
- transfer of experience, models of management and collaboration, learning even more international experience in specific spheres (such as water management);
- environmental initiatives;
- activities in the spheres of sport and tourism;
- training and capacity building, complex development of territorial communities;
- creation of Carpathian Development Strategy which would address common problems and ensure territorial cohesion in the region; and
- organising various festivals and exchanges with partner regions.



### 4.3. Territorial structures and specific border co-operation

This chapter analyses various territorial structures that are important for TC (either currently or in the future). It looks into the variety and quality of relations between Ukrainian and foreign partners and how it was improved as a result of TC initiatives. There is analysis of the conditions on which TC could really improve competitiveness of the involved territories and whether it's currently happening. This chapter also considers core needs for further human and capital investments and reviews facilitating and impeding factors affecting TC initiatives.

It is worth noting that among the questions of IDI in this section was one irrelevant for Ukraine – the question about usefulness of engaging non-EU partners in TC programmes. Since Ukraine is not EU member but aspiring to become one (at least in the long-term perspective) and its regions (especially Western) are engaged very intensively into various EU TC initiatives (in particular ENPI CBC) it gains significant benefits from such engagement. And thus logically Ukraine can't object to non-EU countries inclusion into EU TC programmes.

#### 4.3.1 Territorial structures

There are different ways of harnessing TC and different geographical structures are important for different regions. In two Ukrainian regions from Poland-Slovakia-Ukraine Case Study the territorial structures that require support and attention are sometimes similar, but sometimes are different. European transport corridors were highlighted as important structures by many respondents in both areas. Also creating of border industrial parks was equally deemed important in both regions.

But then in Zakarpatska oblasts almost all respondents concentrated their recommendations on river basins (especially Tysa river). Significance of rivers is multifaceted and measures in different areas are required: transport, water management and flood prevention, environmental measures and water treatment, tourism potential of rivers etc. Experts highlighted achievements up to date that positively affected region on the border with Slovakia, Hungary and Romania – for example construction of Tysa river port, automobile port in Chop, border crossing Chernie on Tysa river, narrow-gauge railway, dam on Tysa river, creating new logistics centres.

In Lviv oblast several experts underlined the need to harness collaboration in the framework of Euroregions, especially Carpathian Euroregion. They believe that the latter should get support as a single ecosystem, rather than a combination of various dispersed sub-regions.

#### Box 5. Euroregions in Lvivska and Zakarpatska oblasts

There is a number of **Euroregions** operational on the territory of Lvivska and Zakarpatska oblasts. These are “Bug”, “Upper Prut/Lower Danube” and Carpathian Euroregions. Over last decade the effectiveness of Euroregions' activities was not very high and they have marginal impact on the development of member regions. It is especially true after introduction of ENPI programmes in border areas in 2007, which allow practical collaboration between two or more partners across the border. Euroregions on the territory of Ukraine do not get special funding support and are created as associations of LAs from border regions, which have to commit time and resources for their development. As LAs in these areas are often having financial difficulties they can hardly allocate enough resources for effective functioning of Euroregion.

However it is worth noting some recent developments in **Carpathian Euroregion** – the oldest and the largest of the three. It was established in 1993 as Association of local-self-governments ‘Carpathian Euroregion’ and it unites regional and local authorities from 19 regions of 5 countries: Ukraine, Poland, Slovakia, Hungary and Romania. All these regions have similar features of socio-economic development determined by their geographical location. However the level of interaction remains unsatisfactory and the causes are explained better in the chapters below.

In 2010 members of Euroregion and especially its Ukrainian Secretariat have launched active campaign aimed at reanimating its activities. Strategic document called ‘**Carpathian Horizon 2013**’ was prepared in 2010 and agreed by member regional and local authorities. Its ambition is to lobby EU to create single operational programme for Carpathian region in the next financial perspective (that’s why there is 2013 in the name of the document).

Authors refer to significant experience of EU in developing and supporting similar transnational initiatives, for example above mentioned Central Europe, as well as Alpine space, Baltic Sea, Northern Sea, Danube area and 8 others. Members of Carpathian Euroregion believe that the region requires single programme and coherent approach to development in order to preserve unique ecosystem and enhance socio-economic development. They also suggest merging three existing ENPI CBC programmes working in the Ukrainian part of the region into single one.

This approach is very ambitious and controversial. The effectiveness of such massive structure as Carpathian Euroregion was long-disputed and the members themselves admit that the scale of it is the greatest barrier on the way of achieving meaningful results (see Carpathian Euroregion, 2010). That is why it might be argued that enhancing it further with allocating targeted EU funding might be unreasonable, especially in current economic situation. Also the same stakeholders who lobby for Carpathian Operational Programme are quite adamant that TC initiatives (and especially CBC) should be primarily focused on the residents and territories in the direct vicinity to the border (within 30 km). It remains to be seen whether this initiative will bring some concrete results and whether arguments for establishing new transnational programme in Carpathian region will find support in Brussels.

#### *4.3.2 Relations with external partners*

There is no doubt that various TC initiatives are improving relations with the stakeholders in neighbour regions and countries. Involvement in the solution of joint problems and trying to work out models of collaboration in various areas – from economy to humanitarian sphere – is fundamental for building trust and equal relations with the partners. One of the most positive features of TC is that it helps neighbours to better understand each other. By organising visits to each other regions, joint meetings of governmental and non-governmental organisations, demonstrating experience in addressing similar issues, which could be used to some extent in your own context, are all having significant influence on building relations between partners from different countries.

CAWI analysis confirms these statements since most of LAs are involved in twinning projects where the most prevailing types of collaboration are: (1) common actions or investment to solve local problems, (2) exchanging experience, (3) advising each other on how to solve similar problems, and (4) sharing the tools to tackle common problems.

TC initiatives also help to establish good personal relations, which in the future makes it easier to initiate new project and form partnerships necessary for participating in various TC programmes. It is especially true for NGOs and expert organisations, which have fewer restrictions in terms of travel and engagement with foreign partners. But also such commitment sometimes observed among local and regional government leaders and officials, who are prepared to overcome some official barriers and take private initiative for addressing regional/local problem. And this is making partnership much stronger and commitment much more real. There were some examples from rayons and towns where their leaders would take days off and spend their own money on trips to visit their Polish or Hungarian partners to discuss some business matters. Since if you do it through strictly official channels you are required to go through lengthy procedures of agreeing your absence, and try to get your travel costs covered by local budget, which often has no funding for such type of spending.

However there are different views among experts as for how useful TC is. Some respondents believe that it has limited effect on improving relations with external partners. Though even they admit that after gaining good experience with neighbouring countries Ukrainian regions are getting partners from more distant countries (e.g. Austria, Germany, US or Canada), which is very positive. Others believe that TC projects really help to improve relations with foreign partners. It is especially true for Hungarian and Polish counterparts, while Romania is more centralised country and collaboration with regional level government there is more complicated. Slovak partners were rarely mentioned in interviews or questionnaires.

There are several objective factors influencing effectiveness of TC in relations with neighbours and other partner regions. The greater common interests are the more intensive collaboration with neighbouring regions is. Many rayons and cities in Lvivska and Zakarpatska oblasts also have well established partnership relations with regions from further away, which is very good.

Cross-border collaboration is very strong driver for increasing the quantity and improving the quality of external relations of the given region. Active involvement in CBC leads to gradual growth in the number of partners. For example every year Zakarpatska oblast is getting involved with 1 or two new partners (while at the same time inactive partnership relations are dying out).

Experts believe that effective partnership between government agencies across the border has the greatest impact on facilitating joint planning and addressing issues common to both territories. For example joint sessions of local councils from two neighbouring territories across the border are very effective. One respondent believes that such joint sessions of Starosambirsky rayon in Lvivska oblast and Bieszczady powiat in Pidkarpatske voivodship contributed to opening border crossing Smilnytsia-Korostenko.

However experts also believe that there are some negative factors in TC that undermine future initiatives. For example inequality in financial capability between

Ukrainian local governments and partner local governments in Poland, Slovakia or Hungary creates difficulties in implementing some projects and creates tension that is difficult to overcome. Also in the framework of various EU-funded TC programmes Ukrainian partners feel that they don't have much impact on decision making, as all administrative and financial processes are being controlled on the other side of the border. This sometimes alienates Ukrainian partners and makes building trust and mutual understanding more difficult.

#### *4.3.3 How to improve territory's competitiveness through TC initiatives*

A lot of things need to be changed in Ukraine in order for TC programmes to have real impact on increasing competitiveness of the rayons, towns and villages they are working in. **These changes are of complex nature** but key components are:

- **Legal and regulatory changes** – especially in such spheres as CBC (clear status for organisations working in CBC area), taxation (simplification and exemption of TA funds from taxation), customs and border trade (in order to move significant share of border trade from the shadow)
- **More articulated regional policy** where decentralisation and subsidiarity principles are truly enacted, regions have more freedom to decide on their priorities and raise funds locally to implement them; also CBC should be strongly defined as one of priorities of state regional policy;
- **Administrative and territorial reform** – amalgamating basic self-government units into bigger and stronger units with greater authorities to develop and implement their own local socio-economic policy;
- **Budget reform leading to greater fiscal decentralisation** – with local budgets having greater share of local incomes which could be spent on local needs;
- **Eliminating corruption** at all tiers of government and in all spheres of life

Many respondents highlighted presence of political will as the crucial element for enhancing competitiveness of the territory through TC activities. Determined leaders are able to find solutions in the hardest conditions and gather around them able and motivated experts and organisations. This creates critical mass and beneficiary institutional environment that is conducive to changes aimed at increasing competitiveness.

Some interviewees distinguished the need to concentrate on the work with youth/children and to invest more resources in education as crucial condition for achieving higher competitiveness in the future. These initiatives will assist in bringing up new generation which will be more progressive, pro-active and pro-European.

Also concentrating TC initiatives in specific sectors will contribute to raising competitiveness of the territory, in particular in such spheres as creating industrial parks/production clusters, investing in energy saving technologies, expanding border, road and logistics infrastructure, as well as tourism and telecommunication infrastructure.

#### *4.3.4 Necessary investments in human and physical capital*

Most respondents underlined the importance of investments into various spheres of human capital development. In broader terms there is need to design future initiatives that envisage activities aimed at improving professional skills and knowledge of local population and at the end of the day at increasing their chances of employment.

In more specific areas of human capital development TC should concentrate on capacity building initiatives for government, business and non-governmental actors (i.e. RDA and LDA), especially in rural areas. In the same strand trainings aimed at helping local stakeholders to develop and implement (or at least learn from others' experience) effective models of professional project management are in great need.

TC initiatives could also contribute a great deal in providing accommodation for resource and information centres that support local communities and businesses in rural areas. It will unlock the potential of the most deprived and peripheral territories of two oblasts and enhance their chances to benefit from border location and international contacts in the future.

It was highlighted by several respondents that future investments should have complex nature and Carpathian region should get support as single ecosystem, rather than a combination of various sub-regions.

#### *4.3.5 Facilitators and obstacles for territorial co-operation*

Table 5 below summarises key facilitating and undermining factors that have great impact on the intensity and quality of TC in Lvivska and Zakarpatska oblasts. Some of them were unanimously underlined by interviewees while others are specific for particular segment of TC or sector of collaboration.

For example geographical location on the border with the EU, historical and cultural similarities, language similarity (in Lvivska oblast only) and capable organisations/experts were **facilitators marked by majority of respondents**. Equally **among negative factors that clearly undermine TC majority of respondents highlighted** visa regime for Ukrainians which substantially limits their mobility and ability to take active and equal part in TC initiatives, as well as ineffective border and transport infrastructure, lack of experience and capacity to develop and implement TC projects.

Interesting point was made by several interviewees with regard to lack of funding available to Ukrainian LAs, since it stimulates them to look for alternative options of getting finances for locally important issues, including through TC initiatives. So in a way presence of some barriers is good since it stimulates partners to look for new solutions and mechanisms to remove these barriers.

For collaboration between Ukraine and Poland one specific event, or rather preparation for it is playing crucial role in harnessing collaboration and initiating many joint projects and initiatives. This event is **hosting the Euro-2012 football tournament in summer 2012** that requires significant upgrade in transport and tourism infrastructure, security, coherent approach to hospitality and simplification of border control procedures for visiting fans.

In Zakarpatska oblast there is another factor that is playing crucial role in stimulating TC initiatives in particular rayons and towns with **significant Hungarian or Romanian national minority**. These territories are enjoying a great deal of projects and initiatives funded by respective national governments. Though there is some negative attitude towards such 'expansion' in the region as many believe (and rightly so) that these TC initiatives across the border are not driven by the desire to build new partnerships across the countries but by post-imperial ambitions of hinterland to have influence on the territories currently beyond their borders. Also there is a tendency that these projects are less 'legalised' in Ukrainian context and there is very

little information about their progress and impact beyond the borders of these specific territories.

**Table 5. Facilitating and undermining factors in TC in Lvivska and Zakarpatska oblasts**

<p><b><u>(+) Facilitating factors and conditions:</u></b></p> <ul style="list-style-type: none"> <li>(1) geographical location (proximity);</li> <li>(2) common history, culture and traditions;</li> <li>(3) similar problems and challenges;</li> <li>(4) abundance of people-to-people contacts;</li> <li>(5) political will to co-operate;</li> <li>(6) capable local organisations with well qualified and motivated specialists;</li> <li>(7) previous positive experience in TC.</li> </ul>
<p><b>Effective Territorial Collaboration</b></p>
<p><b><u>(-) Undermining factors and conditions:</u></b></p> <ul style="list-style-type: none"> <li>(1) visa regime for Ukrainian counterparts;</li> <li>(2) corruption;</li> <li>(3) different financial capabilities and thus inequality in the status between Ukrainian and EU partners;</li> <li>(4) lack of local resources for co-funding necessary for ENPI and other projects;</li> <li>(5) language barrier;</li> <li>(6) ineffective work of border crossings;</li> <li>(7) underdeveloped transport infrastructure;</li> <li>(8) lack of skills and knowledge necessary for preparing project proposals;</li> <li>(9) lack of information;</li> <li>(10) tensions in relations between national governments.</li> </ul>

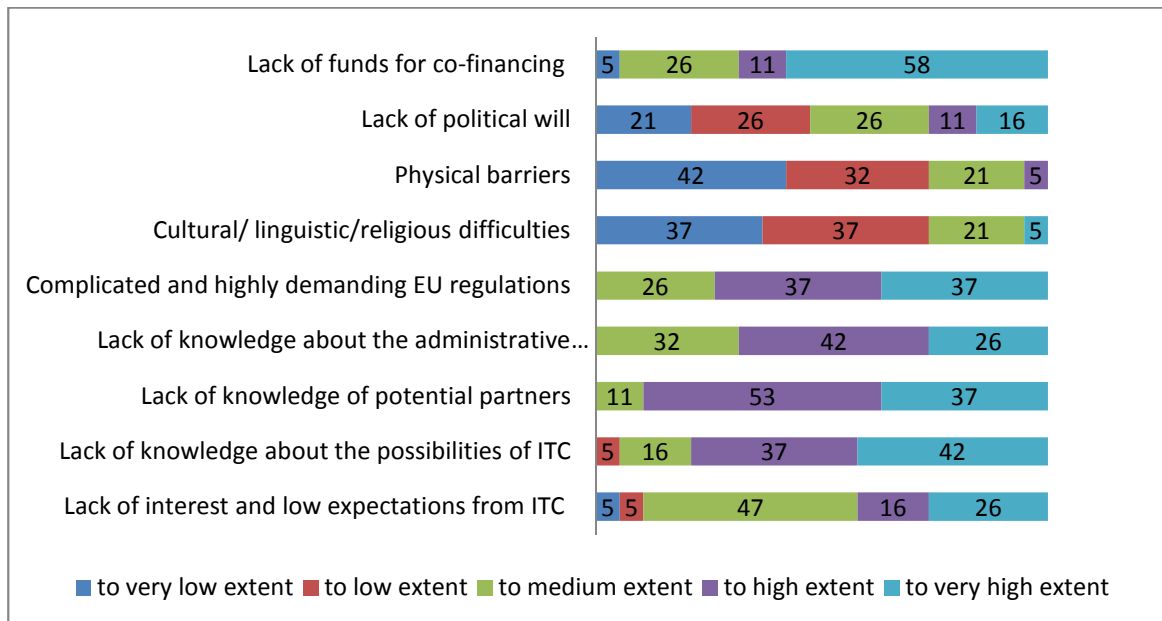
One of the barriers which we believe is ‘overarching’ and in many respects holds back collaboration even where many facilitators are present is inability to agree joint priorities and problems. Often Ukrainian stakeholders have difficulty for formulate their expectations as for neighbouring region. At the same time parties are unable to reach compromises in sensitive areas, where their interests are somewhat contradictory. For example over the last decade Ukrainian teachers and doctors were emigrating to Hungary or Poland where salary level and social security is higher. It solved the problem of lack of qualified specialists in rural areas of these countries, however created challenges for Ukrainian schools and hospitals that are suffering

from this exodus. Partners can't find compromise decision which would minimise negative consequences for all of them and maximise benefits.

Another specific undermining factor is that in Ukraine grants obtained in the framework of TC programmes are taxable and this discourages Ukrainian partners to take on leading role in the project since it costs more. There are some cases where Ukrainian partners asked their Polish counterparts to be formally leading partner, even when they are in fact leaders in the process, to make implementation process less bureaucratic and not as expensive. This adds to the problem underlined by most of respondents – that there are not many projects in ENPI CBC programmes working on the territory of Lvivska and Zakarpatska oblasts where Ukrainian counterparts are leading. This harms equality in partnership and damages long-term relations between partners.

CAWI analysis provides 19 responses to question regarding the factors that are preventing LAs to take part in TC initiatives. Responses came from 17 LAs in Lvivska and Zakarpatska oblasts that currently are not engaged in any TC projects plus two more who are engaged but have chosen to answer this question.

**Figure 27. Factors undermining participation of local authorities in TC activities, %**



*Source: Own analysis based on CAWI results*

Lack of funds is definitely leading the way in terms of impossibility for local authorities in Lvivska and Zakarpatska oblasts to engage in TC initiatives (see Figure 27 above). Among other significant debilitating factors are lack of knowledge about potential partners, about possibilities of TC, about administrative procedures, as well as highly demanding EU bureaucracy. Physical barriers, cultural and linguistic differences and lack of political will are among list disruptive factors.

#### 4.4 Governance structures and implementation of co-operation

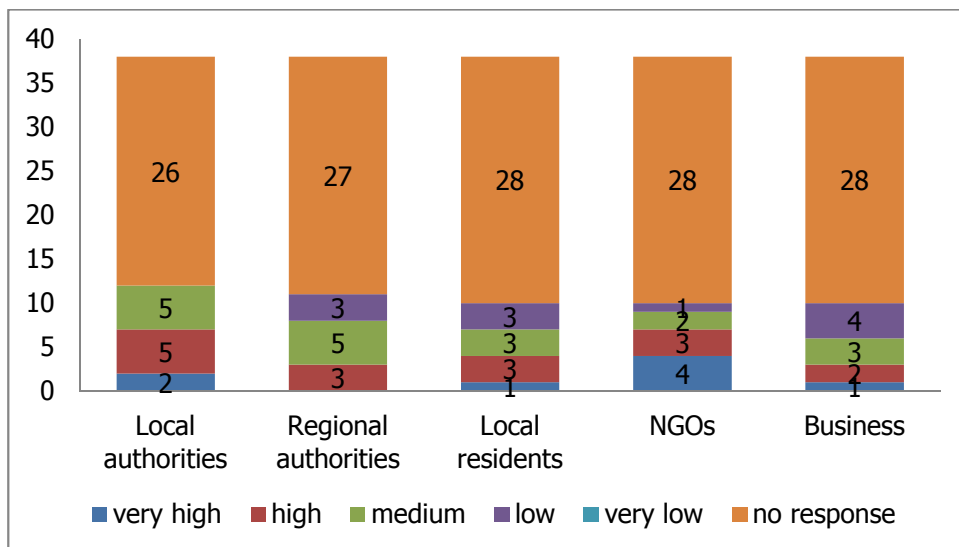
This chapter mainly focuses on the issues of the role of various organisational, legal and regulatory conditions that are necessary for successful TC. It analyses the level of involvement of various stakeholders and governance approaches that are most relevant for TC in Ukrainian regions. There is also analysis of good practices that are worth disseminating and sustaining, as well as recommendations for the future as for how TC could be improved and in what areas and who should be responsible for future changes.

##### 4.4.1 Role of organisations

It would be fair to say that most of the interviewees were underlining the significance of their own sector actors as key players in the field. Oblast administration and council would highlight their crucial role in determining priorities, allocating funding (for example for co-financing) and creating new institutional and regulatory framework. Rayon administrations would say that it's their institution that plays crucial role in initiating and implementing projects, while city officials would stress their decisive role.

NGOs are underlining their importance, but would add that they need support from OSA/RSA and national level endorsement in some cases. Representatives of academic institutions/universities fell most neglected and excluded from the TC activities and underlined that with their inclusion into TC programmes overall situation would improve as they can offer more expertise and research to strengthen the planning and monitoring stages of the process, offer some new models of collaboration, as well as enhance capacity of organisations and individuals.

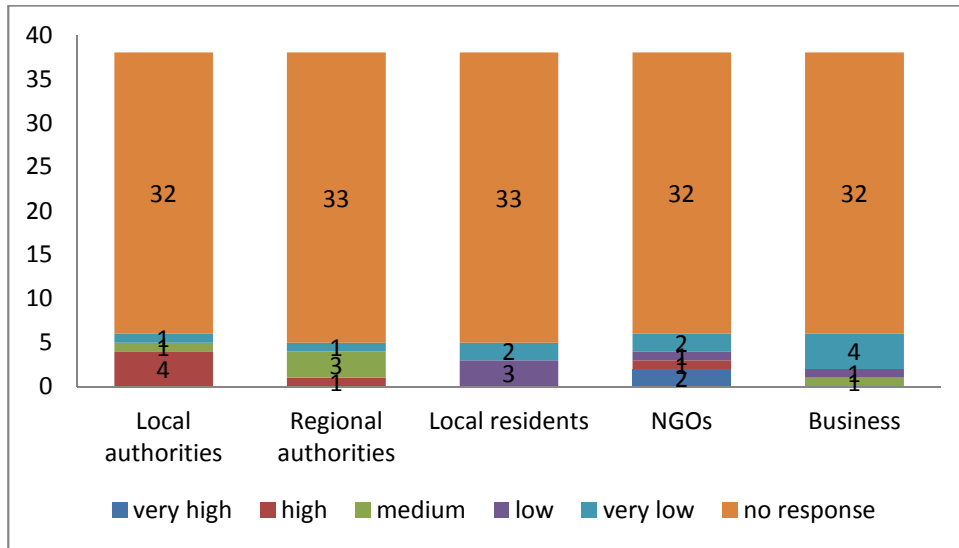
**Figure 28. Key stakeholders involved in twinning type of TC and degree of their involvement, number of responses**



Source: own analysis based on CAWI



**Figure 29. Key stakeholders involved in transcontinental type of TC and degree of their involvement, number of responses**



Source: own analysis based on CAWI

Two figures above (28 and 29) are based on CAWI data and demonstrate the involvement of various actors in twinning and transcontinental TC as seen by the representatives of LAs. While it is difficult to ignore non-response rate (between 69 and 89%) the answers that were provided confirm that the most engaged stakeholders in twinning projects are local authorities and NGOs, as well as regional authorities. They are also engaged, though to a lesser degree, in ENPI programmes and other transcontinental initiatives.

Next figure 30 gives us some idea about which stakeholders are more often initiating TC initiatives. For this figure we selected only statistically significant data which is available for three categories of stakeholders only; local and regional government and NGOs.

**Figure 30. Initiators of TC projects, %**



Source: own analysis based on CAWI

Local authorities seem to be leaders in this respect and are particularly active in initiating twinning activities, which is in line with IDI responses. They are also leading on initiating ENPI and other transcontinental activities. Regional authorities and NGOs are equal initiators of twinning and transcontinental projects with the preference towards former.

It is worth noting that according to interviews with the experts regular meetings for stakeholders involved in TC is not quite established practice in neither of oblasts. But the practices do exist to some extent, especially when OSA is initiating them. Most of experts highlighted the need for more systemic and regular meetings with various stakeholders.

#### *4.4.2 National legislation vs everyday practices*

It is impossible to say what is more important for successful TC – clear and well functioning national legal and regulatory framework or robustness of everyday relations at the local level. All experts who took part in the interviews agreed that combination of both is necessary.

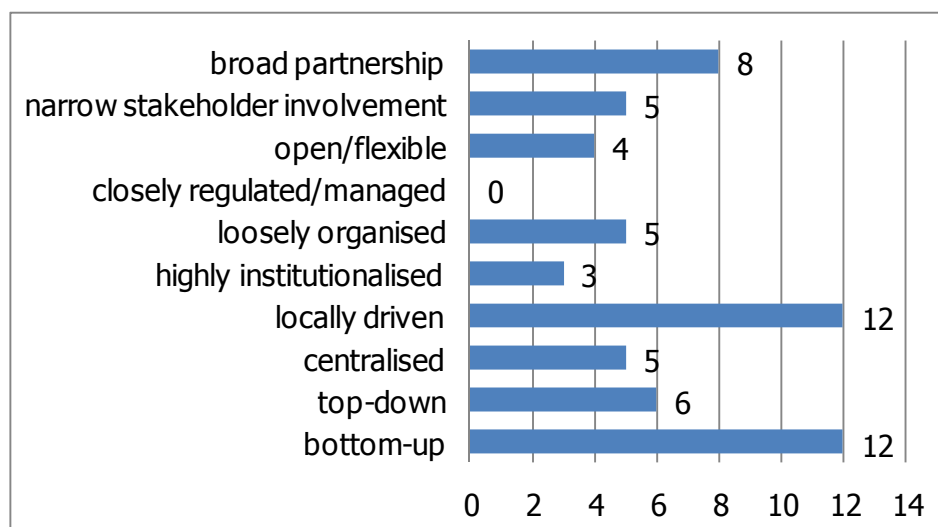
Ukrainian legal framework is imperfect and quite prohibitive in many respects. It restrains or at least slows down many TC initiatives, which are very necessary at the local level. And there are consequently many recommendations as for what should be changed in national legislation and regulatory framework (see Chapter 4.3.3).

What is more important is tricky to decide, but there is slight leaning towards everyday relations and practices. If we assume that the legal framework is perfect and conducive for TC programmes, then still not much collaboration will happen without proactive leaders, good personal relations and everyday interaction. While some examples from Ukrainian towns and rayons demonstrated that if there is strong leadership and the will to change situation, and good contacts and everyday interaction with partners across the border it is possible to overcome some legal or regulatory barriers and achieve results significant for local economy and society (even if these results are not as significant as they might be if the legislation was perfect).

It is also worth highlighting one peculiarity of Ukrainian reality in the sphere of TC. Some experts believe that the level of activities and interaction at local level is increasing significantly if there is some sort of agreement or even 'order' from the government level above to take part in such initiatives. It illustrates dependency of Ukrainian local self-governments on the vertical of power, a top-down approach to TC when partnerships probably are more fragile and have fewer chances for long-term sustainability.

#### *4.4.3 Approaches to territorial co-operation*

In terms of the approaches to governance different experts provided different responses (see Figure 31). The general trend is that government officials (especially from local and regional administrations) are more in favour of centralised, top-down approach with clear institutional base and narrow selection of stakeholders (most qualified and skilled). At the same time experts from non-governmental sector, from local and regional councils, as well as researchers prefer more loosely organised models, with strong bottom-up approach, which should be locally driven and engage as many partners as possible.

**Figure 31. Governance approaches to TC, number of responses**

Source: Own analysis based on IDI results

However it is worth noting that in quite a few cases respondents indicated both options in one 'pair' and suggested that various projects and initiatives require various approaches, depending on the sphere of implementation and the scale of initiative. For example one of respondents, which simultaneously represent local council and Euroregion has strongly insisted that one the one hand TC should be concentrated on border regions, especially those within 30 km of the border, since currently they resemble 'a death zone' with no economic or employment opportunities and low social standards. On the other hand he is strongly lobbying for pan-Carpathian ENPI Programme, similar to one of Alpine Space and Danube basin. The motivation is that Carpathian Euroregion brings together unique and coherent ecosystem of 5 countries and requires coherent approach which is best delivered through single Programme (see Carpathian Euroregion, 2010).

The overall results are clearly distinguishing the most preferred options among the sample of experts; bottom-up and locally driven approach with broad partnership. The option of closely regulated and managed model has not gained a single 'vote'.

#### 4.4.4 Good practices

In each of two Ukrainian regions experts gave examples of different good practices, which suit regional needs and which results are really sustainable. Often the core characteristic of the successful initiative was useful model that could be replicated elsewhere. Some of the projects provide useful mechanisms that were later used by local and regional governments in their own programming and budgeting (for example model of micro-projects offered by UNDP/EU project on engaging local communities in addressing local socio-economic problems and creating economic opportunities).

##### **Good practices from TC projects in Lviv region:**

- (1) complete removal of deposits of unused toxic pesticides from entire territory of the region (ENPI CBC);
- (2) ENPI CBC project aimed at enhancing emergency medical service in the region (medicine of catastrophes);
- (3) scheme of micro projects in the area of local development initiated by UNDP (with EU funding);

- (4) opening border crossing Smilnytsia-Korostenko, which improved economic and employment opportunities for local population;
- (5) creation of cross-border self-government body for Carpathian Euroregion – Association of local self-governments ‘Carpathian Euroregion’;
- (6) development of joint strategy for Lviv and Zakarpatska oblasts and Liublin and Podkarpatske voivodships;
- (7) school construction/reconstruction in rural areas and small towns;
- (8) reconstruction of water supply system in smaller towns (e.g. Zhovkva);
- (9) two-language signage (in Ukrainian/English) of Lviv city centre which had very positive feedback from city visitors (ENPI CBC);

#### **Good practices from TC projects in Zakarpatska oblast:**

- (1) creation of Carpathian Fund which has significant impact on various aspects of oblast development;
- (2) project supporting oblast hospital in creating reanimation unit for newborns, where not only equipment was provided, but also complex training for hospital staff (ENPI CBC);
- (3) exchange of experience in tourism sphere among neighbouring border regions, which led to changes in tourist routes, building of tourist infrastructure;
- (4) creation of forest-based industrial clusters;
- (5) preparation of Strategy of Socio-Economic Development of Zakarpatska oblast, which was supported by Canadian CIDA and used various international models – from Canada to Poland to Hungary;
- (6) publication of manuals for local entrepreneurs;
- (7) development of complex flood preventing measures on Ukrainian-Hungarian border which had complex impact on local communities and livelihoods. It also created strong basis for the future activities in this sphere (ENPI CBC).

#### **4.4.5 Recommendations for the future**

A range of recommendations provided by interviewees as for how TC should be improved in order to benefit the region more could be divided into two groups: specific recommendations for existing ENPI CBC programmes, about which most of respondents had very informed opinion; and more general ‘wish list’ in terms of improving the governance, scope of funding and the models of engagement. Recommendations are targeted at both EU institutions (incl. EU member states institutions) and Ukrainian government.

That is why we present recommendations in two blocks (Tables 6. and 7.); those related to ENPI CBC programmes and more general recommendations. They are presented in line with the problems they are aimed to address.

**Table 6. Recommendations regarding 2 ENPI CBC programmes operating in Lvivska and Zakarpatska oblasts (PL-UA-BL, HU-SL-RO-UA)**

<b>Problem</b>	<b>Solutions</b>
Unfair distribution of funds among ENPI CBC programme’s national partners	Accountability and transparency of ENPI CBC programmes available for Ukrainian stakeholders should be enhanced. The balance should be achieved between funds allocated to Ukrainian and EU partners, which is currently discriminating towards former. Some

	respondents suggested setting up national quotas for selecting projects submitted by different national partners (minimum rather than maximum threshold).
Low level of information provision as for ENPI CBC opportunities and results	Announcements regarding calls for proposals and final results should be published on time and more widely, using local mass media.
Lack of skills among Ukrainian partners in preparing project proposals and consequently bad quality project proposals	The effectiveness of work of ENPI CBC programmes JTC should be enhanced. More efforts should be invested in capacity building and trainings. Models for mechanisms of collaboration should be offered to potential bidders.
Slow and ineffective process of decision-making in ENPI CBC programmes	The decision making process in various TC programmes operating in Ukraine (especially ENPI CBC) should be sped up, as currently it is very protracted and intimidating for partners. The effectiveness of work of ENPI CBC programmes JTS should be enhanced.
Priorities of ENPI CBC programmes do not include important elements	Priorities of ENPI CBC programmes should be expanded in order to include sport and wellbeing activities, as well as collaboration between youth and youth organisations on both sides of the border.

Source: own analysis based on IDI results

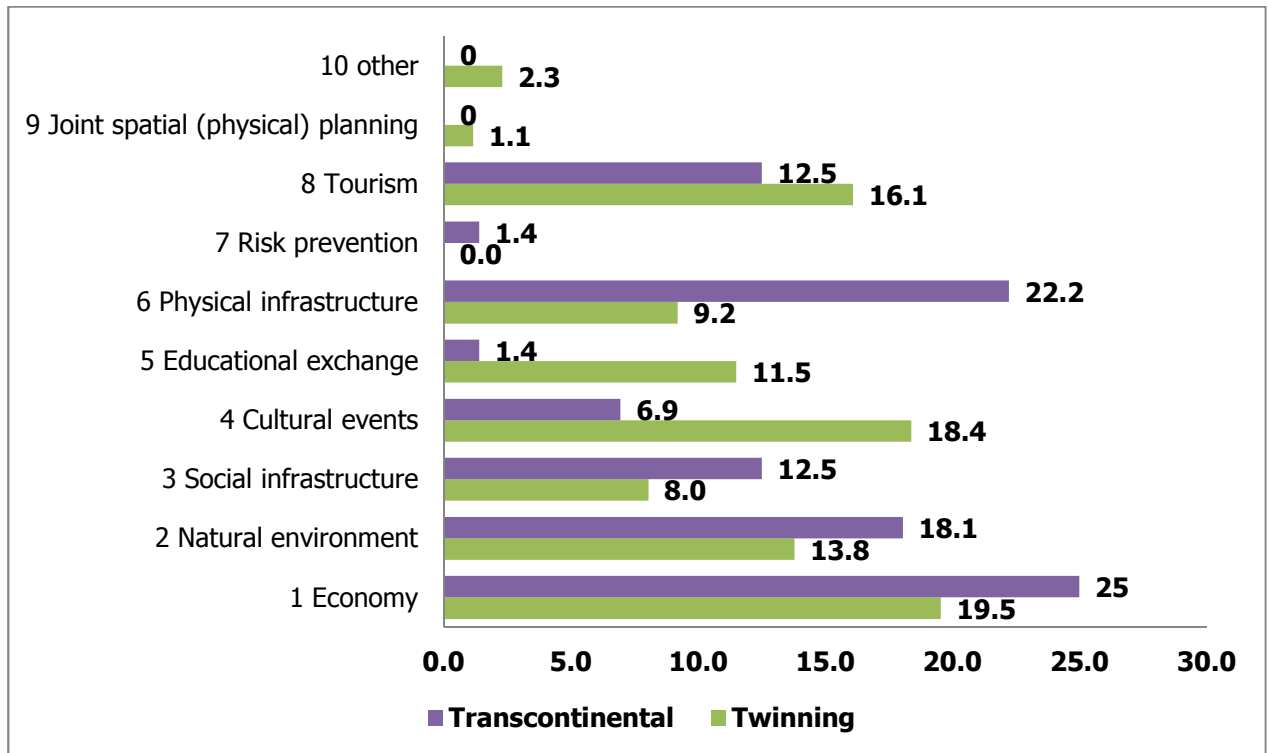
**Table 7. General recommendations for enhancing TC in Ukrainian regions**

<b>Problem</b>	<b>Solutions</b>
Insufficient funding for TC initiatives	More funds should be allocated to TC activities, from both donor side and Ukrainian side.
Low share of investment activities in overall TC portfolio	Many respondents highlighted the need to increase the investment element of TC projects. However some of them also called for a better balance between hard and soft projects as human capital development should not be neglected because there is a great need for enhancing infrastructure.
Weak engagement of partners at local level, especially in rural and periphery areas	More efforts should be made to enhance human potential, especially in rural areas, to facilitate exchange of experience and models. Local partners should have greater say in formulating the priorities. There is a need to provide Ukrainian translation of documents used in TC programmes.
Projects efficiency is low due to inappropriate spatial tiers of implementation and management	Management of microprojects should be transferred to the level of cross-border structures (in particular Euroregions). There should be single ENPI CBC programme for entire Carpathian region.
Low engagement of businesses in TC initiatives	Businesses, in particular SMEs, should be more actively engaged into TC activities. Partnership relations in the triangle 'Government-NGOs-Businesses' should be harnessed
Imperfect and sometimes	There is need to amend legislation on national

prohibitive Ukrainian legislation and regulatory environment	level, in particular in such areas as territorial and administrative arrangement, regional policy, budget policy, CBC, border trade, taxation etc. Ukrainian legislation should be approximated to European standards and should address issues of growing regional disparities. Trainings should be organised for Ukrainian control and audit government agencies since they have no idea what TC and TA are and make life of implementing agencies in public sector very complicated.
Unsustainable results of TC projects. Impact difficult to measure	Ukrainian government should be committed to support good practices and models developed in the framework of various TC programmes, as well as follow-up activities necessary for sustaining positive results and achieving long-term effect. Results of TC programmes should be more widely disseminated and information should be readily available for wider circles of public, especially in rural areas. It is necessary to harmonise statistical indicators used for socio-economic characteristics of neighbouring regions which will enable more accurate assessment of the impact of TC measures on local economy and society.
Imbalances in relations between Ukrainian and EU/ other international partners in the framework of TC programmes	There should be analyses of 'internal' assistance programmes in neighbouring EU countries in order to understand how they are correlated with ENPI CBC activities, and what impact they have. Provision of Ukrainian translation of documents used in TC programmes. The difference in remuneration for EU and Ukrainian experts working in NGOs should be reduced (currently it could reach a factor of ten).
Ukrainian partners are intimidated by some official procedures and bureaucracies which reduces the rate of participation in TC	There is a need to simplify EU bureaucracy, which became more complicated over the last years. Also there is need to simplify procedures of some other donors which are providing funding for TC.

*Source: own analysis based on IDI results*

Results of CAWI analysis in terms of significance of specific domains of collaboration for the future are presented in Figure 32. below. They are congruent with IDI responses. It is evident that economic domain is the priority number one as a quarter of all respondents believe it should be supported in the future through ENPI and other transcontinental initiatives and one fifth believes it is important for the twinning activities as well. The priorities are quite different for two types of collaboration – which is rooted in current perception of the usefulness of the specific type. For transcontinental TC significant are the following domains (in descending order): physical infrastructure, natural environment, tourism and social infrastructure. For twinning TC important are: cultural events, tourism, natural environment and educational exchange.

**Figure 32. Domains of co-operation important for the future, %**

Source: own analysis based on CAWI

It is anticipated that with these recommendations taken on board by Ukrainian authorities, authorities in neighbour countries, EU institutions and other international donor organisations the prospects of TC initiatives in Lvivska and Zakarpatska oblasts are quite optimistic and their impact on local and regional economy and society will grow significantly.

#### 4.5. Conclusions

Common borders mean presence of common problems for Lvivska and Zakarpatska oblasts and their EU neighbours. That is why often projects aimed at addressing these problems are (or should be) a priority. Physical barriers are often playing positive and uniting role as neighbours need to come together to work out joint solutions. And such barriers are easier to overcome through learning international experience. For example Zakarpatska is learning experience of Italy and Austria in the area of collaboration in the mountainous areas.

At the same time there are often difficulties in identifying common interests and problems across the border, as partners often have conflicting needs that require careful balancing and ability to reach compromise (this specifically refers to the use of natural resources and migration).

TC initiatives stimulate the level of collaboration and number of projects is rising. At the same time capacity of all involved stakeholders is being enhanced. And the more partners are involved in TC the deeper impact will be. TC, and in particular CBC projects, stimulate much closer relations among stakeholders. They prompt regional governments across the border to make joint decisions, also to engage local communities more actively. It is especially important for migration issues; for example close relations between Ukrainian and Hungarian partners allowed simplification of visa regime and liberalisation of border movement for local population living close to the border. Those partners that have greater experience in TC are benefiting much

more from various initiatives. Usually they are located in regional capitals and close to border rayons.

In Ukrainian regions of CS area the amount of money being spent on various TC programmes is quite significant relative to the size of local economy. For example for Zakarpatska oblast the amount of spending on TC is equal to approximately 25% of total regional FDI. However Ukrainian partners consistently face the challenge of finding money to fulfil their co-funding obligations. Self-governments usually refer to rayon and oblast administrations that have much larger budgets and greater flexibility to allocate funds for project activities. This increases their dependence on decision-makers above them.

That is why access to additional financial resources is key driving force behind TC. Other significant drivers are eligibility of border regions for ENPI CBC funds; possibility to exchange experience, enhance skills and capacity of local experts, specialists, and wider public, especially youth. Desire to learn new models of urban development and management and the ways to engage community into decision making process is also strong driver of TC, especially for cities and towns of Lvivska and Zakarpatska oblasts.

In both Lvivska and Zakarpatska oblasts there is certain imbalance in engagement of various territories in TC. It could be explained by differences in the expertise and capacity of local stakeholders. Most of TC activities are concentrated in regional capitals (e.g. Lviv) and close to border regions, while there is a need to engage more peripheral/rural territories. At the same time currently 30 km zone from the border between Ukraine and EU neighbours is sort of 'dead zone' where lack of infrastructure and economic opportunities make life really challenging.

It would be fair to say that in Carpathian area of Ukraine there are three separate ENPI CBC programmes that don't have harmonised priorities. What in fact is happening is that neighbouring EU countries are often supporting their national minorities on Ukrainian territories and there is no systemic approach to the development. It is necessary to "reanimate" Carpathian Euroregion. There is a need to create joint body for all border territories of Ukraine in order to monitor and co-ordinate various initiatives and activities. For programming period 2014-2020 there should be single Carpathian ENPI CBC programme.

Currently there is little economic focus in TC initiatives and social issues continue to prevail in co-operation initiatives in Lvivska and Zakarpatska oblasts. Related issue is that business has very limited access to various programmes of collaboration. In a way it creates vicious circle and both 'lacking' elements are aggravating the problem of weak impact of TC initiatives on region's competitiveness, economic growth and social wellbeing. This is negative trend which should be changed.

The balance between social and economic TC initiatives should be shifted towards the economy. This will spur economic growth which will contribute towards greater generation of budget revenues which in turn will fund social programmes.

There are big problems in the sphere of employment and economic activity of local population in border areas and the prevailing opinion is that TC projects should focus more on these areas to raise competitiveness of the territories. Also there is a need to reduce significant socio-economic and infrastructure disparities across the border which affect opportunities for coherent economic growth of entire border area. For



example Ukraine has underdeveloped telecommunication infrastructure and in order to match EU level it should get more funding from both TC and state budgets.

There is a great need in TC infrastructure projects, in particular in such areas as: (1) transport and logistics; (2) border crossing and access routes; (3) city regeneration and communal infrastructure; (4) public transport; (5) recycling and solid waste management; (6) waste water treatment and water management; (7) telecommunications, especially in rural areas; (8) building dams; (9) alternative energy generation (hydropower). There should be consistent approach to implementation of infrastructure projects and they should be funded from both EU funding and state budget.

But beyond infrastructure TC initiatives in the future should be targeted at the following spheres: (1) environment protection; (2) creation of production clusters; (3) organising various festivals and exchanges with partner regions; (4) sport, tourism and marketing activities; (5) training and capacity building; (6) student exchanges; (7) preparation and implementation of Carpathian Development Strategy on the basis of common problems and needs for territorial cohesion.

TC activities aimed at transferring international experience and knowledge are becoming less useful. So in the future trainings and capacity building activities should be designed in a more flexible and responsive way, so that they address emerging needs of the particular area and are individually tailored for the challenges faced by Ukrainian counterparts.

There should be gradual 'scaling-up' of TC activities where implementation of small-scale projects is paving the way towards successful implementation of large-scale TC initiatives, including 'hard' projects. Ukrainian partners often have reserved attitudes towards big infrastructure project since they lack skills and knowledge. So there is a need in capacity building and training aimed at helping local stakeholders to first of all prepare large-scale infrastructure projects and then implement them.

Ineffective and cumbersome legislation, as well as prohibitive regulatory framework in Ukraine are key handicaps on the way of enhancing TC. Overall the role of the state should be enabling rather than prohibiting, as it is now. Sector ministries have overregulated approach to TC projects and their implementation, which often harms good TC initiatives. The role of controlling Ukrainian government organisations is overbearing and some projects suffer. There are also significant regulatory and financial handicaps on the way of launching and implementing TC projects. The process of registering project in MEDT and transfer of funds are complicated, there are other legal limitations which could discourage further collaboration initiatives if leaders are 'light-hearted'. Also in Ukraine grants are taxable and this discourages forming equal partnerships since Polish (and other) counterparts have advantages and often Ukrainians ask them to be lead partners in ENPI CBC projects even when they are able to be leaders themselves.

Ukraine needs to formulate clearly regional development policy where CBC is one of the priorities. There is a need to implement territorial and administrative reform in Ukraine (incl. amalgamation of the basic self-government units) in order for the regions and territories to become more self-sufficient and competitive. Ukraine needs greater fiscal decentralisation and better financial provision of local governments for fulfilling delegated authorities – this will give them more resources for various project activities. Many other legal and regulatory changes are required

At the same time accountability and transparency of all ENPI CBC programmes available for Ukrainian stakeholders should be enhanced in order to make it fairer. The balance should be achieved between funds allocated to Ukrainian and EU partners, which is currently discriminating towards former. Some experts suggested setting up national quotas for selecting projects submitted by different national partners (minimum rather than maximum threshold). Local partners should have greater say in formulating the priorities of TC programmes.

The effectiveness of work of ENPI CBC programmes JTC should be enhanced. The decision making process in TC programmes operating in Lvivska and Zakarpatska oblasts should be sped up, as currently it is very protracted and intimidating for some partners. Announcements about calls for proposals and final results should be published on time and more widely, using local mass media. Results of TC programmes should be more widely disseminated and information should be readily available for wider circles of public, especially in rural areas. There is need to provide Ukrainian translation of some documents used in TC programmes.

All these measures will make TC initiatives more meaningful and successful and will contribute towards vgreater competitiveness and wellbeing of the territories engaged in TC.

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**List of interviews:**

<b>COUNTRY</b>	<b>PLACE</b>	<b>INSTITUTION</b>	<b>PERSON</b>
Poland	Krosno	Starostwo powiatowe	Jolanta Bondaronek
Poland	Krosno	Podkarpacka Izba Gospodarcza w Krośnie	Krzysztof Posadzki
Poland	Krosno	Polskie Stowarzyszenie "Dom Europejski" Oddział Podkarpacki	Tadeusz Kalenicki
Poland	Krosno	Urząd miasta	Piotr Przytocki
Poland	Rzeszów	Urząd Marszałkowski	Marek Rainer
Poland	Rzeszów	Rzeszowska Agencja Rozwoju Regionalnego	Marek Duda
Poland	Przemyśl	Urząd miasta	Beata Bielecka
Poland	Ustrzyki Dolne	Urząd miasta	Antoni Szewczyk
Poland	Lesko	Urząd miasta	Barbara Jankiewicz
Poland	Sanok	Urząd miasta	Konrad Białas
Poland	Besko	Urząd gminy	Mariusz Bałaban
Poland	Brzozów	Urząd miasta	Edyta Kuczma
Poland	Jasło	Urząd miasta	Krzysztof Haluch
Poland	Krempna	Urząd gminy	Kazimierz Miśkiewicz
Poland	Iwonicz-Zdrój	Urząd miasta	Wiesław Polek
Poland	Rymanów	Urząd miasta	Wojciech Farbaniec
Poland	Dukla	Urząd miasta	Mirosław Matyka
Poland	Rzeszów	Euroregion Karpacki	Barbara Inglot
Slovakia	Prešov	Prešovská regionálna komora SOPK	Radko Sapoš
Slovakia	Prešov	Úrad Prešovského samosprávneho kraja	Rudolf Žiak
Slovakia	Levoča	Úrad mesta	Ivan Dunčko
Slovakia	Poprad	Úrad mesta	Jozef Durbák
Slovakia	Stará Ľubovňa	Úrad mesta	Jozef Geinzinger
Slovakia	Vranov nad Topľou	Úrad mesta	Alfonz Kobielsky, Imrich Kónya
Slovakia	Bardejov	Úrad mesta	Marcel Tribus, Ján Novotný
Slovakia	Svidník	Úrad mesta	Vladimír Popik
Slovakia	Košice	Úrad mesta	Branislav Valovič
Slovakia	Prešov	Punkt kontaktowy PL-SK 2007-2013	Terézia Matušová
Slovakia	Prešov	Úrad mesta	Ivana Javorska
Slovakia	Košice	Úrad Košického samosprávneho kraja	Imrich Fülöp
Ukraine	Lviv	Lviv Oblast Council	Valeriy Piatak

Ukraine	Lviv	NGO 'European Dialogue'	Olexander Sofiy
Ukraine	Lviv	Lviv Chamber of Commerce and Industry	Myroslav Pukalsky
Ukraine	Lviv	Institute of Regional Studies, National Academy of Sciences of Ukraine	Nadiya Mikula
Ukraine	Lviv	Starosambirsky RSA, Carpathian Euroregion	Volodymyr Horbovyi
Ukraine	Lviv	Lviv office of JTS of PL-UA-BL ENPI CBC Programme	Olga Parasotska
Ukraine	Lviv	Department of Foreign Economic Relations, City council	Sergiy Kiral
Ukraine	Zhovkva	City council	Volodymyr Pidsosny
Ukraine	Zhovkva	Zhovkva RSA	Dmytro Cherniukh
Ukraine	Zhovkva	City Tourist-Information Centre	Liubomyr Kravets
Ukraine	Uzhgorod	Agency of Local Development and Information Resources 'Europolis'	Oleg Luksha
Ukraine	Uzhgorod	National Institute of Strategic Studies, Regional Branch	Svitlana Mitriayeva
Ukraine	Uzhgorod	Uzhgorod University	Svitlana Slava
Ukraine	Uzhgorod	Carpathian Foundation	Ruslan Zhylenko
Ukraine	Vynogradiv	Regional Development Agency	Volodymyr Shevchuk
Ukraine	Uzhgorod	Uzhgorod University	Myroslava Lendel
Ukraine	Uzhgorod	Institute of Cross-border Co-operation	Mykhailo Bezilia
Ukraine	Uzhgorod	Department of European integration, international economic relations and tourism, Zakarpatska OSA	Mykhailo Denys
Ukraine	Uzhgorod	Department of International Co-operation, Zakarpattia Regional water Management Agency	Maryna Skral

## Annex I: Methodological remarks

Ukrainian part of case study research consisted of two major parts: individual interviews with experts and officials in two Ukrainian regions; and analysis of answers to questionnaires provided by local authorities of Lviv and Zakarpatska oblasts. Besides a thorough desk research was performed of the key documents regulating the various types of TC in Ukraine (specifically ENPI related documents by EC), Ukrainian legislation and regulations, expert reports and data from regional statistical offices and State Statistics Service of Ukraine.

The overall number of in-depth interviews in 2 Ukrainian regions is 19: 11 in Lviv oblast and 8 in Zakarpatska (see details in the Table XXX). All interviews were face-to-face and individual.

While selecting individuals for interviews local expert used a number of criteria, in particular:

- (a) experience of experts in the field of TC;
- (b) their position in the region and robustness of networks they have;
- (3) sector they represent (to make sure balance is achieved); and
- (4) willingness to co-operate

Most of the experts had very strong recommendations from multiple sources. The representation of respondents is as following:

- 6 government officials (oblast, rayon and city tier);
- 6 experts from independent analytical centres, non-governmental funds and NGOs;
- 4 state-funded research institutes and universities;
- 2 CBC institutions (Euroregion and local office of JTS);
- 1 Chamber of Commerce

Most of the interviewees have many years of experience in TC area and sphere of regional/local development. Since they represent different sectors they have valuable different perspectives on the state of TC in their respective regions.

For example officials from oblast council or administration were able to present coherent and complex picture of TC activities in the region, its advantages and perspectives for the future. They are also aware of the details of governance arrangements and mechanics of decision-making in the context of TC. Local government officials provided valuable contribution in terms of providing very specific view on the potential of TC initiatives to address sub-regional and local problems. They clearly demonstrated that even in the highly centralised system with the overbearing vertical of power, like the one in Ukraine, it is possible to achieve significant progress in socio-economic development through joint activities in with neighbouring countries (in particular) if there is political will and strong leadership which is capable of uniting the most able people.

IDIs were also held with representatives of various NGOs that are dealing with the issues of local and regional socio-economic development and are actively engaged in TC projects (especially ENPI CBC projects). Their input, as well as input of independent experts, analysis and researchers who are dealing with the issues of TC, provided very clear picture of the large-scale picture which goes beyond the

boundaries of government responsibilities and official strategies. They also shed some light on the public perceptions of TC in their regions.

Officials from CBC institutions have wider perspective on TC activities since they are better informed about the mechanics of international programmes and organisations providing them. They are also aware of the specifics of international partners and are able to provide critical views on the level of development and capacity of Ukrainian counterparts vis-a-vis their international partners. At the same time representative of business organisation (CCI) provided clear insight into the needs and current involvement of businesses into TC activities (not sufficient to say the least).

Most of the interviewees have deep expertise in the specific areas of TC and that is why not always they could provide answers to all and every question in IDI form. However in the 'totality' of responses all questions were covered and provided comprehensive picture of TC in 2 Ukrainian regions which are part of Poland-Slovakia-Ukraine CS area.

All experts who were interviewed have demonstrated positive attitude towards research topic, readiness to co-operate and willingness to get the final results of TERCO project (project team should make sure that this request is followed when TERCO results are ready to be published).

The research demonstrated significant 'donor effect' on the expert opinions and assessments. The fact is that Ukraine still receives significant amount of international technical assistance from national governments (such as US, Canada, UK, Sweden, Germany etc) and international organisations (EU, UN, World Bank, EBRD etc). These projects are not always congruent with the definition of TC initiatives. However most of them have components dedicated to learning international experience and applying some elements of models used in other countries. That is why quite often respondents drew experience or examples from these projects even despite the fact that they are not quite TC activities (for example UNDP projects funded by EU aimed at enhancing local economic development through participatory approach, or CIDA project which assisted in developing Strategy for Zakarpatska oblast). This should be taken into account while analysing the overall picture of TC in two regions.



## Annex II: INTERREG IIB, IVB and IIIC and IVC projects in Eastern Slovakia

	Acronym	Entity (PARTNER)	Programme
1	ENSPIRE EU	City of Košice, Košice	Interreg IVC
2	NEEBOR	Regional Development Agency of the Prešov Self-governing Region, Prešov	Interreg IVC
3	ORGANZA	City of Prešov, Municipality, Prešov	Interreg IVC
4	ORGANZA	Technical University of Košice, Faculty of Manufacturing Technologies with a seat in Prešov, Prešov	Interreg IVC
5	RAPIDE	Prešov Self-Governing Region, Prešov	Interreg IVC
6	BIO-EN-AREA	Košice Self-Governing Region, Košice	Interreg IVC
7	CivPro	City of Košice, Košice	Interreg IVC
8	FUTUREforest	Slovak Environmental Agency, Prešov	Interreg IVC
9	FUTUREforest	The Association For Education of Sabinov, Sabinov	Interreg IVC
10	PERIURBAN	The City of Košice, Košice	Interreg IVC
11	SIGMA for Water	Slovak Environmental Agency, Prešov	Interreg IVC
12	SIGMA for Water	The Association For Education of Sabinov, Sabinov	Interreg IVC
13	SufalNet4EU	City of Košice, Košice	Interreg IVC
14	ACCESS	Slovak Chamber of Commerce and Industry - Prešov Regional Chamber	Interreg IVB
15	FLAME	Slovak Chamber of Commerce and Industry - Prešov Regional Chamber	Interreg IVB
16	IDEA	Technical University of Košice	Interreg IVB
17	Via Regia +	City of Košice	Interreg IVB
18	Via Regia +	Agency for the Support of Regional Development Košice	Interreg IVB
19	FLAVIA	Interport Servis ltd.	Interreg IVB
20	FLAVIA	Technical University of Košice, Faculty of Manufacturing Technologies with seat in Prešov	Interreg IVB
21	FLAVIA	Regional Advisory and Information Centre Prešov	Interreg IVB
22	BICY	Košice Self-Governing Region	Interreg IVB
23	SOL - Save Our Lives	ZAS - The Association of the Driving Schools in the Slovak Republic	Interreg IVB
24	KASSETTS	Technical University of Košice	Interreg IVB
25	NELI	TUKE - Technical University of Košice, Faculty of Manufacturing Technologies with a seat in Prešov	Interreg IVB
26	ReTInA	Košice - City of Košice	Interreg IVB
27	ENER – SUPPLY	EUIE - The University of Economics in Bratislava. Faculty of Business Economy	Interreg IVB
28	ECO4LOG	Tech. University of Košice, Faculty of manufacturing technologies (Prešov)TUFVT, Prešov	Interreg IIIC
29	ICNW	Association Region Karpaty, Košice	Interreg IIIC
30	ICNW	Regional Educational Center Prešov, Prešov	Interreg IIIC
31	PALAIS	Spis agence régionale de développement, Spišská Nová Ves	Interreg IIIC
32	Robinwood	Région de Slovaquie de l'Est (régions autonomes de Košice et Prešov), Prešov	Interreg IIIC
33	S3	Office of the Košice Self-Governing Region, Košice	Interreg IIIC
34	Tourisme	Slovak Tourist Board, Banska Bystrica	Interreg IIIC

	Partners Europe		
35	TRATOKI	Business Innovation Center of Spisska Nova Ves, Spisska Nova Ves	Interreg IIIC
36	U.TdR	ASSOCIATION MUNICIPALE SOSNA, Košice	Interreg IIIC
37	Agrobiotech Xchange	Slovak Chamber of Commerce and Industry, The Košice Regional Chamber, Košice, Slovakia	Interreg IIIB
38	CER <sup>2</sup>	European Technological Centre, Prešov, Slovakia	Interreg IIIB
39	ED-C III	Agency for the Support of Regional Development Košice, Košice, Slovakia	Interreg IIIB
40	EMBRACE II	Agency for the Support of Regional Development Košice, Košice, Slovakia	Interreg IIIB
41	IMMENSITY	Agency for the Support of Regional Development Košice, Košice, Slovakia	Interreg IIIB
42	ITACA	Municipality of Košice, Košice, Slovakia	Interreg IIIB
43	Mister	Košice Self-governing Region, Košice, Slovakia	Interreg IIIB
44	RDA-net CEDA	Regional Development Agency in Kralovsky Chlmec, Kralovsky Chlmec, Slovakia	Interreg IIIB
45	RDA-net CEDA	SPIS Regional Development Agency, Spišská Nová Ves, Slovakia	Interreg IIIB
46	Red Code	Košice Self Governing Region, Košice, Slovakia	Interreg IIIB
47	S.I.S.M.A.	Geological Survey of Slovak Republic , Košice, Slovakia	Interreg IIIB
48	SHINING Mountains	Agency for the support of regional development Košice, Košice, Slovakia	Interreg IIIB
49	Smart Region	Regional Advisory and Information Centre Prešov, Prešov, Slovakia	Interreg IIIB
50	Smart Region	Regional State Department in Prešov, Prešov, Slovakia	Interreg IIIB

Source: prepared by the authors based on programme websites.

## **2.3 Case Study on Poland – Germany – Czech Republic**

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## Summary

Study area covers a triangle on the Czech, German and Polish border. It is an area of particularly high level of interferences of different factors: geographical, historical, social, political and economic. And yet, an area of growing interest in joint problems solving, cooperation, study in culture of neighbouring areas. All these factors have to be taken into account when assessing the effects and prospects of further involvement in International Territorial Cooperation (ITC).

- **Physical areas of territorial cooperation;**

**Strengths:** In general, in case of CZ-DE-PL study area geography is not seen as a development problem. To the contrary: the mountains, national parks and rivers are rather considered opportunities for cooperation. Even, if rivers are dangerous (in 2011 three serious floods one by one) and for a few municipalities the highest Karkonosze (Krkonoše, Erzgebirge) form a real natural barrier. All people interviewed had not doubt that mountains and rivers are opportunity. Also question on proper (best, most suitable) geographical area was not fully understood: functional links, proximity, similarity of problems were seen as key factors facilitating cooperation. It relates not only to CBC (Interreg A), but also all others forms of ITC.

**Weaknesses:** most negatives are related to historical aftermath of years of living in isolation. As a result 1990 opened the door for cultural exchange, visits, migration etc. Due to peripheral location at for long time sealed off borders, the linking transport and communication (and other forms of) infrastructure is obsolete or nonexisting (like central railway connections through the Sudeten). Mountainous area, less densely populated, with more harsh climate, is more difficult place to live, though has a strong tourism development potential. Some people also believed that this region, despite its real restructuring problems is not of much interest to national capitals.

**Future:** Despite all negatives mentioned, most of people interviewed have a strong feeling of a development potential of the region, which is to a large extent attributed to central location in Europe and proximity of metropolises of Berlin, Wrocław, Prague and other large cities. It is remembered that years ago Sudeten served as an important tourism, cultural and recreation area, which nowadays is regaining its charm and role. Increased cooperation with other areas, cities is only a question of time and modernizing transport infrastructure to contemporary standards.

- **Driving forces and domains of co-operation;**

**Strengths:** In general there are three main drivers of cooperation in the study area:

- geographical proximity;
- historical links;
- similarity of problems to be solved;
- opportunities in development of new economic activities.

Accession to the EU opened possibilities to start strategic and coordinated cooperation. UE funds helped to speed up the process of modernization. These factors were particularly important for Poland and the Czech Republic, which countries joined the EU 14 years later than Eastern Germany and still have much bigger infrastructural problems than former DDR regions. On the other hand, however, though less affluent, CZ and PL areas studied enjoy much lower levels of unemployment and migration. Most importantly, there is a strong political will in the area to deepen cooperation and jointly develop the region.

**Weaknesses:** Among main weaknesses the following should be mentioned:

- limited synergies outside tourism development;
- competition prevailing over cooperation in relation to business development and industrial restructuring;
- difficulties in deepening cooperation (in the form of EGTC for instance) due to different institutional systems in neighbouring countries;
- bureaucracy of EU funds, in particular lack of NGOs friendly system of pre-payments;
- different, not coordinated sufficiently spatial planning systems.

**Future:**

- more decisive support to develop infrastructural links between three countries
- significant and supraregionally planned flood protection facilities badly needed;
- increasingly deeper business and restructuring cooperation, promotion etc.
- increasing stress on soft measures (projects), knowledge based economy and information society development.

The asymmetry between Poland and Czech Republic when compared to German side, where basic infrastructural problems were already solved, suggests that with the time passing by also in Czechia and Poland infrastructural problems will loose significance and other forms of cooperation will be developed.

- **Territorial structures and specific border co-operation**

**Strengths:**

- improved relationships within the region;

- improved relationships with the regions on the other side of the border;
- main facilitators: political will to cooperate, relatively high organizational density in ITC, similarity of problems, historical ties.

**Weaknesses:**

- different legal/ institutional systems in CZ, DE, PL;
- relatively low propensity to cooperate in terms of business development, competitiveness building;
- inadequate pre-financing system, limiting in particular activity of NGOs;
- too rigid territorial limitations of cooperation (eg Interreg A), while increasingly functional links are needed which cross the administrative borders;
- inter-cultural skills and knowledge needed for ITC (even language problems).

**Future:** There is common understanding that every form of ITC needs specific structure in order to attain its objectives. It is expected, that like on the German side, infrastructural projects will loose on significance and more soft activities will be supported (HRD, business development, spatial planning, R&D development, information society). New more functional links of cooperation will be developed. More attention will be given to synergy effect, quality of justification and project preparation. Best practice sharing a

- **Governance structures and implementation of co-operation**

**Strengths:**

- improving formal and informal contact among partners;
- ability to fast, decisive and effective assistance offered cross border (floods in 2011), often based on informal ties;
- widening scope of cooperation: often starts from small, soft projects (cultural exchange, get acquainted projects) which create conditions for other, more complex and difficult forms of cooperation;
- growing understanding, that a number of problems cannot be solved in separation, willingness to cooperate;
- close cooperation by neighbouring municipalities, improving ties between large cities and specialised institutions of regional scale of operations.

**Weaknesses:**

- differences in terms of institutional systems (competences distribution) in three countries;
- still shortage of multilingual staff (and with inter-cultural skills);

- difficult position of NGOs (lack of pre-financing schemes reduces their activities);
- lack of cross-border spatial planning systems;
- overly bureaucratic delivery system of the EU funds;
- slowly more and more visible inadequate (too small) support to economic development.

**Future:**

- more flexible rules, greater emphasis on debureacratism and qualitative matters;
- move from orientation on rules to orientation on objectives attaining;
- common spatial planning as one of the conditions for future coordination of activities;
- better staff skills.



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## Abbreviations

<b>CAWI</b>	Computer Assisted Web Interview
<b>CZ</b>	Czech Republic
<b>IDI</b>	In-depth Interview
<b>DE</b>	Germany
<b>EGTC</b>	European Grouping for Territorial Cooperation
<b>GVA</b>	Gross Value Added
<b>ITC</b>	International Territorial Co-operation
<b>ICT</b>	Information and Communication Technology
<b>LAU</b>	Local administrative units (LAU 1 – district; LAU 2 – municipality). Formerly called NUTS 4 and NUTS 5.
<b>NUTS</b>	Nomenclature of Units for Territorial Statistics (three levels plus 2 local levels called LAU 1&2)
<b>OP</b>	Operational Programme
<b>PL</b>	Poland
<b>PPP</b>	Public-Private Partnership
<b>RDA</b>	Regional Development Agency
<b>SN</b>	Saxony
<b>TA2020</b>	Territorial Agenda 2020

## Introduction

### Background information about Czech-Germany-Poland crossborder co-operation<sup>21</sup>

The area in question has a long, often turbulent and rich history. Before 1939 large parts of the population had been expelled from the area. In 1945, by the decision of the superpowers, the borders were reintroduced or moved to the west and as a result another part of population had been expelled. Needless to say this is one of the sensitive cultural and political aspects influencing current and future transborder cooperation in the area. Eastern Germany (formerly GDR) joined the EU as a result of the German reunification in 1990, while the Czech Republic and Poland joined the EU on May 1, 2004. The process of cooperation started long before, to a large extent promoted by the Euroregions in the area (Neisse-Nisa-Nysa and Glacensis).

The case study area consists of four neighbouring NUTS 2 units: one in Poland (Dolnoslaskie Voivodeship, PL 51), one in Germany (Dresden, DED2) and two in the Czech Republic (Severozápad CZ04 and Severovýchod CZ05). Each of these regions is a border region neighbouring at least two other units investigated in this case study. All three regions cover an area of almost 50,000 km<sup>2</sup>. The northern and southern parts of the case-study area are covered by flat country while its central part is characterised by high-mountain ranges with Sudeten (Sudety) Mountains (along the Polish-Czech border) and lower Rudawy (Erzgebirge) along the Czech-German border. The area has a relatively well established and diversified transport system. River transportation does not play significant role in terms of the whole area's transborder co-operation. The only exception is the part of the case study area which is located along the river Elbe/Labe.

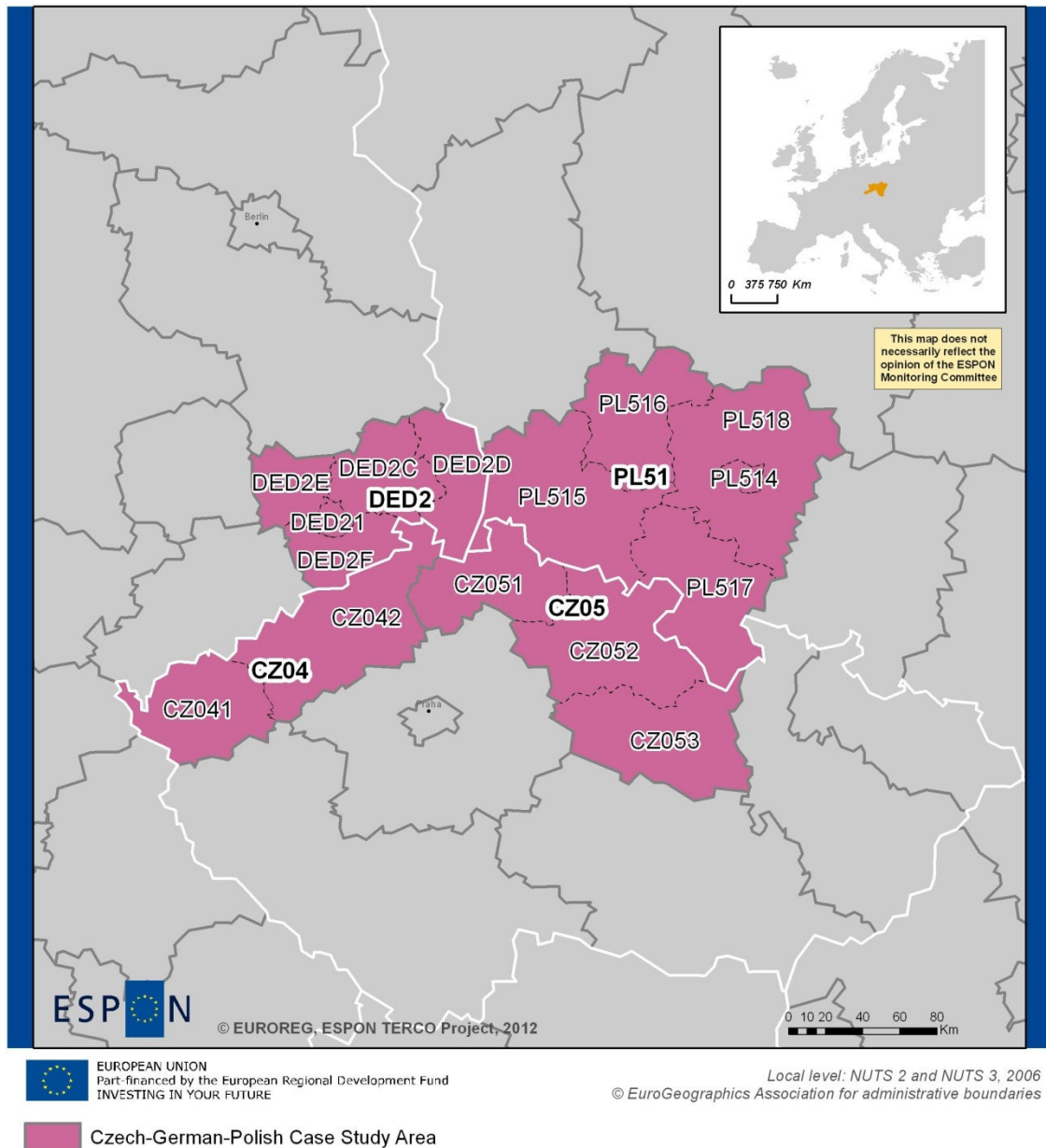
Continuous role in crossborder co-operation is being played by three Euroregions: Glacensis, Neisse-Nisa-Nysa and Elbe-Labe. They formerly formed first post the 1989 agreements covering tens of municipalities. The Euroregion Glacensis was established in 1996, while Neisse-Nisa-Nysa in 1991, and Elbe-Labe in 1992. The Euroregion Neisse-Nisa-Nysa is the oldest Euroregion in Central Europe and as a pioneer contributed to establishing institutional forms of cooperation used later by other Euroregions. The Euroregion Neisse-Nisa-Nysa has about 1.6 mio inhabitants and its area is completely covered by the case study.

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<sup>21</sup> If not marked otherwise, the data presented in this chapter come from EUROSTAT and ESPON sources. Special thanks to Mr Tymoteusz Wronka for his invaluable assistance with CAWI data preparation.

Map 1. Area of co-operation (NUTS 2 regions) covered by the case-study

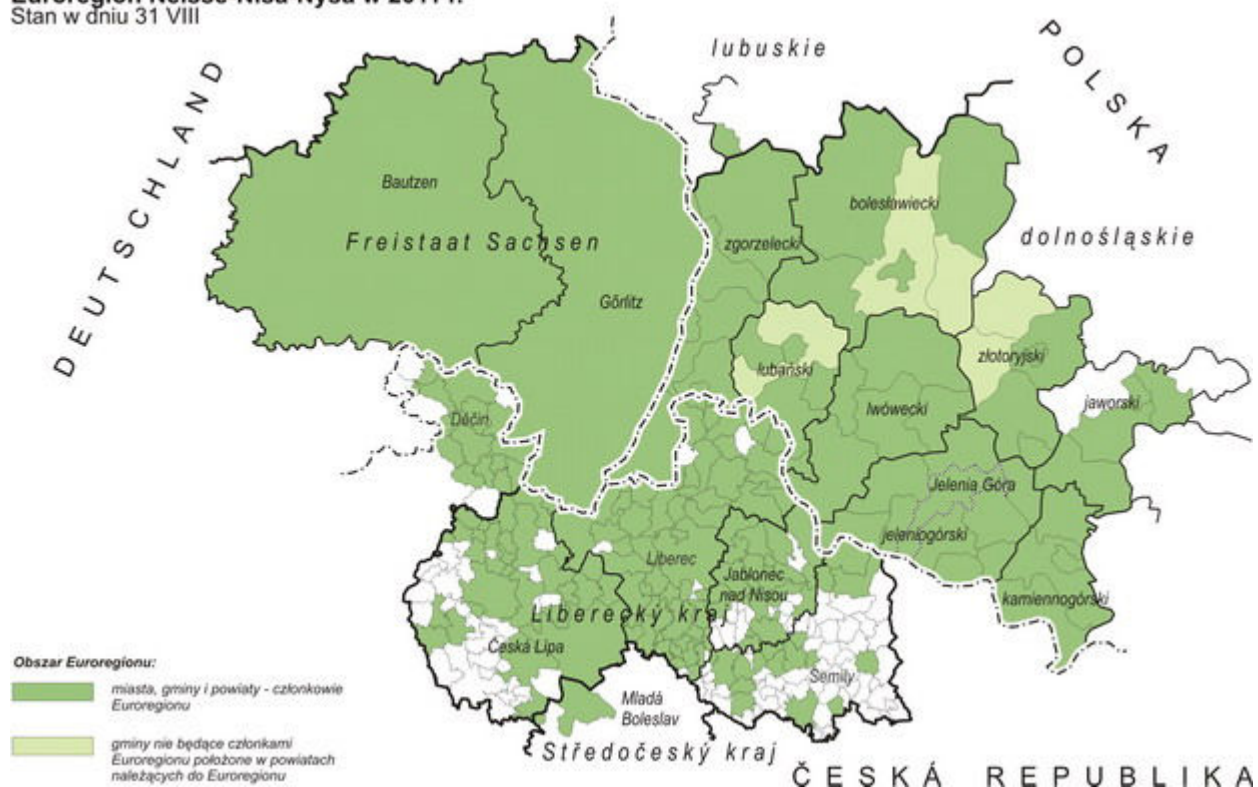
### Czech-German-Polish Case Study Area



Source: own elaboration.

## Map 2. Euroregion Neisse-Nisa-Nysa, 2011

**Euroregion Neisse-Nisa-Nysa w 2011 r.**  
Stan w dniu 31 VIII



Source: EUROREGION Neisse-Nisa-Nysa website [22.11.2011]

Euroregion Glacensis institutionalizes cooperation between Czech and Polish municipalities. Except of some Eastern Czech territorial units the remainder of this Euroregion is included in the case study area. In total the Euroregion Glacensis has a population of 1.1 mio inhabitants.

Map 3. Euroregion Glacensis



Source: Euroregion Glacensis website [11.12.2011]

The Euroregion Elbe/Labe has been founded in 1992 to enhance trust and collaboration in all areas of life in the eastern central part of the German-Czech border. The whole area of this Euroregion is included in the case study area. It has a population of roughly 1.27 mio inhabitants.

Map 4. Euroregion Elbe-Labe



Source: <http://www.euroregion-elbe-labe.eu/de/die-region/geografische-lage/>

### **Administrative structures**

Dolnoslaskie Voivodeship is one of 16 Polish NUTS 2 regions which have regional authorities chosen in regional elections. The voivodeship is divided into five NUTS 3 units (Jeleniogorski, Legnicko-Głogowski, Walbrzyski, Wrocławski and the city Wrocław – Voivodeship’s capital city), 29 LAU 1 units (3 of which are urban) and 169 municipalities (LAU 2 units).

Until 2008 the administrative region of Dresden consisted of 11 districts, three of them being city districts. As a result of Saxony’s district reform in 2008 the region of Dresden is now only divided into five districts (Dresden, Bautzen, Meißen, Görlitz and Sächsische Schweiz-Osterzgebirge) and inhabits with the city of Dresden now only one city district, which is also the capital of the administrative region and the Federal

State. In total, the region comprises 193 municipalities (LAU 2) of which 59 are urban.

Czech Severovýchod (Northeast) is a statistical NUTS 2 region. It is composed of three NUTS 3 units: Liberec, Hradec Králové and Pardubice. Severozápad (Northwest) includes two NUTS 3 units: Karlovy Vary and Ústí nad Labem. The two investigated Czech regions are divided into 23 districts (LAU 1) and 1602 municipalities (LAU2). In fact since 2003 reform LAU 1 level does not exist formally and municipalities received wider competencies. LAU 1 level is anyway still used as police, courts and other state institutions districts.

Thus, the entire case-study area consists of four NUTS 2 units, fifteen NUTS 3 units, and 1964 municipalities.

Despite the formally similar differentiations of NUTS 2 and NUTS 3 regions there are considerable differences in competencies in the different countries of the case study area. German and Czech competencies are territorially more decentralized than in Poland. The Polish regions, despite being part of decentralized state, have relatively little competence in international relations, where the Ministry of Foreign Affairs plays a key role.

### *Economy*

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In absolute terms the poorest region in the entire case study area is Dolnoslaskie Voivodeship where GDP per capita in PPS in 2007 accounted for 8,900 Euro. In Czech regions this indicator was higher, but still relatively low (9,500 and 10,100 Euro) while in Dresden it was more than two times higher – 22,400 Euro. But if we consider relative values i.e. related to the national average, the picture is quite opposite. In 2007 GDP per capita in Dresden accounted only for 76% of national average, in the Czech regions it was 77% and 82%, while in Dolnoslaskie it accounted of 109% of Polish average. This picture could be completed with the information about the productivity level (PPS) in 2005 in relation to the national average – in the Polish region productivity was a little bit higher than in the whole country, while in Dresden and the Czech regions it was much lower (respectively 75%, 79% and 85%). Although Dresden is among the poorest German regions its average annual GDP growth rate of 4.3% (2000-2007) is one of the highest in the country (172% of the national figure), but at the same time this growth rate represents the lowest in the case study area. The highest growth rates were in Czech regions (12.4% and 13.4%) but in relation to the national average they were not particularly high, ranging only between 83% and 89% of the national average. The Polish region with 11.1% average annual growth (2000-2007) rate has been the most dynamic region in Poland (116% of the national average) since 2005.

Unemployment rates in the case study area are quite diversified as well, especially in relation to the national or EU27 average. In 2008 the lowest rates were in the Czech

regions accounting of only 4% in Severovýchod (91% of the national average) and 7.8% in Severozápad (177% of the national average). In Dolnoslaskie region the rate was higher – over 9% – but in relation to the national average accounted only for 128%. The highest unemployment rate was in Dresden – 12.3% (164% of the national figure). Only in Severovýchod region unemployment rate was lower than in EU27 average (57%), and in Dresden it accounted for more than 175% of EU27 average figure. At the same time unemployment rate in 2001-2008 decreased most strongly in the German region (by almost 60%), while in Polish region it decreased only by 2.1%, and in the Czech regions it even increased by 33% in Severozápad and by 15.3% in Severovýchod.

The overall economic situation does not only differ considerably between the four NUTS 2 regions but also within them. GDP per capita disparities are the highest in Dolnoslaskie Voivodeship, where due to its structural richness in relation to the national average it varied in 2007 from 168% in Legnicko-Glogowski NUTS 3 unit (which economy is based on copper industry) and 148% in the city of Wroclaw (one of the largest and most dynamic cities in Poland) to 77% in Jeleniogorski and 79% in Walbrzyski NUTS 3 unit. In the German region GDP disparities were somewhat lower. GDP per capita exceeded the national average only in the Kreisfreie Stadt Dresden (103%), while it varied between 54% in Sächsische Schweiz and Hoyerswerda (Kreisfreie Stadt) to 75% in Görlitz (also Kreisfreie Stadt) in the remaining NUTS 3 units. Disparities within the NUTS 2 regions were the lowest in the Czech regions. There GDP per capita ranged from 72% of the national average in Karlovy Vary to 85% in Hradec Králové. In the Czech regions also the annual growth rate between 2000 and 2007 (in relation to the national average) was similar in all NUTS 3 units and always lower than the national average (from 72% in Karlovy Vary and Liberec to 97% in Pardubice). More diversified in these terms was the Polish region where average annual change in GDP per capita (2000-2007) varied from 69% of the national average in Jeleniogorski to 182% in Legnicko-Glogowski. Thus, the growth rates were higher in the Polish NUTS 3 units with a relatively high GDP per capita at the end of the considered period and vice versa. In the NUTS 2 region of Dresden the situation was even more complex, since the highest annual growth rates were accounted for in Niederschlesischer Oberlausitzkreis (346% of the national average) which is one of the NUTS 3 units with a still relatively low GDP per capita. The lowest rate accounted on for 68% of the national average and was realised in Hoyerswerda (Kreisfreie Stadt) which still has the lowest GDP per capita in the region.

All four regions have a strong industrial history, with relatively higher role of agriculture in the Czech regions and tourism in the Sudeten regions (Dolnoslaskie and Severovýchod). Although the highest number of nights spent by non-residents in 2008 were realised in the Czech regions, growth of this indicator between 2000 and 2008 was in Dresden and Dolnoslaskie Voivodeship (about 60%).



## ***Social and demographic situation***

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Total population of the case study area accounted of almost 7,153,000 inhabitants. Population density is the highest in Dresden region (209 inh./km<sup>2</sup>). At the same time this region has the lowest total population number as a result of its considerably smaller area as compared to the other NUTS 2 regions of the case study area. In all regions the population decreased between 2000 and 2006, but while in the Czech regions the decrease was very low (around -0.1%) and in Dolnoslaskie Voivodeship it was higher but still relatively low (-1,0%), in Dresden region it accounted of almost -3.5%. Also proportions of annual net migration development, which were negative in all four regions, were the highest in the German region (-0.28% in 2001-2005).

The share of people with higher education attainment as well as the indicators describing the information society and R&D development are similar in the Polish and Czech regions, and much less favourable than in the German region. In the latter all these indicators were above the EU27 average in 2003.

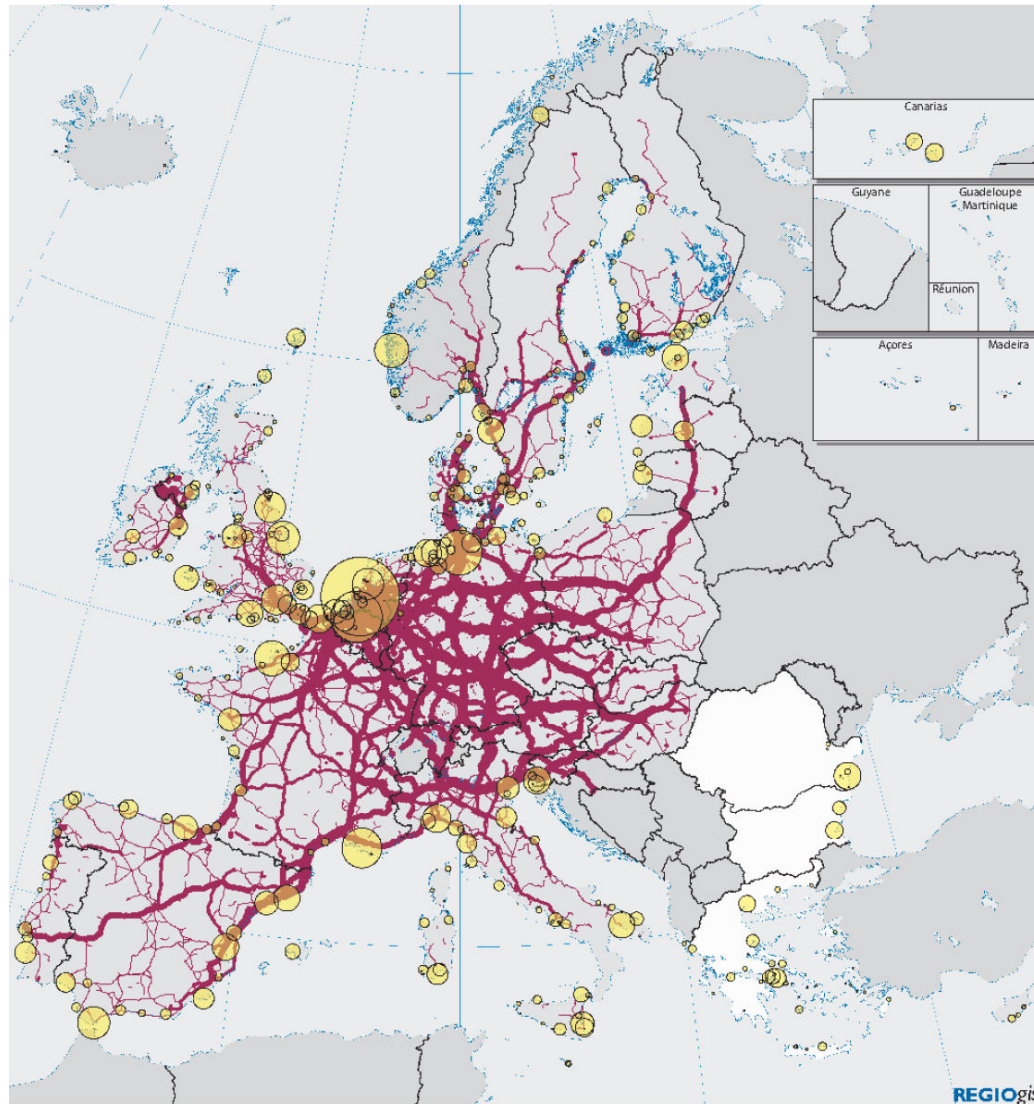
## ***Transnational flows - the role of the border***

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In comparison to other Polish regions Dolnoslaskie has relatively well established regional and institutions (in Wroclaw) and international (also cross-border) cooperation networks. Due to its location along the international transport axes III to Poland and IV to the Czech Republic, Dresden is well integrated into international flows. The region especially exports manufactured products and Poland and the Czech Republic belong to the most important countries for Saxonian exports. The share of Severovýchod in the national-wide export represented 17.6% in 2005 (per capita export share 221,500 CZK) and was the second highest among Czech NUTS 2 regions. Severozápad region was below the national average according to both, its share in overall exports (only 9.7%) and export performance related to the region's population (per capita export share 160,300 CZK).

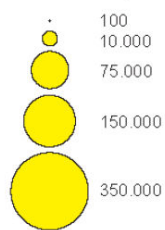
Majority of the study area is located in certain distance from main transport corridors of Central Europe. It is mostly due to Sudeten mountains. However, north-western part is located along major European A4, A18 and E40 corridors connecting Wroclaw with Dresden and Berlin. A railroad system complements the road system. An important role is being played by the corridors linking Prague, Berlin and Dresden. Relatively less busy is the corridor Prague-Warsaw going through Glatz/Kladsko/Kłodzko that is crosses right in the middle of study area (map 5). Even if the majority of the area in question cannot directly benefit from existing major transport links, most, if not all of them have easy access to them. Most difficult is the situation of municipalities located at the foot of Sudeten. In general, the area is surrounded by very busy and modernized transport corridors (see also EC 2010).

Map 5. Freight transport, 2006.

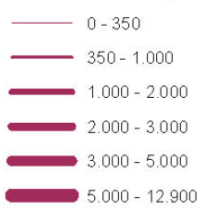


**Freight transport, 2006**

Goods transport by port (1000 tonnes)



Goods carried by lorries on international trips (1000 tonnes)



No Data

Source: Eurostat



© EuroGeographics Association for the administrative boundaries

Source: European Commission.

## *Territorial cooperation*

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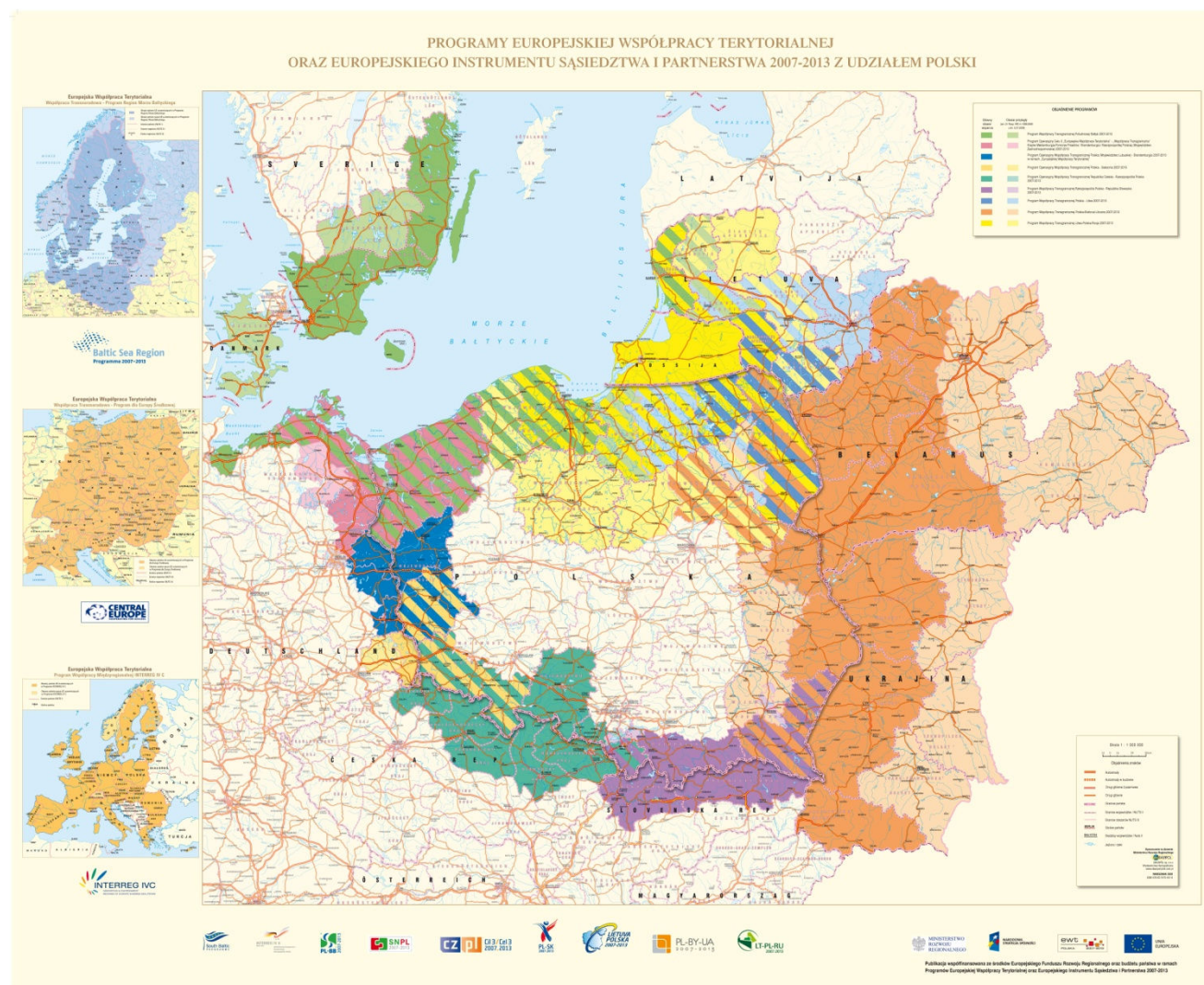
As the case study area is located in a triangle of countries, several relations need to be differentiated when analysing territorial cooperation.

The Polish-German INTERREG IVa cooperation, on the German side, is principally restricted to the new district of Görlitz and the new district of Bautzen is considered an adjacent area to which the 20 % rule applies. Therefore, Polish-German INTERREG IVa cooperation only covers the eastern part of the administrative region. Within this programme a broad variety of projects for the promotion of cross-border development and social integration is supported. Besides the local Euroregion and public administrations of the region's municipalities also some other public institutions participate currently in the programme. Among them are hospitals, police departments, educational institutions, museums and other cultural organisations.

The corresponding cross-border programme between Saxony and the Czech Republic also covers only parts of the administrative region of Dresden. Besides the district Sächsische Schweiz-Osterzgebirge also the southern parts of the new districts of Bautzen and Görlitz are part of the core programme area. The remainder parts of these two districts, Dresden city and the southern part of the new district of Meissen can participate under the 20 % rule. Similarly to the German-Polish cross-border programme a broad variety of themes is supported. They are covered under three priorities: (1) development of society's framework conditions, (2) development of economy and tourism and (3) improvement of nature and environment. In addition to the typical kinds of beneficiaries mentioned above, in this region also nature protection organisations and research organisation participate in the programme. The former is due to the special focus under the third priority and the latter is mainly a result of the inclusion of the cities of Dresden and Chemnitz as adjacent areas.

The Polish-Czech Republic Interreg IV A programme focuses on strengthening accessibility, environmental protection and risk prevention, improvement of conditions for developing the business environment and tourism as well as supporting cooperation among local communities. Apart from Jeleniogorski and Walbrzyski NUTS 3 units in this programme participate also Polish units from regions other than Dolnoslaskie. The situation is similar in the Czech Republic, where in Interreg IV A programme participate six NUTS 3 units, including Liberec, Hradec Králové and Pardubice from Severovýchod NUTS 2 region.

Map 6. European Territorial Co-operation in Central Europe.



Source: MRR 2011

Since the Federal State of Saxony is part of the Central Europe INTERREG IVC cooperation area also the administrative region of Dresden completely belongs to this cooperation area. Similarly also the Polish and Czech parts of the case study area are completely covered by the Central Europe INTERREG IVC programme. Projects along four priorities receive support under this programme. In principal they cover the fields of innovation, accessibility, environment and competitiveness.

Total budgets of 2007-2013 programmes are as follows: Poland-Saxony: 123 mio euro (out of which 105 mio from ERDF); Czech Republic-Poland 258 mio euro (out of which 219 from ERDF) and Czech Republic-Saxony 244 mio euro (out of which 207mio Euro shall stem from the ERDF).

### Methodological approach to the case study

Different kind of data from different sources provided a crucial input to the case study analysis. This included above all secondary statistical data, CAWI results, IDI results, INTERREG evaluation reports and programming documents.

Two main empirical methods were used to collect information needed for the case study.

First: individual in-depth interviews (IDI). Persons identified for interviews represented a wide range of institutions: municipalities, officials of regional authorities, representatives of NGOs, high schools, EUROREGIONS, development agencies. The majority was located in areas adjacent to the border (including those in subregional and regional capitals), 4 regional and national authorities, 2 universities. On the Polish side there were 19 institutions interviewed, on the Czech – 12, and in Germany interviews with 11 institutions were conducted. Together there were 31+11 (=42) institutions interviewed. The choice was based on actors' involvement in management or utilisation of cross-border and/or transnational cooperation. Every effort has been made to ensure that all types of important institutions are covered. The number of people interviewed was higher, as in some cases more than one person took actively part in the interview. The people interviewed were representing a variety of institutions directly involved in transborder co-operation projects at various levels, in local and regional development projects (of different sources and/or character than transborder co-operation), in regional development analysis, research and evaluation. A good mix of positions, experiences, knowledge and competences could be covered. In general, most interviewees tend to limit initially the scope of transborder co-operation to ETC, in particular INTERREG A programmes. Despite this it turned out that city-twinning projects play also a significant, though financially less important role in the co-operation field.

Second: computer assisted web interviews (CAWI). All the municipalities in the regions covered were invited to answer standardised questions and they were given instructions on how to do it via the internet. As initial turnout was lower than expected, members of the team in charge of the Polish side visited majority of municipalities next to border with Germany and Czech Republic and offered additional information, what resulted in significant growth of answers received. Due to a low initial return rate, among others, requests were repeated to increase the return rates. Altogether there were 98 questionnaires received (51 Czech, 13 German and 34 Polish). Many of them, (8 in Poland, 39 in Czech Republic and 4 in Germany) out of the 98 public administrations have not had any experience with ITC. Due to the modest number of questionnaires in each country, no statistical analysis has been utilised though for the case study analysis. The raw data is presented in the annex.

There are some differences in opinions when we compare IDI and CAWI results. They may stem from the different structure of respondents and/or the CAWI return rate as the assessment of the actors interviewed in the IDI were quite consistent. In CAWI mostly representatives of municipalities located close to the border were included, while the IDI covered also representatives of regional and central administration, academia and other organizations (agencies etc.) operating on much larger scale than individual municipalities.

Furthermore, desk research was undertaken, which included literature and documents' reviews. While some additional material (publications, folders, maps, reports) was not related specifically to ITC (mostly general folders, tourist information etc.) other documents were specifically dealing with one or several aspects of ITC. In the case of programme documents this usually referred to one specific programme while in the case of more general literature also selected aspects covering a small area or even larger areas than those under consideration in the case study were referred to.

## 1. Physical areas of territorial co-operation

According to the CAWI questionnaire the factors that hindered involvement in ITC activities most were a lack of interest in ITC, lack of knowledge, lack of knowledge about potential partners and a lack of knowledge about procedures (table A2). Most municipalities point out that financial and human resources are just sufficient to participate in Twinning and INTERREG A programmes but they are too limited to participate in other forms of ITC (table A12).

Own resources are most important in Poland, in particular for Twinning cities and INTERREG A. In all countries resources of PPP, foreign partners, national public funds are almost insignificant, while EU funds are considered to be important in case of Twinning cities and INTERREG A (table A13).

The first time the municipalities/organisations did become involved in ITC was in the 1990s and related mostly (in Poland and Czech Republic almost only) to Twinning cities. For obvious reasons involvement in INTERREG started just after the countries' EU accession i.e. in Germany in 1990-1994, and in the Czech Republic and Poland in 2004-2006 (table A4).

The organizations in the CZ-DE\_PL case study region are involved in a number of different types of ITC. According to CAWI data, in terms of number of projects, in the Czech Republic 18 municipalities declared to be involved into any form of ITC and most of them were involved in INTERREG A (9) and Twinning cities (8). In Germany 13 municipalities declared involvement, mostly in Twinning cities (8) and INTERREG A, and, unlike in Czechia and Poland, 1 municipality declared participation in transcontinental cooperation. Among Polish municipalities, Twinning was the most popular form (24) together with Interreg A (18). In general number of partners involved in a given form of ITC rarely exceeded 5 (table A3).<sup>22</sup>

It is quite understandable that in most cases, the municipalities which have been involved in ITC for several years have not changed their partnership structures a lot since 2000 (table A5). This is a clear indication for the role of mutual trust and (common) experiences.

In financial terms INTERREG A and B programmes are most popular as they offer financial support which is seen as best fitting needs of regional and local communities. For obvious reasons INTERREG A is source of funding for a large number of projects. In terms of number of activities also twinning cities play a significant role. Activities and subregional differences in types of ITC depend mostly on the programmes' structure (supply side). International territorial cooperation

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<sup>22</sup> Please note that any municipality could be involved in a number of different forms of ITC. Number of projects may therefore exceed number of municipalities participating.

covers quite a wide variety of themes in the case study area as illustrated in below table 1. In all programmes more or less all domains of the study are covered and projects of different themes are realised. Not least as a result of missing infrastructure links quite a number of projects deals with infrastructure issues. Despite advancements in this field, infrastructure is not always developed simultaneously on both sides of the border. Another very important and quite advanced field of cooperation is that of flood prevention. As a result of various floods covering territories of two or even all three countries of the case study area, flood prevention is perceived as a common issue which can only be dealt with collaboratively. Similarly, also international territorial cooperation of other domains is fairly well developed if common concerns prevail, as e.g. in the case of cross-border natural park protection and fire protection. Domains in which citizens are involved in international territorial cooperation are also considered to be well developed. These are mostly related to the domains of education, culture and sports. This is considered to be a result of the lower level of regulation as compared to other domains such as infrastructure. This positive development can furthermore be understood as a result of the above mentioned individual motivations.

Table 1. priorities and domains of the case study area's INTERREG programmes

SN-PL 2007-2013	Ziel 3 / Cíl 3 2007-2013	Central Europe
Cross-border development	<b>Development of society framework conditions</b>	<b>Innovation</b>
- Economy & Science	- Infrastructure & spatial planning	
- Tourism		
- Transport & Communication	- Human resources, socio-cultural development & cooperative collaboration	
- Environment	- Security, rescue services, disaster control & fire protection	
- Spatial Planning	- Small Project Fund	
Cross-border society integration	<b>Development of economy and tourism</b>	<b>Accessibility</b>
- Education & qualification	- Economic cooperation & cross-border economic structures	
- Arts & culture		
- Social infrastructure	- Cross-border tourism structures	
- Public security		
- Development of		



cooperative collaboration  
- Small Project Fund

#### **Nature & Environment**

- Climate protection, forest  
& environment protection,  
landscape conservation &  
waste management  
- Flood prevention, water  
management & water  
protection

#### **Environment**

#### **Competitiveness**

Sources: on the basis of [www.sn-pl.eu](http://www.sn-pl.eu); [www.ziel3-cil3.eu](http://www.ziel3-cil3.eu) and [www.central2013.eu](http://www.central2013.eu)

The themes shown in the table 1 explain to a large extent the complexity of TC in the region. The area in question is being covered by a number of different TC types. There are different examples of projects, follow-up projects or project families which show that the same theme might be more usefully tackled at local cross-border or regional transnational level, depending on the specific objective. One example are transport infrastructure projects, for which it matters whether e.g. a transport corridor is in the focus or a local transport link. Another example are environmental protection projects. One organisation deals in one case with environmental protection of one cross-border conservation area ([http://tu-dresden.de/die\\_tu\\_dresden/fakultaeten/fakultaet\\_forst\\_geo\\_und\\_hydrowissenschaften/fachrichtung\\_geowissenschaften/ipf/fern/forschung/ziel3.2009-08-14.6404625440](http://tu-dresden.de/die_tu_dresden/fakultaeten/fakultaet_forst_geo_und_hydrowissenschaften/fachrichtung_geowissenschaften/ipf/fern/forschung/ziel3.2009-08-14.6404625440)) and at the same time also deals with the connection of conservation areas in a larger geographical territory ([www.transeconet.eu/](http://www.transeconet.eu/)). Summarising it can be stated that for most themes it is not the theme that matters for the spatial level or type of cooperation but the focus of the project and the point of view under which the project is conducted. Thus, it depends on the project's approach and specific context rather than the domain itself which programme is most appropriate.

In general of the highest significance for the area nowadays has cross-border cooperation (INTERREG A) as it addresses daily development problems of municipalities next to the border. In short it may be said that main problem seen in the border areas relate to underdevelopment of infrastructure (low quality or lack of it). This is true in particular in the case of the CZ-PL border where both unfinished restructuring processes and their aftermaths call for infrastructural adjustments. This particular border represents on both sides relatively similar needs. INTERREG A helps to built (or restore old) transport links, provide the region with the social, cultural and tourist infrastructure which are seen as a foundation for creating favourable conditions for local population and creation of new economic sectors that may fill the losses due to industrial restructuring. Also recent floods (3 times in 2011

only) call for significant infrastructural investment in the region. The situation is somewhat different on CZ-DE and DE-PL borders as on the German side a lot of infrastructural problems have been already solved (including recent investments into flood protection).

Looking at CAWI data, one should notice that municipalities, in general, stress the need for investment support. Particularly in Poland, where 23 out of 26 authorities expressed the clear belief that infrastructure investments should be a theme for ITC. The respective answers for Czech Republic were 7 out of 10 and in Germany 5 out of 7 municipalities answering this question (table A10).

This results in kind of an asymmetry between Poland the Czech Republic and Germany. However, when referring to IDI results, such an asymmetry was not only reported by Polish respondents but also by Czech interviewees in relation to German side. In their opinions, German institutions tend to put more emphasis on projects other than infrastructure. As the INTERREG regulation requires joint cross-border projects it is often relatively difficult to find appropriate partners for infrastructure projects on the German side.

It leads to the conclusion that according to all available data the time of infrastructure domination, though still strongly emphasized by many (in particular Polish) municipalities, in a wider perspective comes slowly to an end also on the Czech and Polish side. With the passage of time other types of projects will become more important (economic development, economic co-operation, environment protection and tourism development, promotion, competitiveness etc) for which future programmes will have to adjust their structures, even though this is not to be expected for the upcoming programming period.

It explains also involvement into Twinning cities' co-operation which is more about exchange of know-how, best practice, experience sharing (though sometimes covering also hard infrastructure problems). This type of TC is more and more rational and concentrates on partners with similar past and current problems and within reasonable reach.

As for the level of involvement of various types of stakeholders in different forms of ITC, according to CAWI data, all of them tend to concentrate their activities around Twinning cities and INTERREG A. Better visible involvement in INTERREG B and C was noted in the case of German and Polish regional authorities. The interviews with different types of organizations (other than municipalities) confirmed, that municipalities tend to concentrate on the cooperation form which is closest to their day-to-day development problems, while other, more complex and time taking forms (like INTERREG B and C) are subject of cooperation of larger territorial structures and specialised organizations (universities, T-Parks, regional agencies, regional and large cities administration etc).

Interesting, but in line with the aforementioned explanation about specific points of view at local and supralocal levels, are the CAWI results with regard to the key stakeholders. Local governments are the key stakeholders. Not much behind them are the Euroregions, NGOs (only in relation to Twinning cities). The regional government is considered to be less important. Interestingly, the national government is not seen by any municipality as a stakeholder, while the EU bodies' role is seen similarly to that of regional governments. Also the role of development agencies or chambers of commerce is not estimated highly. Only in Germany, consultants and external experts were seen as important stakeholders in all types of ITC. (table A15).

Competitiveness in the CZ-PL region is often related to technical infrastructure which is seen as development driver. However, in opinion of institutions involved more directly into economic development projects, hard infrastructure, though important for establishing communication corridors and strengthening local economies, cannot replace specialist support to businesses (and business environment). It seems clear that it is a question of complementarity and synergy as well. Similarly to the complementarity of different programmes and spatial levels relevant for international territorial cooperation one can also find complementary approaches to achieve synergies between international territorial cooperation projects. These synergies are aimed for by different approaches. This includes thematic approaches as well as the utilisation of networks, cooperation contacts and the exchange of experiences between projects. Furthermore, synergies may have different dimensions. But it should not be neglected that especially the transfer of project results needs further improvement.

Although INTERREG projects shall be able to capitalise after they are finalised, it is often necessary to develop follow-up projects which can enhance previous achievements and can thereby contribute to an overall strengthening of project results. An example for such a step-by-step approach are the INTERREG III and IV B projects ELLA and LABEL ([www.label-eu.eu](http://www.label-eu.eu)), where the results of the former projects provides the principal starting point for the next phase of cooperation in the field of flood management and prevention. Besides the purely thematic synergies of this kind of follow-up projects they usually also inhibit other synergies: The infrastructure and capacities of the partners or other relevant stakeholders are known and it is easier to directly start the follow-up project with content related work.

The knowledge of each other, i.e. the potential partners, is important means to achieve synergies between projects and co-operating partners. If the partners know each other already at the beginning of the project development from past cooperation experiences it is easier for them to assess the others' expectations and to revitalise / update learned communication processes. Co-operation based on past collaboration does not need to start from scratch with each new project.

Besides the so far mentioned synergies in relation to content related synergies as a result of different approaches also other types of synergies are visible. The exchange

within programmes goes also across themes. Sometimes thematic links become visible between themes, which at first glance appear to be independent from each other. But synergies also occur in terms of organisational issues. Projects learn from each other administrative and organisational experiences and sometimes utilise other projects as communication channels, e.g. to disseminate upcoming project events.

As already pointed out infrastructure projects play an important role for international territorial cooperation in the case study area. And there is still need for further infrastructure improvements. However, opinions about the appropriateness to finance infrastructure from INTERREG funds are quite controversial. While it is necessary to jointly plan cross-border and transnational infrastructures, past experiences have shown that even an international institutional framework cannot guarantee for such joint approaches and might as well be financed from other national sources or objectives 1 or 2 of the Structural Funds. From this perspective it appears to be more useful to continuously reduce the obstacles in the fields of education, confidence building, languages and administrative and legal systems to provide for an improved framework for international territorial cooperation.

ITC has an important and growing influence on intensifying and improving working relations not only across the border, but also within the area. Preparation of the projects, financial engineering requirements, co-ordination with activities undertaken within the framework of national or regional programmes call for close and intensive contacts. It refers first of all to local and regional authorities. In case of NGOs it is even more important as due to financial shortages their involvement depends on proper identification of local needs and institutions to work with on the projects. As it was already mentions those direct (formal and informal) network of contacts play extremely important role in exchange of information and experience, identification of partners or requests for immediate assistance (natural catastrophies).<sup>23</sup>

In the area there are relatively large complexes of mountains (see introduction) and small, but dangerous mountainous rivers. Neither of them can be seen as an obstacle to co-operation.<sup>24</sup> On the contrary: flood protection still plays important role in daily co-operation (and INTERREG programme). Tourism development (based on natural and historical heredity assets) is seen as one of the most promising theme for cooperation and joint promotion. Mountains, large Nature 2000 areas are clearly an asset, not an obstacle.

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<sup>23</sup> Example form 2011: during one of the worst, unexpected and most damaging waves of flood which struck in the night, only thanks to informal contacts and one telephone call German side assisted Polish and Czech population with high-tech fitted helicopters able to locate endangered people using sort of infra-red and thermo-locators.

<sup>24</sup> With one rather insignificant exception. Municipalities located on sides of largest national park in the area covering highest mountains (Karkonosze; Krkonose; Riesengebirge) have to make ca 40 km bypass to visit each other.

Geographical coverage of the ITC needs less administrative borders approach but certain functional adjustments. Due to growing complexity of cooperation projects it happens that most appropriate partners can be found outside of border subregion. Examples: competitiveness, innovativeness building (which may be best designed and implemented in a functional network) or line projects (flood protection) along the river. Floods do not stop on the regional borders. More flexibility should be introduced and in the process of project selection more should depend on the quality of the project and its justification. If introduction of any organization or authority from outside the administrative region is justified then it should be accepted.

Quantity or quality of partners – does it matter? Depends. As said before, administrative borders should not be the only criterion of selecting partners. Functional links and quality of partner matters. In case of NGOs financial burden (no pre-payment possible) limits their involvement.

In case of partners involved in twinning city cooperation there is a clear tendency to reduce the cooperation to these partners only, which are easily accessible (cost of travel is an issue) and represent similar level of development and encounter(ed) similar development problems (industrial restructuring etc). There is an interest shown also in cooperation with the candidate countries (potential Member States).

Anyway, in both cases, it is not a question of dynamic increase of partners, but rather rationalizing the structure of the cooperation network built by the institutions in the regions. Quality of partner is of growing importance. The process of rationalization is underway.

To sum up, in case of CZ-DE-PL transborder territorial co-operation, the experience gained up-to-day confirms the statements of Territorial Agenda 2020, which states: “Territories with common potentials or challenges can collaborate in finding common solutions and utilise their territorial potential by sharing experience. Territories with complementary potentials, often neighbouring, can join forces and explore their comparative advantages together creating additional development potential”. This seems to depict very well the situation in the area.

## 2. Driving forces and domains of co-operation

The most important motivation in the area are the needs as defined by local municipalities. And indeed there are still some problems unresolved. On the Czech and Polish side it refers mostly to hard infrastructure (roads, social, tourist and other infrastructure), while on the German side infrastructural problems seem to be less burning (but still important). Similarity of problems by no means leads to strong motivation for cooperation.

Another motivation is stemming from traditional historical ties: despite temporary isolation in the 80ties there is a strong feeling of cultural links built for centuries.

Important motivating factor is very availability of European funds for satisfying local needs. From the point of view of many institutions it is slightly better than other programmes (be it regional or national, sectoral programmes financed by the structural funds) that it is kept exclusively for border areas. In a way INTERREG programmes seem to be easier (but not the only) source of funding.

Another motivation relates to willingness to exchange experience, share know-how.

Finally, it is willingness to know neighbours, to get acquainted, make friends.

These motivations play different role in different types of ITC and domains. In case of INTERREG A it is financially and organizationally well prepared to help solve most typical problems. On the other hand in case of twinning cities the soft motives (exchange of experience; willingness to get acquainted with other culture) are of key importance. In other types of ITC combination of motives may also depend on objectives of cooperation, types of institutions involved (schools, NGOs, business organizations, regional authorities, universities etc).

Some indirect information on motivation can be found in structure of stakeholders who initiated ITC operations. According to CAWI data (that is in municipalities' representatives opinion) first of all municipalities, secondly regional governments, euroregions and EU bodies and never national government. Rarely RDAs and chamber of commerce (table A15).

The character and intensity of cooperation depends also on specific domains. At the time of field research most developed were cooperation in the domain of transport infrastructure, social and cultural infrastructure, environment, tourism. It should be remembered that efforts in other domains (like education, NGOs co-operation) was also pretty intensive though not consuming large amounts of funding per project. Again, looking at the relationships CZ-PL, CZ-DE and DE-PL one can see small differences.

While Polish and Czech sides are still expressing high interest in modernization and building new hard infrastructure, German side is increasingly interested in other types of domains and projects. In every case there is relatively little interest in co-operation in purely economic development domain. In particular local communities tend to compete for investors rather than co-operate. Probably only the tourism industry is seen as specific economic activity where benefits from co-operation counterweigh the risks.

Additional light on the issue comes from CAWI results. It is important to remember that most of respondents represented mostly small municipalities. 23 Polish municipalities was of the opinion that infrastructure should be an ITC theme (3 against). In Czech Republic 7 for, 3 against. In Germany 5 for, 2 against (table A9). Interestingly, most of those in favour propose that infrastructural investment should be supported by Twinning Cities and Interreg A (table A10).

In general, when we use the CAWI results, there is large differentiation in assessing importance of various domains in different forms of ITC. Economy is not seen as important domain in general, though Germany and in particular Poland see more importance in the case of twinning cities. In Poland also cultural events, educational exchange and tourism are connected first of all to Twinning cities. Interreg A was seen as influential in technical infrastructure, risk prevention, social infrastructure, cultural events and educational exchange. It has to be stressed that in each case Czech and German respondents were much less convinced than Polish ones. Other forms of ITC were not seen as particularly important (table A6, annex).

What was the impact of ITC on other domains? In general, most CAWI respondents agree that it has relatively high impact on quality of life, tourism and natural environment (in particular in Czechia). On other domains (such as economic growth, job creation, international trade etc) – small (see tables A16 and A17). It is also visible that in the eyes of municipalities ICT has influence on trust building, preparation of joint projects, but not much influence on networking or cooperation among firms (A18).

When relating the answer to future development of the area, the opinions were rather different. Economic domain was relatively highly rated by Polish and Czech municipalities. Natural environment got highest score in Czech Republic. Absolutely highest rating in CZ and PL for cultural events, tourism and educational exchange. Physical infrastructure was not seen as important for future development (table A23).

It is important to know that in case of lack of ITC project funds, most of respondents would undertake projects/investments anyway, either similar types of cooperation or different. However, the projects would be rather smaller, and if similar project, than with smaller budget (tables A20, A21, A22).

As mentioned before, it seems that at the moment the expectations vis a vis various forms of ICT depends on both its objectives and level of development, character of problem. Each of them is able to address important issues and fill the gaps. However, one-size-fits-all approach is not recommended here. Polish municipalities, unlike German, suffer from infrastructural problems (Czech to a lesser extent, but in case of flood protection problems are similarly burning). There is a growing conviction among many specialists, that along infrastructural projects, more soft, economy oriented projects should be supported, though from subregional and regional level, as this issues need strong expertise support and wider strategic approach. Similarly spatial planning cooperation has to start on a larger territory, covering also key growth centres. All in all, the forms of ITC complement each other and synergy seeking is a question of involvement all (key) stakeholders to achieve optimal development results.

There is some relation between domains and a number of partners usually involved. In case of exchanging experience 2-5 partners prevailed. The same in case of advising on problem solving. Sharing tools to tackle common problems or joint implementation of common actions in most cases took 1-5 partners involved. In case of joint development of spatial strategy and solving cross-border problem mostly took only 1 partner (table A7).

Most often municipalities responding to CAWI were involved in road projects, cultural facilities, waste water management and schools related projects (table A8).

The problem of synergies is one of most important for impact of ITC on the region in question. The simple synergies can stem from building paired projects on both sides of the border, creating complementarity of functions. This is clearly visible in case of tourism development: in many cases tourist infrastructure on both sides of the border is complementary and linked by tourist trails can easily form common tourist product. Road investment or cultural infrastructure, if well designed and coordinated with tourist projects, may contribute significantly to the synergy effect. Similar potential, but not necessarily fully utilised yet, lies in floods prevention programmes. In this respect not only better funding, but also better coordination of physical planning may bring significant benefits.

Most of the interviewees (IDI) did not see any particular reason to increase support to infrastructure within International Cooperation Programmes. However, most (in particular on the Polish side) believe that there is absolutely no reason to reduce the level of financing of infrastructural projects (see CAWI results).

Czech side often suggested during interviews (IDI) that with the progress of infrastructural endowment in the area steady limitation of demand for infrastructure is expected. As a result more and more funds should be devoted to mix or soft measures (business development; HRD; promotion; economic restructuring; cultural cooperation; tourism etc). About the same arguments were presented by



representatives of Polish institutions though the needs for infrastructure were seen as slightly bigger than in the Czech Republic.

For the reason already explained somewhat different (more radical) are opinions on the German side, where more attention is already today given to soft projects, increasingly in the field of innovation.

There is no one single kind of activities which would be most effectively supported by ITC in the area in question. It is fairly differentiated and represents slightly different problems, challenges and potentials. While Czech and Polish parts represent more or less similar levels and phase of development (dealing with outcome of restructuring and creating mostly infrastructural conditions for development), German side despite all social and demographic problems (unemployment, migration, which are also visible on CZ and PL side) is more affluent and increasingly looking for other than infrastructural development projects. Conclusion from the current situation is that ITC should try to adjust its offer to changing needs and problems of the area. It is clear that within next decade the structure of domains gaining importance in co-operation (and development in general) will slowly change moving from domination of hard infrastructure to other development activities. But as a rule, supply should reflect the demand structure (if properly justified).

### 3. Territorial structures and specific border co-operation

The regional territorial structures are crucial for the thematic orientation of territorial cooperation activities as well as for the motivation of regional actors to contribute to these activities. The role of regional structures is particularly visible in the themes such as infrastructure, disaster control and environmental issues (especially related to forestry, nature parks and river basins). It is common understanding that the geographical conditions and structures create a cooperation potential rather than limiting international territorial cooperation in the case study area. Due to the cross-border mountain ranges with nature parks there are common interests linked to their preservation. The river basins affect similarly several regions in the case study area with floods and thus create common problems which cannot be dealt with separately in an effective way. Even if the number of projects directly dealing with these geographical features appears to be limited in the relevant programmes (see example from Poland-Saxony border; table 2), there are additional projects which to some smaller extent or in a more indirect way tackle the mentioned geographical features.

Table 2. INTERREG IV projects related to selected territorial structures\*

Cooperation area	No. of projects administered in current programming period (per November 2011)	No. of projects (per November 2011) related to		
		rivers	mountains	transport
SN-PL 2007-2013	73	1	1	6
Ziel 3 / Cíl 3 2007-2013**	135	3	8	5
Central Europe**	94	4	1	6

Sources: own calculations based on [www.sn-pl.eu](http://www.sn-pl.eu); [www.ziel3-cil3.eu](http://www.ziel3-cil3.eu) and [www.central2013.eu](http://www.central2013.eu)

\* The number of projects related to selected territorial structures is indicative and only contains projects primarily dealing with the corresponding structure. Other projects, however, might tackle these structures as well in a more indirect way.

\*\* The number of projects is not related to the case study area exclusively but covers the whole programme area.

Since the river basins (Elbe, Neisse) and the mountain ranges (Erzgebirge) provide important common themes and problems, these are very important spatial

characteristics for international territorial cooperation of the case study area. In terms of other territorial structures this is complemented by the transport corridors described in the introduction. Investments in transport connections and accessibility are continuously considered to be important issues for the area's development. However, these investments are not necessarily only linked to physical infrastructures but include increasingly also technological solutions.

With exception of relatively small number of projects directly related to territorial structures (table 2), majority of development problems encountered by the region in question can hardly be attributed to such territorial structures as river basins, mountains, Euro-corridors, urban areas), as they form only parts of the region as a whole. In CZ-DE-PL triangle there is a mix of various structures (urban areas, mountains, river valleys and basins, tourist development centers etc). The problem is to decide to what extent should they be treated as separate areas or part of one internally differentiated region. From interviews and CAWI one can see that they are treated rather as a system, though locally different structure of problems. Particularly the rivers in Karkonosze-Krkonose-Erzgebirge pose a problem to all municipalities located down (though they do not form one basin!). The proposed solution would be to apply functional approach to identify development barriers, but possibly first of all opportunities and support projects that offer maximum chance for synergy. This would require joint diagnosis and physical planning co-operation/coordination as a basis for identification of specific areas and/or projects.

Many regional actors in CZ, DE and PL are primarily concerned about cooperation themes dealing with their immediate neighbourhood, which are most often dealt with in the cross-border region rather than in a larger territorial context. This is certainly the result of (1) the common cultural and environmental heritage, (2) the recent opening of the borders with the EU accession of Poland and the Czech Republic and (3) a challenging regional development of parts of the area. As the case study area is located in central Europe – in quite some distance to the external EU-border – territorial cooperation with actors in more distant regions seems to be less important and could possibly be restricted to only few themes. Generally speaking, territorial cooperation might include non-EU countries if this is useful from a thematic point of view, i.e. if it is beneficial for the effectiveness of a given theme or project. For most themes there does not seem to be considerable demand for such an extension as the cooperation of German actors in the case study area is very much about territorial proximity. One of the fields for which territorial proximity appears to be less important is that of R&D. For cooperation in field, specific experiences and knowledge matter more than territorial proximity as the wide variety of international and worldwide research networks shows (<http://ec.europa.eu/research/fp7>).

This general argument appears to be even more straightforward for economic actors. For them it is important to recognise a potential benefit from international (territorial)

cooperation. Any spatial expansion of cooperation structures needs to include competitive partners and is considered in relation to the market size. Cooperation experiences from German companies in the region include not only the regions and countries of the Central Europe programme but for instance also contacts with the Baltic States, Serbia and Turkey. However, contacts are only maintained if the envisaged benefits materialise and the expected market access is sufficient and not too risky.

Decision on expanding territorial co-operation should be left to individual decisions based on justifications of individual projects. In some cases functional links (for instance cooperation with leading faculties of universities located outside region or any other specialized institution which may significantly contribute to the quality of the project) should be used as justification for exemption from the general rule. According to interviewees flexibility in this respect is more and more needed as both the problems to be solved and projects become more complex and require specialized knowledge or cooperation in the larger scale than administrative regions. In the future we may expect increasing number of projects requiring larger scale cooperation. It refers for instance to economic cooperation or river basin investments and similar.

Some flexibility in this respect would help to identify and invite to the group of project partners institutions and experts that would guarantee best preparation and implementation. In a growing number of cases these partners can be found outside the region.

International Territorial Co-operation significantly improved external relations with neighbouring regions in several aspects. It has to be remembered that co-operation at larger scale started after 2004, with Poland's and Czech Republic accession to the EU. Our research suggests that the progress is visible on two levels of co-operation: formal and informal. The institutional setting regulating ITC is already well known and performance is far better than it used to be even few years ago. Many interviewees stressed the significance of informal contacts and its importance for decision making; faster, based on mutual trust. Particularly periods of natural disasters have clearly proven effectiveness and efficiency of transborder relationships using both formal and informal communication channels.

However, one can see also obstacles which prevent the results to be more visible. And these still need attention.

It is a quite common understanding that within the current frame of international territorial cooperation, cross-border and transnational, it can contribute to regional competitiveness. There are differences in understanding drivers of competitiveness,

therefore depending on the interviewees perspective different aspects are mentioned which need to be improved in order to provide a cooperation environment favourable for the effectiveness of cooperation activities in terms of regional competitiveness. There are some sensitive domains as well.

International Territorial Co-operation can improve competitiveness of the region/s within certain limitations. Most interviewees found infrastructure development as a factor improving competitiveness of all sides (in particular transport infrastructure). From IDI it is clear that in the current conditions in the economic field (with exception for tourism) the CZ-DE-PL subregions tend to see themselves as competing for investors and SME development. What conditions should be met to strengthen the role of ITC in competitiveness development? As long as key development decisions (spatial planning, development strategies etc) on each side of the border are taken in remote regional capitals with little or no coordination, the progress cannot be expected. More emphasis should be put on creation conditions for joint planning and management of development activities. That would, however require additional conditions. First, creating joint institutions with the competence in development (possibly within certain key domains). Maybe in the form of EGTC which de facto has been already agreed upon in the form of draft by regional authorities and prepared for signing ceremony. It turned out, however, that Polish regional authorities, unlike Czech and German, have much reduced competences in signing any international agreements and it needs Polish Ministry of Foreign Affairs to approve the proposal.<sup>25</sup> Differences in legal systems turned out to be large. There is another socio-political condition: trust and willingness to share responsibility with the neighbours.

From an analytical perspective better knowledge is demanded in order to better understand inter- and intra-regional differences in order to improve the utilisation territorial cooperation can offer. More practical considerations are partly related to the organisation of territorial cooperation and partly to its themes. Administrative, legal and financial conditions are often not considered to be favourable for the effectiveness of international territorial cooperation. Administrative obstacles to a large extent lie in the administrative burden of INTERREG programmes. It becomes increasingly difficult for small municipalities and associations to fulfil the administrative needs of international territorial cooperation programmes. As a result, important regional actors do not participate although their participation in international territorial cooperation projects is expected to be beneficial for regional development.

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<sup>25</sup>EGTC project was not mentioned by most interviewees. Czech side was more than dissatisfied that the Polish side never mentioned its limited competences. The Ministry proposed so many changes that in fact it requires new agreement.

According to people who have most experience in ITC in the region (those in charge of management rather than beneficiaries) there is a constant need for training, best practice sharing, hardware and software enabling effective management and communication. Surprisingly, on the managerial level, there is still a shortage of people with high linguistic skills, able to communicate easily with partners on the other side of the border. And basic communication is not enough. ITC at the moment depends more on soft factors, than hard one's. And even if such a hard infrastructural problem would come to the surface, local municipalities seem to be able to deal with it successfully.

There is still a number of obstacles that should be mentioned.

Legal conditions are not favourable if they are not reliable enough to provide a stable framework for potential collaborators. Different legal systems or lack of regulation on any side makes a problem<sup>26</sup>. Financial hurdles are often related to the necessary pre-financing of projects which is difficult to realise not only for public authorities but especially for environmental and social associations. Other obstacles are linked to the coherence of funding instruments at different territorial levels. Thus, in order to improve regional competitiveness by means of international territorial cooperation, these framework conditions need to be improved. It could be, for instance, beneficial for the effectiveness of territorial cooperation if instruments which assist these associations with regard to the pre-financing conditions were implemented.

But also from a thematic point of view, obstacles still exist in the case study area. Due to its history this area still has a number of shortcomings in relation to its cross-border and transnational integration which need to be overcome. Various needs lie in the field of cultural, social and language skills. These skills are considered to be critical in order to improve regional competitiveness by itself and to facilitate other activities (e.g. economic oriented cooperation) effectively. These skills are necessary to enable the citizens to act appropriately in the neighbouring country. With regard to language skills there is a continuous imbalance as German is rather well known in the neighbouring regions whereas the efforts undertaken to improve the other regional languages are still too low. Other needs are still inherent in terms of various infrastructures. This is not only related to transport infrastructure but culture, education etc.

The identification of these obstacles is directly linked with further needs for investments. As mentioned above, human capital is considered to be crucial for the success not only of international territorial cooperation but for regional development in general. Several interviewees point out that there is a need to enhance cultural,

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<sup>26</sup> as it has been the case with regard to waste and energy legislation in Poland, still being subject to changes.

social and language skills already in schools. It is considered to be important to raise the children's awareness for their border region location in the sense that this regional specific can be transformed into a potential rather than a restriction. This kind of awareness rising asks for various types of investments and cooperation. It is linked to the actual involvement of citizens and children in cross-border activities as well as to physical infrastructure enhancing international education. There are several examples for such initiatives in the case study region, e.g. such as the Neisse University ([www.neisse-uni.org/](http://www.neisse-uni.org/)), bilingual schools ([www.bildung.sachsen.de/schule/2834.htm](http://www.bildung.sachsen.de/schule/2834.htm)) and various exchange programmes.

As for facilitating factors they can be listed as follows.

- relatively well developed institutional network of cooperation;
- density of institutions dealing with ITC and close collaboration;
- generally similarity of development problems;
- growing interest in life of neighbours on the other side of the border;
- improving formal and informal relationships thank to more and more intensive collaboration on projects financed within the European ITC framework.

To sum up this part of discussion it takes more than hard infrastructure to facilitate ITC in the region.

#### 4. Governance structures and implementation of co-operation

The above mentioned obstacles for small municipalities and associations give a first indication with regard to governance structures in the study area. It is clear, however, that assessment of the **role played by different stakeholders** depends on scale of activities. As mentioned before on the basis of CAWI, municipalities tend to appreciate their own and other local institutions involvement plus regional government, strongly underestimating specialised institutions (RDAs, chambers of commerce) and in particular national governments. One may expect, that this is because municipalities and these other institutions operate in other domains. While their capacity makes them strong in different forms and domains of cooperation.

For instance, on the German side of the case study area, due to the restrictions these organisations face, large cities and institutions are in a better position to participate in international territorial cooperation to a considerable extent. This limits the circle of possible key actors who are able to organise and implement international territorial cooperation activities. Nevertheless, there are a number of capable and experienced stakeholders who are often active not only in cross-border cooperation but on the transnational level as well.

The Saxon State Ministry for Economic Affairs acts as administrative authority for the cross-border programmes. Besides the Saxon State Ministry for Internal Affairs (Department for European Spatial Planning) there are some cities like Dresden and Görlitz which are very active in international territorial cooperation. Other active actors are research institutions (e.g. Technical University Dresden, Leibniz Institute of Ecological Urban and Regional Development), a few environmental and educational non-profit associations (e.g. Centre for nature protection Zittau, environmental centre Dresden), the Euroregions as well as a few small municipalities (such as Oelsnitz in the Erzgebirge) who are very dependent on individual engagement.

The most active actors in international territorial cooperation are therefore not necessarily important key stakeholders in the region but those that have the capacity to participate and know how to raise funds for international territorial cooperation. Some large cities and organisations managed to build an institutional capacity to benefit from international territorial cooperation funds. In other organisations and in smaller municipalities this is often very individual knowledge based on personal experiences.

Similar situation may be found on the Polish side of study area. Despite the fact that numerous local municipalities and organizations are involved in numerous small projects (in proportion to their affluency and budget), the most important role is being played by larger towns and cities, like Jelenia Góra, Wałbrzych or regional capital



Wrocław. It is not only about funding available (what is obviously very important) but in particular about more complex domains and projects which require higher density of institutions involved and more specialised knowledge needed. At least in the theory such concentration of larger projects in main urban areas offers more opportunities for synergy and for paving grounds for long term development based on R&D, ICT, information society. CAWI results confirm large differentiation in this respect (see annex)

Situation in the Czech Republic is not different.

Apart from regional, subregional and local authorities located in larger towns (cities), specialised and experienced in fund-raising institutions are playing important roles (Euroregions, regional development agencies, higher education institutions, to some extent also business organizations). In most cases they are in frequent contacts on the one to one basis due to specialization and specificity of interests and projects. Regular meetings of all key stakeholders are exceptional. There are other forums where many of them meet on a country level.

In more general sense, if regional actors manage to actively participate in international territorial cooperation they make different experiences concerning the role of national and other relevant legal regulations. For many projects these rules principally provide the framework within which the project can evolve. Apart of the administrative needs of the cooperation programmes, the legal framework does not seem to hamper the majority of projects. However, this assessment only seems to cover projects which implement the principal ideas of international territorial cooperation in a rather traditional way, e.g. by conducting research, organisation of events etc. Once projects are concerned which try to take new methodological approaches national regulations can be quite hampering – at least in the beginning of such a project. A prominent example for such a project is the above mentioned Neisse University ([www.neisse-uni.org/](http://www.neisse-uni.org/)). It is a virtual university fed by the universities from Zittau/Görlitz (Germany), Wrocław (Poland) and Liberec (Czech Republic). It offers master degrees for students who have to attend classes for one semester at each of the three universities. Although the idea for such a cross-border degree was welcomed several hurdles e.g. concerning the acceptance of degrees from other countries had to be overcome in the beginning. These problems were a result of national rules which had to be applied in each of the countries. Thus, if cooperation initiatives have a high degree of innovation they tend to be hampered by national rules – at least until national specifics and interests can be overcome. As it was mentioned before, there should be a space for both formal and informal contacts. This is unavoidable if ITC is to contribute to successful study area development.

No matter how innovative the content or the approach of an international territorial cooperation activity, it can be developed and implemented along different governance structures. Project ideas can be developed in top-down or bottom-up approaches, they can be highly institutionalised or organised in rather loose structures etc. There is no clear picture concerning the preferred governance approaches and their usefulness. There is a tendency towards intermediate governance structures, e.g. neither purely top-down nor pure bottom-up, neither strong institutionalised nor extremely loose structures etc. The specific position depends very much on the individual position, kind of involvement in international territorial cooperation and the corresponding experiences.

There is, however, a tendency to favour bottom-up processes for project development. Such an approach is useful in terms of the knowledge about local issues to be tackled with international territorial cooperation initiatives. In such cases the idea is born by local actors which then search for financial funds to realise their idea. This approach simultaneously implies that the projects tend to be locally driven rather than centrally motivated. At the same time this approach only works in terms of international territorial cooperation programmes, if these actors have sufficient knowledge about the needs and procedures of these programmes. Most interviewees prefer top-down processes only in relation to the legal and administrative framework rather than with regard to project development and implementation, although also strategic projects have been developed as a top-down approach.

The picture is even less clear when it comes to the level of institutionalisation respectively the level of regulation. It is understood that institutionalisation tends to help continuity of cooperation. It is also acknowledged that some institutionalised structures are needed to deal with general problems, such as spatial planning. Furthermore, a certain level of institutionalisation can help to induce new cooperation processes in an environment where cooperation is not yet a matter of course. But the appropriate level of institutionalisation and regulation differs between different fields, for different themes of cooperation and may vary between programme and project level. Especially if specific issues are dealt with in individual projects a relatively loose organisational level can be useful to adjust quickly to new needs, questions, problems etc. However, also in individual projects some level of institutionalisation is considered to be useful to ensure outputs in due time, effectiveness and reliability.

In a similar way differs the understanding of useful partnership sizes. Some projects are conducted with a large number of partners, e.g. more than 20, and they are quite effective. But there are also a lot of projects with a very small number of partners. Actually, the majority of projects in the cross-border programmes are conducted by only two partners, one from each side of the border. These smaller and smallest projects can be equally effective. The appropriate partnership size depends partly on thematic needs and partly on the specific problem of the project. Sometimes it is more useful to involve a higher number of organisations by other means than a

formal partnership. In general, the complexity of coordination and processes of agreement increase the higher the number of involved partners.

One of the key questions about ITC governance is about the choice of approaches (or solutions). For instance, which solution is better?

- |                                   |                             |
|-----------------------------------|-----------------------------|
| a) bottom-up                      | vs. top-down,               |
| b) centralised                    | vs. locally driven,         |
| c) highly institutionalised       | vs. loosely organised,      |
| d) closely regulated/managed      | vs. open/flexible,          |
| e) narrow stakeholder involvement | vs. broad partnership, etc. |

The answer is straightforward: it depends on individual case, domain, objectives. With some simplification one can say that the more sophisticated, demanding project or domain, the more flexibility and broad partnership is needed. In case of typical and technically simple projects (as many infrastructural) bottom up approach seems to be well suited. In case of economic cooperation, competitiveness building in the study fairly complex institutional networks steered by regional capitals institutions are needed. There may be a mix of various approaches needed to serve the needs of specific objectives and domains. Flexibility optimal in a given case should be applied. It does not imply lack of basic rules and weakness of managing institutions. It says that there is no one-size-fits-all governance solution. The ITC possibly should put more emphasis on objectives attainment than the observing rigid rules and procedures.

There is a space for improvement of existing EU International Territorial Co-operation programmes. The following list is based to a large extent on IDI and CAWI results.

- In order to help smaller organizations and NGOs to get involved into ITC, pre-financing should be made available for them. Otherwise they will not be able to participate in ITC on equal footing.
- Planning of infrastructure projects needs improvement. Infrastructure is too often planned only in relation to the own countries demand and without consideration of the demand stemming from the neighbouring country. Incentives for cross-border spatial planning should be improved.
- More directly economy oriented projects are needed in the future. This would imply a stronger inclusion of economic actors, including private firms, than in the past. In order to allow for such shifts, it would be beneficial if the programmes got more flexible and if the objectives and priorities were more strongly developed in the region.
- Projects could take riskier and more interesting approaches if they have not had to fulfil as many quantitative outputs as it is currently the case. Too often

projects concentrate more on technical requirements rather than dealing with interesting contents. Quality of justification should be more taken into account.

- On the other hand the programmes also need some more harmonisation in terms of application and administration procedures. The general framework of INTERREG B programmes differs too much. This is an unnecessary burden for stakeholders who are located in regions with overlapping INTERREG B areas.
- There are too many levels, actors and administrative structures involved in the management of INTERREG programmes, which makes it difficult for the projects to fulfil all formal needs.
- A project application procedure along two steps would be useful. Too many resources are spent for project developments and long proposal preparations. A process in two steps could reduce these efforts considerably for many not successful project applications.
- INTERREG A and B programmes are not always sufficient to allow for functional territorial approaches. In the case study area, especially the cooperation between cities (e.g. Dresden, Prague, Wroclaw) is not supported sufficiently.
- The communication of the Joint Technical Secretariat could be improved in order to provide the projects with better information.
- Even though climate issues are said to be important, it is not beneficial if principally all projects are assessed in the light of climate effects.

Proposed changes do not go towards revolutionary reforms. They are based on the assumption, that with the advancement of globalization and internationalization processes the procedures should be more flexible, quality should be increasingly important factor, soft measures and complex solutions should be prepared in order to address increasingly complex development problems.

## Annex

Tables based on CAWI results (N=98; figures in some table do not sum up)

Table A1. Experience of municipalities in International Territorial Co-operation projects (CAWI)

Country	Poland		Czech Republic		Germany	
	yes	no	yes	no	yes	No
Number of municipalities	26	8	12	39	9	4

Table A 2. Factors that hindered organisations/authorities from participating in International Territorial Co-operation (ITC).

Domain	Poland						Czech Republic						Germany							
	not relevant	of little relevance	somewhat relevant	quite relevant	very relevant	not relevant	of little relevance	somewhat relevant	quite relevant	very relevant	not relevant	of little relevance	somewhat relevant	quite relevant	very relevant	not relevant	of little relevance	somewhat relevant	quite relevant	very relevant
Lack of interest and low expectations from ITC	0	2	2	1	0	7	5	15	4	1	1	0	2	1	1	0	0	2	1	0
Lack of knowledge about the possibilities of ITC	1	0	3	1	0	2	1	15	12	5	2	0	2	0	2	0	0	2	0	0
Lack of knowledge of potential partners	1	0	2	2	0	2	5	10	13	5	1	1	1	1	1	1	1	1	1	0

Lack of knowledge about the administrative procedures	0	0	2	1	0	2	4	10	14	3	2	0	1	0	1
Complicated and highly demanding EU regulations	0	0	2	2	2	3	3	5	10	12	0	0	0	1	3
Cultural/linguistic/religious difficulties	0	0	1	2	1	12	5	9	2	4	1	0	0	2	0
Physical barriers	0	1	3	0	1	16	7	7	2	0	2	1	0	0	0
Lack of political will	1	1	1	0	0	12	5	8	3	4	2	1	0	0	1
Lack of funds for co-financing	0	0	3	2	0	3	1	11	10	9	2	0	0	0	1

Table A 3. The types of co-operation municipalities were involved in and number of projects or agreements

Type of ITC	Poland			Czech Republic			Germany			
	No of municip. 1	2-5	>5	No of municip. 1	2-5	>5	No of municip. 1	2-5	>5	
INTERREG A	18	5	7	6	3	0	5	0	4	1
INTERREG B	3	1	2	1	0	0	2	0	2	0
INTERREG C	4	2	1	0	0	0	3	1	2	0
Transcontinental	0	0	1	0	0	0	1	0	0	0
Twinning Cities	24	6	13	5	3	0	8	3	4	0

Table A4. Time of starting International Territorial Co-operation

Type of ITC	Poland			Czech Republic			Germany					
	before 1994	1994-1999	2000-2006	since 2007	before 1994	1994-1999	2000-2006	since 2007	before 1994	1994-1999	2000-2006	since 2007
Twinning Cities	7	11	4	1	3	2	2	1	5	2	1	0
INTERREG A	0	1	11	3	0	1	5	3	0	3	1	1
INTERREG B	0	0	2	0	0	0	0	1	0	0	2	0
INTERREG C	0	0	2	1	0	0	0	0	0	1	1	1
Transcontinental	0	0	0	0	0	0	0	0	1	0	0	0

Table A5. Extent of changes of partners since 2000.

Type of ITC	Poland				Czech Republic				Germany						
	All the same partners	Mostly the same partners	Similar number of previous and new partners	Mostly new partners	All new partners	All the same partners	Mostly the same partners	Similar number of previous and new partners	Mostly new partners	All new partners	All the same partners	Mostly the same partners	Similar number of previous and new partners	Mostly new partners	All new partners
Twinning Cities	14	6	2	1	0	3	3	1	0	0	6	2	0	0	0
INTERREG A	8	5	2	1	0	7	2	0	0	0	2	2	0	0	0
INTERREG B	0	0	1	0	0	0	0	0	0	1	0	1	0	1	0
INTERREG C	0	1	1	1	0	0	0	0	0	0	1	0	0	2	0
Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0

Table A6. Importancy of a given domain by ITC form

Domain	Type of TC	Poland				Czech Republic				Germany						
		very low	low	medium	high	very high	very low	low	medium	high	very high	very low	low	medium	high	very high
Economy	Twining Cities	1	3	5	2	1	0	0	1	0	0	3	0	3	1	0
	Interreg A	0	0	5	1	1	1	0	1	0	0	1	1	1	1	0
	Interreg B	0	1	0	0	0	0	0	0	0	0	0	0	2	0	0
	Interreg C	0	0	0	1	0	0	0	0	0	0	1	1	0	1	0
Natural environment	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
	Twining Cities	1	5	3	1	0	0	1	0	0	0	3	0	4	0	0
	Interreg A	2	0	4	1	1	0	2	0	0	0	2	1	0	1	0
	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0
Cultural events	Interreg C	0	0	1	2	0	0	0	0	0	0	1	0	2	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	Twining Cities	0	1	5	10	8	0	2	2	2	1	0	0	3	3	2
	Interreg A	0	1	2	4	6	0	1	3	1	1	0	1	2	1	0
Educational exchange	Interreg B	0	0	0	0	0	0	0	0	1	0	0	0	2	0	0
	Interreg C	0	0	0	1	0	0	0	0	0	0	0	1	1	1	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Educational exchange	Twining Cities	1	0	3	8	6	0	3	0	1	0	0	2	1	3	0



	Interreg A	0	0	0	3	2	2	1	3	1	1	1	0	3	1	0	0
	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0
	Interreg C	0	0	1	1	0	0	0	0	0	0	0	0	3	0	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
	Twining Cities	1	4	4	1	2	0	2	2	0	0	0	2	2	2	1	0
	Interreg A	0	1	1	2	3	1	1	0	0	0	0	2	1	1	1	0
	Interreg B	0	0	0	1	0	0	0	0	0	0	0	0	1	1	0	0
	Interreg C	0	1	0	0	0	0	0	0	0	0	0	1	2	0	0	0
Social infrastructure	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	Twining Cities	6	1	2	0	0	0	1	0	0	0	0	4	0	2	0	0
	Interreg A	3	2	1	3	1	2	0	0	0	0	0	1	1	2	0	0
	Interreg B	0	0	1	0	0	0	0	0	0	0	0	0	1	1	0	0
	Interreg C	0	0	1	0	0	0	0	0	0	0	0	0	2	0	1	0
Roads	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
	Twining Cities	4	2	2	2	0	0	2	1	0	0	0	4	1	3	0	0
	Interreg A	1	2	1	5	1	1	1	0	0	0	0	1	1	2	0	0
	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0
	Interreg C	0	1	1	0	0	0	0	0	0	0	0	1	1	1	0	0
Other physical Infrastructure	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
	Twining Cities	3	6	2	0	0	1	0	0	0	0	0	5	0	2	0	0
	Interreg A	2	2	2	0	1	2	0	0	0	0	0	3	0	0	1	0

	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
	Interreg C	0	0	1	0	0	0	0	0	0	0	1	0	1	0	1	1	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Twining Cities	0	1	5	6	7	0	1	3	0	1	0	1	3	4	0	0	0
	Interreg A	0	0	2	4	6	0	0	2	0	2	0	0	3	1	0	0	0
	Interreg B	1	0	0	0	0	0	0	1	0	0	0	0	2	0	0	0	0
	Interreg C	0	0	1	0	0	0	0	0	0	0	1	0	1	0	1	1	0
Tourism	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
	Twining Cities	4	2	2	0	1	1	0	0	0	0	5	0	2	0	0	0	0
	Interreg A	1	0	2	0	2	1	0	0	0	1	2	1	0	1	0	0	0
	Interreg B	0	0	1	0	0	0	0	0	0	0	0	0	2	0	0	0	0
	Interreg C	0	1	0	0	0	0	0	0	0	0	1	0	2	0	0	0	0
Joint spatial (physical) planning	Transcontinental	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0

Table A7. If a given scope of co-operation have prevailed in relations with your foreign partners please assess the approximate number of partners you worked with that way:

Domain	Type of ITC	Poland			Czech Republic			Germany		
		1	2-5	>5	1	2-5	>5	1	2-5	>5
	Twinning Cities	4	12	2	1	4	0	2	4	1
	Interreg A	4	6	1	4	1	0	1	3	0
	Interreg B	0	0	1	0	0	0	1	0	1
	Interreg C	1	1	1	0	0	0	1	1	1
Exchanging experience	Transcontinental	0	0	0	0	0	0	0	1	0
	Twinning Cities	5	9	0	1	2	0	1	5	0
	Interreg A	4	4	0	1	0	0	0	4	0
	Interreg B	0	1	0	0	0	0	1	1	0
Advising each other on how to solve similar problems	Interreg C	1	1	0	0	0	0	0	2	0
	Transcontinental	0	0	0	0	0	0	0	1	0
	Twinning Cities	6	5	0	0	2	0	2	3	0
	Interreg A	4	2	0	1	0	0	3	2	0
Sharing tools to tackle a common problem	Interreg B	0	1	0	0	0	0	0	2	0
	Interreg C	1	1	0	0	0	0	0	2	0
	Transcontinental	0	0	0	0	0	0	1	0	0
	Twinning Cities	6	9	0	1	1	1	3	1	1
Jointly implementing common actions or investments to solve local problems	Interreg A	6	4	1	4	0	0	2	1	1
	Interreg B	0	0	0	0	0	1	1	0	0

	Interreg C	1	0	0	0	0	0	0	0	0	1	1	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	1	0
	Twinning Cities	4	2	0	1	0	0	0	0	0	0	0	0
	Interreg A	1	2	0	2	0	0	0	0	0	1	1	0
	Interreg B	0	0	1	0	0	0	0	0	0	1	1	0
	Interreg C	1	0	0	0	0	0	0	0	0	1	0	1
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0
Jointly implementing a spatial strategy	Twinning Cities	3	1	0	0	0	0	0	0	0	2	0	1
	Interreg A	0	1	1	0	0	0	0	0	0	2	1	1
Solving cross-border (transnational or transcontinental) problems which require cooperation	Interreg B	0	0	1	0	0	0	0	0	0	0	1	0
	Interreg C	1	0	0	0	0	0	0	0	0	0	1	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0

Table A8. Please indicate in which types of joint international infrastructure investments was involved your organisation:

Domain	Type of TC	Poland	Czech Republic	Germany
Roads	Twining Cities	3	1	1
	Interreg A	5	0	1
	Interreg B	1	0	1
	Interreg C	1	0	1
	Transcontinental	0	0	0
Railways	Twining Cities	1	0	0
	Interreg A	0	0	0
	Interreg B	1	0	0
	Interreg C	0	0	0
	Transcontinental	0	0	0
Wastewater management	Twining Cities	2	0	1
	Interreg A	2	0	0
	Interreg B	0	0	0
	Interreg C	1	0	0
	Transcontinental	0	0	0
Water supply	Twining Cities	1	0	1
	Interreg A	2	0	0
	Interreg B	0	0	0
	Interreg C	1	0	0
	Transcontinental	0	0	0
Schools	Twining Cities	3	1	1
	Interreg A	1	2	0
	Interreg B	0	0	0
	Interreg C	1	0	0
	Transcontinental	0	0	0
Hospitals and medical facilities	Twining Cities	1	0	0
	Interreg A	1	0	0
	Interreg B	0	0	0
	Interreg C	0	0	0
	Transcontinental	0	0	0
Cultural facilities	Twining Cities	4	0	1
	Interreg A	5	1	2
	Interreg B	0	0	0
	Interreg C	1	0	0
	Transcontinental	0	0	0

Table A9. In your opinion, should infrastructure investment be a theme of International Territorial Co-operation?

Country	Poland		Czech Republic		Germany	
	yes	no	yes	no	yes	no
<b>Number of municipalities</b>	23	3	7	3	5	2

Table A10. Within which type of International Territorial Co-operation should it occur?

Type of TC	Poland	Czech Republic	Germany
Twinning Cities	16	5	4
INTERREG A	16	3	2
INTERREG B	4	1	0
INTERREG C	5	1	1
Transcontinental	1	0	0

Table A11. Please assess whether the following factors proved to facilitate or hinder cross-border co-operation of your region (woj. Dolnośląskie) with regions in Czech Republic and Germany.

Factor	Germany				Czech Republic			
	substantially hinders	somewhat hinders	somewhat facilitates	substantially facilitates	substantially hinders	somewhat hinders	somewhat facilitates	substantially facilitates
Level of growth (development) in your region	1	6	0	1	0	3	4	4
Presence of minority groups	0	0	0	3	0	1	2	2
Physical geography between the regions	1	1	0	1	1	3	1	1
Level of infrastructure	2	3	2	2	2	3	5	4
Historical relations	0	2	3	2	0	4	6	3
Religion	0	0	1	1	0	1	3	3
Language	1	7	0	0	0	11	2	3
Cultural background	0	5	2	1	0	5	6	3
Previous involvement in International TC projects	0	2	2	5	0	0	7	8
Availability of funding	0	3	2	6	0	3	6	9
Geopolitical position of the regions	1	2	3	0	1	3	5	3
Institutional background	1	3	3	1	4	5	4	1
Civil society	0	0	7	2	0	0	8	4
Shared environmental concerns	0	0	6	2	1	0	5	5
Business community	0	1	2	1	1	1	5	2
EU membership	0	0	1	10	0	0	2	18
Political will	1	1	2	7	1	0	5	11

Table A12. Please assess the extent to which the following resources are available in your organization/institution for participation in International Territorial Co-operation projects.

Domain	Type of TC	Poland				Czech Republic				Germany						
		minimum	little	about enough	just enough	substantial	minimum	little	about enough	just enough	substantial	minimum	little	about enough	just enough	substantial
Funds	Twining Cities	2	8	7	6	1	2	1	4	0	3	2	2	0	0	1
	Interreg A	0	5	6	4	1	0	3	4	1	3	1	0	1	0	
	Interreg B	0	0	0	2	0	0	0	1	0	1	1	0	0	0	
	Interreg C	0	0	2	2	0	0	0	0	0	1	1	0	0	0	
	Transcontinental	0	0	0	0	0	0	0	0	0	0	1	0	0	0	
Staff	Twining Cities	2	4	5	11	1	2	0	3	2	4	2	0	1	1	
	Interreg A	1	2	6	6	1	0	2	4	1	2	2	0	0	1	
	Interreg B	0	0	1	1	0	0	0	0	0	1	1	0	0	0	
	Interreg C	0	1	1	2	0	0	0	0	0	1	1	0	0	0	
	Transcontinental	0	0	0	0	0	0	0	0	0	0	1	0	0	0	



Table A13. In recent years, which of the following sources have funded your International Territorial Co-operation? Please indicate the level of their significance in your total funds devoted to the International Territorial Co-operation:

Domain	Type of TC	Poland				Czech Republic				Germany							
		very low	low	medium	high	very high	very low	low	medium	high	very high	very low	low	medium	high	very high	
Own	Twining Cities	0	5	6	9	3	0	6	0	0	0	1	0	2	4	1	1
	Interreg A	0	4	7	3	2	2	1	3	1	1	1	2	1	2	0	0
	Interreg B	0	0	2	0	1	0	0	0	1	0	1	1	1	0	0	0
	Interreg C	0	0	2	2	0	0	0	0	0	0	0	1	0	2	0	0
Own	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	Twining Cities	7	0	0	0	0	0	1	0	0	1	1	2	0	0	0	0
	Interreg A	4	0	0	0	0	1	0	1	0	0	2	1	0	0	0	0
	Interreg B	1	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0
Public-Private Partnership	Interreg C	1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
	Twining Cities	3	5	3	2	1	0	2	1	0	0	1	0	3	1	0	0
	Interreg A	2	0	3	1	0	1	0	1	0	0	0	2	1	1	0	0
Foreign partners	Interreg B	1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0
	Interreg C	1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Twining Cities	2	3	7	5	4	2	2	1	2	0	0	1	3	1	1	1
European Union funds	Interreg A	0	0	4	6	7	0	2	1	4	1	0	1	2	1	1	1
	Interreg B	1	0	0	0	2	0	0	0	1	0	0	1	0	1	0	0
	Interreg C	0	1	1	1	1	0	0	0	0	0	0	1	1	1	1	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
National	Twining Cities	5	1	4	0	0	1	1	0	0	0	2	0	2	0	2	0

(public other than own)	Interreg A	2	1	1	0	0	2	1	0	0	1	2	0	1	0
	Interreg B	0	0	1	0	0	0	1	0	0	0	2	0	0	0
	Interreg C	0	1	1	0	0	0	0	0	0	0	1	0	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table A14. If any of the following actors/stakeholders are involved in the International Territorial Co-operation in your area please assess its level of involvement:

Stakeholder	Type of TC	Poland				Czech Republic				Germany							
		very low	low	medium	high	very high	low	medium	high	very high	low	medium	high	very high			
Local authorities	Twining Cities	0	0	1	4	18	0	0	1	2	3	4	0	1	2	4	1
	Interreg A	0	0	3	2	13	0	0	0	1	4	2	1	0	2	2	1
	Interreg B	1	0	1	0	1	0	0	0	1	0	0	0	0	1	1	0
	Interreg C	1	1	1	1	2	0	0	0	0	0	0	0	1	1	1	0
Regional authorities	Transcontinental	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Twining Cities	2	2	6	5	3	1	0	0	2	0	0	0	2	3	0	0
	Interreg A	2	1	4	4	4	0	0	0	1	2	0	0	1	3	1	0
	Interreg B	1	0	0	1	1	0	0	0	0	0	0	0	0	1	1	0
Local residents	Interreg C	1	1	1	2	1	0	0	0	0	0	0	1	1	0	0	0
	Transcontinental	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
	Twining Cities	0	3	10	6	2	1	3	3	1	1	0	2	0	4	2	0
	Interreg A	0	2	7	6	1	2	2	0	0	0	0	0	3	2	0	0
Local residents	Interreg B	1	0	0	0	1	0	1	0	0	0	0	1	0	0	0	0
	Interreg C	2	1	0	1	1	0	0	0	0	0	0	2	0	0	0	0

	Transcontinental	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Twining Cities	2	5	7	2	2	0	2	1	0	0	2	1	0	0	0	2	1	0
	Interreg A	1	3	6	1	1	0	1	0	0	0	2	2	0	0	0	2	0	0
	Interreg B	1	0	1	0	0	0	0	1	0	0	2	0	0	0	2	0	0	0
	Interreg C	2	0	4	0	0	0	0	0	0	0	1	1	0	0	1	1	0	0
	Transcontinental	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Twining Cities	4	6	7	0	3	2	1	0	0	3	1	1	0	0	1	1	1	0
	Interreg A	3	4	6	1	1	0	1	0	0	1	0	3	1	0	1	3	1	0
	Interreg B	1	0	1	0	1	0	0	0	0	0	0	1	0	0	1	1	0	0
	Interreg C	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Business	Transcontinental	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0

Table A15. Please indicate 3 key stakeholders initiating International Territorial Co-operation in your area

Stakeholder	Type of TC	Poland	Czech Republic	Germany
	Twining Cities	23	8	7
	Interreg A	18	8	5
	Interreg B	2	1	2
	Interreg C	3	0	3
Local government	Transcontinental	0	0	1
	Twining Cities	7	3	1
Regional government	Interreg A	9	5	2
	Interreg B	2	0	2

	Interreg C	1	0	0	2
	Transcontinental	0	0	0	0
	Twining Cities	0	0	0	0
	Interreg A	0	0	0	0
	Interreg B	0	0	0	0
	Interreg C	0	0	0	0
National government	Transcontinental	0	0	0	0
	Twining Cities	6	1	1	1
	Interreg A	3	0	0	2
	Interreg B	0	0	0	0
	Interreg C	2	0	0	1
EU bodies	Transcontinental	0	0	0	0
	Twining Cities	0	2	2	0
	Interreg A	1	2	0	0
	Interreg B	1	0	0	0
	Interreg C	0	0	0	0
Development agencies	Transcontinental	0	0	0	0
	Twining Cities	2	1	1	0
	Interreg A	2	2	2	1
	Interreg B	0	0	0	1
	Interreg C	0	0	0	0
Chambers of commerce	Transcontinental	0	0	0	0

	Twining Cities	11	2	5
	Interreg A	5	0	1
	Interreg B	0	0	0
	Interreg C	0	0	1
	Transcontinental	0	0	1
NGOs	Twining Cities	14	2	4
	Interreg A	14	2	2
	Interreg B	1	0	0
	Interreg C	2	0	1
	Transcontinental	0	0	0
Euroregions and other cross-border institutions	Twining Cities	0	0	2
	Interreg A	0	0	2
	Interreg B	0	0	1
	Interreg C	0	0	1
	Transcontinental	0	0	1
Consultants, external experts, etc	Twining Cities	0	0	1
	Interreg A	0	0	1
	Interreg B	0	0	1
	Interreg C	0	0	1
	Transcontinental	0	0	1

Table A 16. If there is an impact of International Territorial Co-operation on your area, please indicate in which theme and what is its level:

Domain	Type of TC	Poland					Czech Republic					Germany					
		minimal impact	little impact	moderate impact	substantial impact	big impact	minimal impact	little impact	moderate impact	substantial impact	big impact	minimal impact	little impact	moderate impact	substantial impact	big impact	
Economic growth	Twining Cities	4	5	6	4	0	0	1	0	0	0	0	3	2	1	0	0
	Interreg A	0	2	8	3	0	0	1	1	1	0	1	0	0	3	0	0
	Interreg B	0	1	0	2	0	0	0	0	0	0	0	0	1	1	0	0
	Interreg C	0	1	1	1	0	0	0	0	0	0	0	0	2	0	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Job creation	Twining Cities	7	6	2	1	0	0	0	0	0	0	4	1	0	0	0	0
	Interreg A	2	7	2	0	0	1	0	1	0	0	1	1	2	0	0	0
	Interreg B	1	0	0	1	0	0	0	0	0	0	0	2	0	0	0	0
	Interreg C	0	1	0	0	0	0	0	0	0	0	0	2	0	0	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Quality of life	Twining Cities	1	3	11	4	1	0	0	6	0	0	1	2	3	1	0	0
	Interreg A	0	2	7	5	2	0	1	7	0	0	0	0	3	1	1	1
	Interreg B	0	0	1	1	1	0	0	1	0	0	0	0	2	0	0	0
	Interreg C	1	0	1	0	1	0	0	0	0	0	1	1	0	1	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Quality of natural environmental	Twining Cities	6	4	5	3	1	0	0	0	0	0	0	3	2	0	0	0
	Interreg A	2	3	5	3	1	0	2	0	0	0	0	2	0	1	1	1
	Interreg B	1	0	1	0	1	0	0	0	0	0	0	0	2	0	0	0
	Interreg C	0	0	1	1	1	0	0	0	0	0	0	0	1	1	0	0
	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0

Service provision	Twining Cities	6	0	7	2	3	0	0	0	1	2	2	0
	Interreg A	3	0	6	2	2	1	0	2	0	0	3	1
	Interreg B	0	0	1	0	1	0	0	0	0	0	2	0
	Interreg C	1	0	0	0	1	0	0	0	0	1	0	1
	Transcontinental	0	0	0	0	0	0	0	0	0	1	0	0

Table A17. In relation to the following flows/exchanges, please indicate how you perceive the impact of International Territorial Co-operation on your area:

Domain	Type of TC	Poland					Czech Republic					Germany				
		minimal impact	little impact	moderate impact	substantial impact	very big impact	minimal impact	little impact	moderate impact	substantial impact	very big impact	minimal impact	little impact	moderate impact	substantial impact	very big impact
International trade	Twining Cities	8	2	3	0	0	1	0	1	0	0	3	0	1	0	0
	Interreg A	5	2	2	0	0	0	2	0	0	2	1	1	0	0	
	Interreg B	0	0	0	0	0	0	0	0	0	1	0	0	0	0	
	Interreg C	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	1	0	0	
Foreign direct investment	Twining Cities	7	1	3	1	0	1	0	1	0	3	1	0	0	0	
	Interreg A	5	0	3	1	0	1	0	1	0	1	1	2	0		
	Interreg B	0	0	0	1	0	0	0	0	0	0	0	0	0		
	Interreg C	1	0	0	1	0	0	0	0	0	0	0	0	0		
Commuting	Transcon.	0	0	0	0	0	0	0	0	0	1	0	0	0		
	Twining Cities	7	2	2	0	0	0	0	0	1	1	3	0	1		

for work	Interreg A	5	1	1	1	1	0	1	0	0	0	1	1	0	0	2	0	0
	Interreg B	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tourism	Interreg C	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Social commuting	Twining Cities	1	1	7	9	5	1	1	2	1	1	1	1	1	2	1	3	0
	Interreg A	2	0	2	10	3	0	0	2	1	0	0	0	0	3	1	0	0
Migration	Interreg B	0	0	1	0	2	0	0	1	0	0	0	0	1	0	0	0	0
	Interreg C	0	1	1	0	1	0	0	0	0	0	0	0	0	1	0	0	0
Educational exchange	Transcontinental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
	Twining Cities	2	2	5	5	1	0	2	0	0	0	0	0	1	0	2	2	0
for work	Interreg A	1	2	5	3	1	0	0	4	0	0	0	0	0	1	2	1	0
	Interreg B	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1	0	0
Social commuting	Interreg C	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Migration	Twining Cities	7	6	1	0	0	1	0	0	0	0	0	0	2	3	0	0	0
	Interreg A	6	3	1	0	0	3	0	0	0	0	0	1	1	2	0	0	0
Educational exchange	Interreg B	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Interreg C	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
for work	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Twining Cities	4	4	3	1	1	1	0	0	1	1	1	1	1	3	0	0	0
Educational exchange	Interreg A	4	3	1	2	0	3	0	0	0	1	1	1	2	0	0	0	0
	Interreg B	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0
for work	Interreg C	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0



Table A18. If International Territorial Co-operation had an impact on the following activities in your area, please tick them out and indicate the strength of the impact:

Domain	Type of TC	Poland					Czech Republic					Germany					
		minimal impact	little impact	moderate impact	substantial impact	very big impact	minimal impact	little impact	moderate impact	substantial impact	very big impact	minimal impact	little impact	moderate impact	substantial impact	very big impact	
International networking co-operation among firms	Twining Cities	7	3	2	0	1	0	1	1	0	0	0	1	1	0	0	0
	Interreg A	5	1	2	0	1	0	1	0	1	0	0	2	2	0	0	0
	Interreg B	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0
	Interreg C	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Networking among NGOs	Twining Cities	5	4	8	4	0	0	2	0	1	0	1	0	2	0	0	0
	Interreg A	3	3	6	2	0	1	1	1	0	0	0	4	0	0	0	0
	Interreg B	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0
	Interreg C	0	0	2	0	0	0	0	0	0	0	0	1	1	0	0	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Building mutual trust	Twining Cities	0	1	3	12	4	0	1	2	3	1	0	2	4	1	0	1
	Interreg A	0	2	3	8	2	0	0	3	2	1	0	3	1	1	1	1
	Interreg B	0	0	0	1	1	0	0	0	0	0	0	1	1	0	0	0
	Interreg C	0	0	0	2	1	0	0	0	0	0	0	2	1	0	1	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0

Joint project preparation	Twining Cities	1	0	2	12	8	0	3	2	2	0	0	0	0	3	1	1
	Interreg A	0	0	4	9	3	0	2	3	1	1	0	0	0	2	2	1
	Interreg B	0	0	0	1	2	0	1	0	0	0	0	0	0	1	1	0
	Interreg C	0	0	0	2	1	0	0	0	0	0	0	0	0	1	1	0
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Joint spatial planning	Twining Cities	7	1	4	2	0	0	0	0	0	0	3	0	1	0	0	0
	Interreg A	4	3	1	3	0	0	2	0	0	2	1	0	2	0	0	0
	Interreg B	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	0
	Interreg C	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	1
	Transcon.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table A19. If International Territorial Co-operation project funds were unavailable, would you undertake similar activities/investments anyway?

Type of TC	Poland		Czech Republic		Germany	
	yes similar to those types of cooperation	Not similar to those types of cooperation	yes similar to those types of cooperation	Not similar to those types of cooperation	yes similar to those types of cooperation	Not similar to those types of cooperation
INTERREG A	7	8	4	5	2	3
INTERREG B	0	3	0	1	0	2
INTERREG C	1	3	0	0	1	2
Transcontinental	0	0	0	0	1	0

Table A20. I would undertake activities/investments similar to those financed within International Territorial Co-operation projects, and they would be:

Domain	Type of TC	Poland				Czech Republic				Germany						
		much smaller	smaller	same	faster	much faster	smaller	same	faster	much faster	smaller	same	faster	much faster		
In terms of time	Interreg A	2	3	2	0	0	0	0	3	1	0	0	2	0	0	0
	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Interreg C	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Transcotinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
In terms of scale	Interreg A	4	2	1	0	0	1	0	2	1	0	0	0	2	0	0
	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Interreg C	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0
	Transcotinental	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0

Table A21. I would undertake activities/investments similar to those financed within International Territorial Co-operation projects, and they would have:

Domain	Type of TC	Poland				Czech Republic				Germany							
		much lower	lower	same	higher	much higher	much lower	lower	same	higher	much higher	much lower	lower	same	higher	much higher	
Budget	Interreg A	2	3	1	0	0	0	0	3	1	0	0	0	1	1	0	0
	Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Interreg C	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	
	Transcotinental	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	

Table A22. I would undertake activities/investments similar to those financed within International Territorial Co-operation projects, and they would have:

Type of TC	Poland				Czech Republic				Germany						
	very different	different	quite similar	similar	same	very different	different	quite similar	similar	same	very different	different	quite similar	similar	same
Interreg A	0	0	1	3	2	0	1	0	2	1	0	0	0	1	1
Interreg B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interreg C	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0
Transcotinental	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0

Table A23. For each type of International Territorial Co-operation (each column) please indicate 3 domains which are the most important for future development of your area:

<b>Domain</b>	<b>Type of TC</b>	<b>Poland</b>	<b>Czech Republic</b>	<b>Germany</b>
Economy	Twining Cities	8	6	1
	Interreg A	4	5	2
	Interreg B	1	8	2
	Interreg C	1	8	3
	Transcontinental	2	6	0
Natural environment	Twining Cities	5	14	3
	Interreg A	7	15	2
	Interreg B	3	8	2
	Interreg C	5	11	1
	Transcontinental	1	6	0
Social infrastructure	Twining Cities	10	12	1
	Interreg A	6	8	1
	Interreg B	1	2	1
	Interreg C	2	3	0
	Transcontinental	0	0	0
Cultural events	Twining Cities	21	32	6
	Interreg A	15	11	0
	Interreg B	2	5	1
	Interreg C	4	3	1
	Transcontinental	1	2	1
Educational exchange	Twining Cities	15	19	6
	Interreg A	4	11	0
	Interreg B	0	6	0
	Interreg C	0	3	1
	Transcontinental	1	1	1
Physical infrastructure	Twining Cities	8	10	1
	Interreg A	8	14	1
	Interreg B	2	5	0
	Interreg C	1	3	1
	Transcontinental	1	0	0
Risk prevention	Twining Cities	4	5	0
	Interreg A	4	4	1
	Interreg B	2	3	0
	Interreg C	3	5	0
	Transcontinental	1	4	0

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Tourism	Twining Cities	18	29	7
	Interreg A	15	16	3
	Interreg B	1	9	2
	Interreg C	3	2	4
	Transcontinental	1	0	1
Joint spatial (physical) planning	Twining Cities	1	3	0
	Interreg A	5	8	1
	Interreg B	2	5	1
	Interreg C	0	4	2
	Transcontinental	1	1	0

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Program Operacyjny Współpracy Transgranicznej Republika Czeska - Rzeczpospolita Polska 2007-2013, 2007

## List of interviewees

Table 1. List of interviews, Czech Republic and Poland

Name of official	Position	Date & place
Mr Michael Canov	Mayor of Chrastava	27.06.2011, Chrastava, CZ
Ms Hana Maierová	Mayor of Turnov	76.06.2011, Turnov, CZ
Mr Petr Tulpa	Deputy Mayor of Jablonec nad Nisou	27.06.2011, Jablonec nad Nisou, CZ
Mr Jaroslav Zámečník and Mr Pavel Branda	Director, Euroregion Nissa-Neisse-Nysa	27.06.2011, Liberec, CZ
Ms Katarzyna	Regional Contact-Point Interreg IIIa, Poland-Saxony, specialist	28.06.2011, Jelenia Gora, PL

Hanczarek		
Mr Tomasz Śliwa	Head of the Euroregional Projects' Unit; Association of Municipalities of the Nysa Euroregion	28.06.2011, Jelenia Góra, PL
Mr Andrzej Helik	Head of the Funds and Development Department, Municipality of Zgorzelec	28.06.2011, Zgorzelec, PL
Mr Grzegorz Rychter, Mr Wojciech Zasoński	CEO; EU Project co-ordinator, Karkonoska Agency for Regional Development	28.06.2011, Jelenia Góra, PL
Ms Jadwiga Osińska, Ms Renata Kwiatek	Director of the European Fund Unit; Head of Unit for Municipality Development	28.06.2011, Jelenia Góra, PL
Ms Ida Seidlmanová	Mayor of Police nad Metuji	29.06.2011, Police nad Metuji, CZ
Ms Hana Nedvědová	Mayor of Hronov	29.06.2011, Hronov, CZ
Mr Jaroslav Štefek	Secretary of the Euroregion Glacensis	29.06.2011, Rychnov, CZ
Prof. Ryszard Brol, prof. Z. Przybyła	University of Economy of Wrocław – Regional Economy and Tourism in Jelenia Góra	29.06.2011, Jelenia Góra, PL
Ms Jowita Jeleńska	President, Association for the Support of Integration with the EU	30.06.2011, Jelenia Góra, PL
Mr Jacek Kowalczyk	Municipality of Kudowa Zdrój, specialist in the Investment Unit	30.06.2011, Kudowa Zdrój, PL
Mr Miroslav Smejkal	Regional Office of Pardubice Region, Director of Regional Development and Transport Department	1.07.2011, Pardubice, CZ
Mr Jiří Binder	Municipality of Pardubice, Director of Department	1.07.2011, Pardubice, CZ
Mr Roman Klíma	Regional Office of Hradec Kralove Region, head of Grants Unit	1.07.2011, Hradec Kralove, CZ
Ms Ilona Kwiecińska	Regional Contact Point Interreg IIIA Poland-Czeska R.	1.07.2011, Wałbrzych, PL
Ms Anna Izbińska, Mr Marek Urbański	Dolnosląska Agency for Regional Development, Szczawno Zdrój; Specialist for Economic Initiatives; Head of the T-Park Realization	01.07.2011, Szczawno Zdrój, PL
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Mr Martin Půta	Mayor of Hradec nad Nisou	04.07.2011, Hradec nad Nisou, CZ



Ms Mulise Charyparova	Municipality of Liberec, head of press and foreign relation department	04.07.2011, Liberec, CZ
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Ms Agata Ozieraniec	Wojewódzki Office of Dolnośląskie Region, Head of Transborder Programmes' Unit	06.07.2011, Wrocław, PL
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Ms Urszula Bednarska	Kłodzko Municipality, Development Department, specialist on international and regional cooperation	14.07.2011, Kłodzko, PL (interview by phone)

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## **2.4 Case Study on Scotland - Norway - Sweden**

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## **Executive Summary**

The objective of the paper is to provide an in-depth account of territorial cooperation (TC) efforts between in Scotland, Norway and Sweden. The paper aims to identify adequate domains and territorial structures for TC and provide an analysis of specific border situations in territorial cooperation. The paper is divided into five sections. First, an overview of the case study area will be provided. Second, it will consider the physical areas of TC. Third, it aims to identify the driving forces and domains of cooperation. Fourth, it focuses on the territorial structures and specific border cooperation. Last, it examines relevant governance and implementation structures. The executive summary provides an overview of the key strengths and weaknesses of these different aspects of TC as well as focusing on any future considerations/developments.

### **1.1. Physical areas of territorial cooperation**

#### **1.1.1 Strengths**

For most actors involved in territorial cooperation, the INTERREG A and B programmes are considered to have the highest impact. However, twinning arrangements (for example in the case of Rogaland in Norway and Thüringen in Germany) and the EU's educational programmes can also have a high impact in regions. The competitive impact of TC is difficult to measure. When comparing INTERREG A and B, the B strand is more often identified as being most able to improve the competitiveness of a region. Furthermore, current programme budgets are too small to have a direct competitive impact. However, TC has a wider impact. It improves domestic relations as TC efforts require an inclusive approach and aim to establish broad partnerships that include representatives from different spatial levels and organisations.

The cultural proximity and existence of a long-established historical institutional framework for TC between Sweden and Norway mean that TC is further developed between these two countries than is the case with Scotland and either country. Physical features such as the North Sea are not regarded as a barrier but rather seen as an important opportunity to engage in cooperation efforts. There is no great appetite for geographical expansion of TC in the programme area. Generally speaking partnerships are inclusive and broad which is considered to strengthen TC. There are particular advantages of including private sector partners in TC. These include: increased and lasting impact through commercialisation; the establishment of a more dynamic partnership; certain level of expertise and different perspectives.

The existence of a variety of TC programmes that have a different focus in terms of themes and beneficiaries was considered beneficial to regions as this gives an opportunity to develop relations at less intense levels which can then evolve into more intense efforts.

### 1.1.2 Weaknesses

Geographically large parts of the case study area are remote, sparsely populated and face accessibility problems. Scotland is culturally and geographically less proximate to Norway and Sweden and it has not been part of the many institutions / organisations in which Nordic countries have historically cooperated. This means the cooperation between Scotland and the two Nordic countries has been less intense. There are some suggestions that there are too few opportunities for people-to-people projects between Scotland and Norway. Such projects could form the basis for further cooperation and help to intensify cooperation. Increased efforts need to be made to include private sector partners, (smaller) municipalities, NGOs and other small organisations. These organisations face certain difficulties in relation to TC, i.e. lack of capacity and know-how, lack of clarity over state aid rules and procurement rules, inability to comply with the complex administrative procedures of the TC programmes (INTERREG), lack of confidence, lack of credibility of programmes and lack of communication. The inclusion of private sector partners was by many regarded as positive but there were also some concerns. Private sector partners: often lack commitment to long term projects; can increase administrative complexities of programmes; and their inclusion can reduce knowledge exchange efforts to a wider audience.

### 1.1.3 Future

There is greater need for flexibility in terms of allowing partners that fall outwith INTERREG programme areas to be included in partnerships. The Commission has recognised this need for increased flexibility in the new draft regulations.<sup>27</sup> Furthermore, there are calls for 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. In order to overcome physical barriers TC programmes can take certain steps which include: developing ICT, having effective partner databases, and making seeding money available in order for partnerships to develop in the preparatory stage of a project. Providing seeding funds can also have a positive impact on including smaller partners and private sector partners. In relation to private sector partners certain specific measures can be taken to improve participation: more flexibility in relation to private partner participation; organised TC business forums to actively engage the business community and build confidence; further engagement of National Contact Point with the business community

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<sup>27</sup> CEC (2011) 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 goal, COM(2011) 611 final, 6.10.2011, Brussels.

## **1.2. Driving forces and domains of cooperation**

### **1.2.1 Strengths**

The motivations for engaging in TC are varied and include: opportunities for networking and knowledge exchange; to address common challenges; to find partners; to develop a transnational strategic approach to issues; to gain access to foreign markets; to gain access to funding; and it brings a certain prestige. It was also noted that engagement in more formalised TC arrangements (INTERREG) flows sometimes from more informal arrangements (twinning). The most developed domains of cooperation are highly contextual; depending on the area and the organisation of the interviewee. Generally a large number of domains are well developed. Culture, education and tourism are considered to be particularly well developed. Both intra- and inter- programme synergies were considered important for the development of TC and some programmes have adopted innovative and effective approaches to achieve these. The North Sea Region Programme (NSRP) and North West Europe Programme (NWEP) achieve synergies through providing funds for clustering projects which consist of a number of project partnerships that have a similar interest/theme. In these project clusters synergies and strategic goals can be achieved.

### **1.2.2 Weaknesses**

It is considered crucial for cooperation efforts to be coordinated more effectively, in order to avoid overlap, duplication or even contradictions in approaches, solutions and activities. Overall there was thought to be a lack of synergies especially between different programmes. There were very few opportunities to showcase projects and engage with partners in other programmes. In other words, the opportunities to achieve inter-programme synergies were low. The opportunities for intra-programme synergies can differ greatly.

### **1.2.3 Future**

In general, a wide range of domains were thought to benefit from TC in the future. However, there is no great desire for infrastructure investments in TC. Such projects were considered expensive and often the budgets of programmes are not large enough to implement them. However, infrastructural spending should be allowed for demonstration projects in order to test and develop new innovative projects.

## **1.3. Territorial Structures and specific border co-operation**

### **1.3.1 Strengths**

Those territorial structures that are of particular relevance to the case study area were maritime basins, transport corridors, mountainous areas, rural regions but also

certain urban structures were considered important. However, the relevance of territorial structures in programme areas requires to be assessed taking a case by case approach. INTERREG has improved and intensified relations between the partner countries. However, between Sweden and Norway TC was already intense and have therefore had less impact. Norway is a non-EU member, for Norway participation in EU TC programmes (INTERREG) is considered very important because it gives the country an opportunity to influence policy and engage in knowledge sharing with EU member states without being an EU member. Swedish and Scottish interviewees noted no downsides towards Norway's participation as a non-EU state. They valued Norwegian partners' contributions. Cooperation between Norway and Sweden on the one hand and Russia on the other has also generally improved relations. The basis for TC is common challenges / links, rather than membership of the EU.

Inclusion of private sector partners can improve the competitive impact of TC efforts. Furthermore, experienced and skilled programme staff have a positive effect on impact animation, implementation and management of programmes. In general, the programmes in the case study area are well staffed and secretariats and contact points are able to make a positive contribution. Political commitment and support is also important for effective TC as well as having a clear strategy / policy framework. Other drivers include: funding; close historical links; shared development concerns / opportunities; and personal traits.

### **1.3.2 Weaknesses**

Within the case study area several weaknesses for TC efforts can be identified. Firstly, the formal links between Scotland on the one hand and Sweden and Norway on the other have historically been less intense and despite historical and cultural links they are less strong than between the two Scandinavian countries. Secondly, TC efforts with non-EU countries are no longer taking place within the INTERREG framework and this can make such cooperation efforts more difficult and complex (this does not apply to Norway but does have an impact on cooperation efforts with Russia). Thirdly, there are several barriers for TC (INTERREG). These include: lengthy process application procedures; rules and regulations in relation to payment and audits are complex; lack of funding; cultural differences; differences in motivations; lack of access; competition for funding; and political interference.

### **1.3.3 Future**

There was a preference for external partners to participate in the programmes within a flexible arrangement in which external countries/ regions would not be part of the programme area but could become partners if there was a strong motivation to do so.

## **1.4. Governance Structures and Implementation**

### **1.4.1 Strengths**

TC is initiated at different levels depending on the type of cooperation that is undertaken. INTERREG B programmes have a high regional and central government involvement whereas INTERREG A and twinning cooperation are more locally driven. Furthermore, higher education institutions are often an important mobiliser for TC due to their international contacts. In all countries in the case study area there was some preference for a bottom-up approach (in Sweden opinions were more divided). Bottom-up approaches are regarded as positive because they ensure local relevance, create more innovative partnerships, create local buy in, and facilitate project generation. In Scotland and Sweden there is some preference for centralisation which is considered to ensure that programmes have a clear direction. In Norway there is a predisposition for locally-driven programmes. Some level of institutionalisation is regarded as favourable. This ensures promises are kept and finances are controlled. However, it should not be stifling the TC efforts. There is a strong inclination to favour an open and flexible approach. Flexibility is regarded as necessary to achieve positive outcomes in ever changing circumstances. There is also a clear preference for broad partnerships. The advantages of broad partnerships are that it can achieve innovative projects and projects enjoy greater visibility.

### **1.4.2 Weaknesses**

Several key issues were identified in relation to TC. These include complex and restrictive audit and administrative procedures; too stringent de-commitment targets; poor communication; lack of coordination; complex payment procedures; the geographical criteria for partnerships are too strict; lack of strategic focus; and cumbersome and lengthy project selection procedures. Several solutions to these issues were proposed (see Table 29).

### **1.4.3 Future**

Although good practice cannot always be blue printed, three examples are considered useful. Firstly, Sweden and to a lesser extent Norway have been part of the European Strategy for the Baltic Sea Region (EUSBSR). The experiences of the macro regional strategy in the Baltic Sea region are important as there is likely to be an increased focus on such strategies in the new programme period. Secondly, the project clustering processes developed in the NSRP allow programmes to achieve strategic goals with limited budget commitment to strategic projects. Third, the provision of seeding/ preparatory funds in the Northern Periphery Programme (NPP) gives partners an opportunity to develop better quality applications, invite smaller partners to participate, build in effective feedback mechanisms and facilitate project implementation, in particular of large projects.



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**Abbreviations**

AAP	Atlantic Area Programme
ARKO	Arvika and Kongsvinger
BEAC	Barents Euro Arctic Council
BSRP	Baltic Sea Region Programme
BSR	Baltic Sea Region
BSS	Baltic Sea Strategy
EGTC	European Grouping for Territorial Cooperation
EUSBSR	European Union Strategy for Baltic Sea Region
FP7	Framework Programme 7
GDP	Gross Domestic Product
JTS	Joint Technical Secretariat
MA	Managing Authority
NCP	National Contact Point
NGO	Non Governmental Organisation
NMC	Northern Maritime Corridor
NPP	Northern Periphery Programme
NSRP	North Sea Region Programme
NSC	North Sea Commission
NWEP	North West Europe Programme
OP	Operational Programme
RCP	Regional Contact Point
TC	Territorial Cooperation

## 1 Introduction

This chapter contains the case study report on Scotland, Norway and Sweden, prepared for the ESPON TERCO project for Work Package 2.5. The overall purpose of the paper is to provide an in-depth account of cooperation efforts in the case study area and assess their impact as well as identifying future opportunities. The research for this paper has been undertaken by a research team from the European Policies Research Centre (EPRC) at the University of Strathclyde in Glasgow consisting of Dr Arno van der Zwet, Dr Irene McMaster, Ms Heidi Vironen and Professor John Bachtler.

The aim of the paper is to identify adequate domains and territorial structures for TC and provide an analysis of specific border situations in territorial cooperation. The paper is divided into five sections. First, an overview of the case study area will be provided. Second, it will consider the physical areas of TC. Third, it aims to identify the driving forces and domains of cooperation. Fourth, it focuses on the territorial structures and specific border cooperation. Last, it examines relevant governance and implementation structures.

The findings of this case study paper are mostly based on semi-structured interviews with 40 subjects in the case study area. These include 12 interviewees from Norway, 12 from Sweden and 16 from Scotland. When selecting subjects, care was taken to achieve a broad range of participants from different geographical areas. Additionally, subjects were selected according to the spatial levels they represented (e.g. national, regional and local). Furthermore, programme staff of several TC programmes were interviewed (e.g. MAs, JTSs, NCPs and RCPs). Finally, some beneficiaries were also interviewed (e.g. universities and colleges, regional groups, trusts, etc.). Full details of all interviewees can be found in ANNEX 2: Interview details. The interviews were conducted in the period of 14 June 2011 to 10 November 2011. With the exception of two, all interviews took place over the telephone (see ANNEX 2: Interview details). All interviews were conducted by Arno van der Zwet and Heidi Vironen.

A number of documentary sources were consulted which included, regulations and draft regulations on territorial cooperation,<sup>28</sup> as well as national and regional policy documents. Programme documentation (e.g. operational programmes, manuals, annual reports, evaluations etc.) were also consulted. Furthermore, European and national statistical data sources are used in the introduction.

Most interviewees were able to answer all the questions. However, in certain cases some questions were left unanswered because of time constraints or because they were not relevant within the context. More generally, many interviewees found it difficult to answer questions that related to sections 5.1 and 5.3.

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<sup>28</sup> CEC (2011) 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 goal, COM(2011) 611 final, 6.10.2011, Brussels.

## 2 Overview of the Case Study Area

### 2.1 Introduction

The case study covers a vast and diverse area including the whole of Scotland and large parts of Sweden and Norway (see Map 2). It includes urban centres such as the South of Sweden and Norway and the central belt in Scotland (the area between Edinburgh and Glasgow). However, many of the regions in the area share some common features linked to peripherality, rurality, sparse population, inaccessibility issues and insularity.

The purpose of this section is to provide an overview of the context of TC in the case study area. First, the political dimensions and administrative structures in the three countries are discussed, followed by a brief overview of the history of TC in the case study area. Next, the domestic regional policy dimension in each country is examined. Subsequent sections will focus on the geography, accessibility, economy, population and transnational flows in the case study area.

### 2.2 Political dimension and administrative structures

A Scottish devolved parliament was established in 1999. The Scottish Parliament is a unicameral system with 129 representatives. Normally elections take place every 4 years (although this term has a five year cycle due to a clash with UK government elections). From 1999 to 2007 Labour and the Liberal Democrats led the Scottish Executive (the UK government was also a Labour government). The Scottish National Party (SNP) led a minority administration from 2007 to 2011. In 2011, the SNP won a majority of seats in the Scottish Parliament. A referendum on Scottish independence is planned at some time after 2013. Although the Scottish Parliament officially has no competencies in international affairs, it has been a facilitator in terms of raising Scotland's profile internationally and has given TC an increased Scottish dimension. Scotland has 32 local authorities which are the lowest administrative units in the region.

Norway became a fully independent state in 1905. The Norwegian legislative body 'Storting' (Great Council) is a unicameral system and is elected for four years. The Red-Green coalition formed by the centre-left parties (Labour, Socialist Left Party and Centre Party) has held a majority since 2005 (re-elected in 2009). Norway is divided into 19 counties (fylker) and there are 430 municipalities (kommuner). Counties and communities have local autonomy but this is restricted by national controls.

In Sweden, the legislative body is the Swedish Parliament (*Riksdag*), which has 349 members. Parliamentary elections are held every four years. The centre-right Alliance for Sweden, which is composed of the moderate party, centre party, the

liberal people's party and the Christian democrats have had a majority Government since the 2006 general election (re-elected in September 2010). Sweden is a unitary state, divided into 290 municipalities (*kommuner*) and 21 counties (*län*), which include the regions of Gotland, Halland, Västra Götaland and Skåne.

### 2.3 History of territorial cooperation

Norway and Sweden have a long tradition of cooperation between many regions in the two countries. Both also have strong links in terms of high level cooperation on a wide range of issues. Key examples of such advanced international cooperation structures are the Nordic Council, the Nordic Council of Ministers and the Arctic Council. These pillars of cooperation in the region are supplemented by additional bi-lateral agreements and networks. Map 1 provides an overview of all the Nordic cross-border committees in the area.

The Nordic Council was formally founded in February 1953 and is an inter-parliamentary body gathering 87 MPs from national parliaments (Denmark, Finland, Iceland, Norway, Sweden) and the devolved parliaments in the three autonomous territories (Faroe Islands, Greenland, Åland Islands). Denmark, Finland, Norway and Sweden each have 20 members, the Danish representatives include two from the Faroe Islands and two from Greenland. Iceland has seven members.

The Nordic Council has traditionally held a strong advisory and initiatory role (Sundelius and Wiklund 1979, p. 66). Over time, cooperation has grown to cover a range of different policy areas, including culture, research, the environment and regional cooperation (Qvortrup 2001). Currently, political co-operation in policy matters mainly takes place in the five specialist committees and in its executive body - the Presidium (responsible for foreign and security policies). The Council submits proposals for co-operation initiatives to the Nordic Council of Ministers and the members' governments for approval and implementation.

In operational terms, there are eleven councils of ministers that make up the Council of Ministers, corresponding to the key areas of policy cooperation: cooperation; labour; business, energy and regional policy; fisheries and aquaculture, agriculture, food and forestry; gender equality; culture; legislative affairs; environment; health and social affairs; education and research; and finance. Reflecting this structure, alongside the Councils, is a range of Nordic institutions, which facilitate cooperation on a wide range of issues, some of which are outlined in Box 1. Each of the component parts of the Council coordinates institutions and working groups in its own policy areas (Norden 2009). The sectoral/thematic structure of the Council of Ministers allows each area to be treated relatively independently and handled on their merits and not as part of some larger political package-deals (Sundelius and Wiklund 1979, p. 67). Yet, this has also led to a 'compartmentalised' view of cooperation.

**Box 1: Nordic Institutions**

NordForsk – Nordic Research board with responsibility for cooperation on research and training in the Nordic region

*Nordic Centre for Spatial Development (Nordregio)* - European centre for research, education and documentation on spatial development

*Nordic Centre for Welfare and Social Issues* - working on social policies in the Nordic countries through education, information, the promotion of research, development work, network building and international co-operation

*Nordic Culture Point* - contact point for Nordic cultural co-operation

*Nordic Energy Research* - funding institution for energy research under the Nordic Council of Ministers.

*Nordic Gender Institute* - initiates, co-ordinates, and executes projects that focus on illustrating gender equality and policy issues.

*Nordic Innovation Centre* - initiates and finances activities that enhance innovation and co-operates primarily with small and medium sized companies in the Nordic region. It aims at developing a smoothly functioning Nordic region without national barriers.

Sweden and Norway also participate in the Arctic Council, which extends cooperation beyond a solely Nordic focus. The Arctic Council is also an inter-governmental forum. It aims to promote cooperation and coordination between its member states, namely Canada, Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, Russian Federation, Sweden, and the United States of America. In addition to its Member State representatives, the Arctic Council has 'Permanent Participants' status, which is open to organisations for the indigenous peoples of the Arctic. Common initiatives are discussed and approved at Ministerial meetings. There are also six Working Groups which focus on the Council's thematic programmes: Arctic contaminants action programme; Arctic monitoring and assessment programme; conservation of Arctic flora and fauna; emergency prevention, preparedness and response; protection of the Arctic marine environment, and sustainable development. The council meets on a six-monthly basis and issues non-binding 'declarations'.

Between Scotland on the one hand and Norway and Sweden on the other formal co-operation structures have been less longstanding and not as intense as they are in the Scandinavian framework. However, the countries have been closely linked through trade, historic links and common interest, in particular the North Sea basin.

In terms of participation in EU TC programmes, in 2007-2013, Sweden is involved in nine territorial cooperation programmes, including in six cross-border strand A programmes (North, Botnia-Atlantica, Sweden-Norway, Central Baltic, Öresund-Kattegat-Skagerack, South Baltic), in three strand B programmes (Northern



Periphery, North Sea Region, Baltic Sea), and in strand C programmes. The cross-border INTERREG strand A projects have been concluded to contribute best to the Swedish national strategy<sup>29</sup> and its guidelines (see Box 5), followed by the transnational INTERREG strand B projects (those involving Swedish partners). For instance, the North INTERREG IVA programme has been evaluated to contribute particularly well to the national strategy, with all projects generally in line with one of the guidelines in the national strategy. Projects under the Northern Periphery INTERREG IVB programme have been concluded to be compatible with five of the eight national guidelines, and as such the programme has been assessed to contribute relatively well to the implementation of the national strategy. The NPP has primarily contributed to the implementation of those guidelines which concern stronger businesses and natural and cultural environments. The Interregional INTERREG strand C projects have been primarily designed to spread knowledge and develop methods for effective learning in urban and regional development. Therefore these projects contribute more broadly to the objectives of the Swedish national strategy (Tillväxtverket 2009).

Scotland is covered by four transnational INTERREG IVB programmes, namely the North-West Europe, North Sea, Atlantic Area, and the Northern Periphery programmes. Additionally, Scotland is involved in the INTERREG IVA cross-border cooperation with Northern Ireland and the Border Region of Ireland. Excluding the North Sea Region programme, Northern Ireland is involved in the same transnational cooperation programmes as Scotland.

Norway has participated in INTERREG since 1996. In 2007-2013, Norway is involved in the strand A (North, Botnia-Atlantica, Sweden-Norway and Öresund-Kattegatt-Skagerack), strand B (programmes available to Norwegian partners include the Northern Periphery, the North Sea Region and the Baltic Sea Region programmes), and strand C of INTERREG. The access to INTERREG differs across Norwegian county councils. Counties bordering Sweden, Finland, Russia or Denmark have access to the INTERREG A programmes, while the others can participate only in the B and C programmes. Furthermore, there are differences which B programmes different counties can access (Leknes *et al.* 2011).

The importance of INTERREG as an instrument for regional development differs across INTERREG A counties. This is partly related to the size of the total regional development budget of the county councils. With respect to the strands B and C, most county councils are careful to ensure that the projects in which they participate are well rooted in regional development policy. This means that the projects are used strategically. Examples include infrastructure projects that address challenges that

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<sup>29</sup> The national strategy for regional competitiveness, entrepreneurship and employment for 2007-2013, which is also the Swedish National Strategic Reference Framework (NSRF), has provided the overall strategic framework and priorities for regional development in Sweden since 2007.

concern a larger geographical area than a single county, and projects that aim to develop new policies and perspectives in nature-based tourism. However, it takes a lot of work, experience and professionalism to develop projects that fit into the various B programmes (Leknes *et al.* 2011).

## 2.4 Domestic regional policy development

In Sweden current 'regional growth policy' focuses on the development of all areas of the country with strong local and regional competitiveness. Over the 2010-2011 period, the policy has come under scrutiny, with an OECD Territorial Review (OECD 2010) and a range of internal studies, and a new Government Bill updating regional growth policy is forthcoming (Vironen 2011). While the broad policy objectives and framework of regional growth policy will not change, a long list of issues has been identified as requiring further attention in the implementation of Swedish regional growth policy including): a sustainability perspective in the regional growth work; opportunities for supporting climate- and energy-related activities in sustainable regional growth; the need for a greater international outlook; cooperation at and between national and regional level; regional leadership; dialogue between actors at different levels and different sectors; the use of the Regional Development Programme<sup>30</sup> as the instrument for planning; innovation and renewal; competence development and increased labour supply at the national and regional levels; national and regional anchoring of the Baltic Sea Strategy; implementation of the rural perspective; the importance of cities to sustainable regional growth; and access to cross-border statistics (Näringsdepartementet 2009: 69; Bachtler and Wislade 2011).

The Scottish Government has responsibility for economic development within the territory. In Scotland, a new economic development strategy was published in September 2011, following the re-election of an SNP government in May 2011. The strategy maintains broad continuity in policy goals, while introducing a new strategic priority on transition to a low carbon economy, highlighting the importance placed on the potential of the renewable energy sector to support economic growth (Bachtler and Wislade 2011).

The key objectives of Norwegian regional policy have remained stable for some time, albeit with shifts in emphasis. A White Paper analysing the regional problem and setting forth future policy directions is normally published a few months in advance of the general elections in September and then, having been discussed in Parliament, is

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<sup>30</sup> The Regional Development Programmes are often referred to as Regional Development Strategies. As such, they are intended to provide a holistic strategy in the regions. This holistic approach means that the Regional Development Programmes facilitate coordination across sectors and between local, regional and national initiatives, and establish a basis for other programmes and instruments implemented in the region, namely: Regional Growth Programmes, regional Structural Funds programmes, territorial programmes and other relevant regional programmes and activities (including cooperation in functional labour markets).

ready to become part of the coalition agreement of the new government (Wishlade 2011). Current regional policy is based on the 2009 White Paper, which focused on mobilising ‘bottom-up growth’, in particular by building up the local capacity for development (St. Meld 2008 – 2009). Work is already underway on the 2013 White Paper, which seems likely to focus on the relationship between employment growth, knowledge-intensive activities and higher education, reflecting the findings of a recent expert committee on knowledge-based workplaces commissioned by the Ministry of Local Government and Regional Development.<sup>31</sup> Potential priorities for the new policy are the functioning of regional labour markets, investment in broadband and transport, and the location of public sector jobs – all of which are geared to increasing the proportion of highly-qualified jobs outside the capital city region (Bachtler and Wishlade 2011).

The most important strategic priority area for Norway is the so-called strategy for the ‘High North’. This is defined as including the three northernmost counties – Finnmark, Troms and Nordland. In this area, the policy of the Ministry for Local Government and Regional Development is part of the wider government strategy for the north, led by the Ministry of Foreign Affairs, and encompassing issues such as security, energy, and environmental stewardship. The regional development dimension has three elements: increasing the value-added in the region in oil and gas activities and the exploitation of natural resources; strengthening local expertise in specific fields, notably tourism and arctic technology; and strengthening international cooperation, notably with Russia, and through programmes such as INTERREG North, the Northern Periphery Programme and Kolartic ENPI (Wishlade 2011).

## 2.5 Geography

The draft regulation for European territorial cooperation highlights the important role TC plays in peripheral regions such as mountainous areas as well as coastal regions and sea basins (CEC 2011: 2). The case study area is vast. While it includes urban centres in the South of Norway and Sweden and the central belt in Scotland, it is mostly characterised by its vastness and the remoteness of large parts of the area. The geography of the region includes some of the most remote and inaccessible areas in Europe (see Map 5). The countries have extensive mountainous terrains, for example, the Kjolen Mountains stretch from the south to north in Norway and cover part of northern Sweden. The northern parts of Scotland are covered by the Scottish Highlands (See Map 7). Large parts of the case study area are covered by forests and lakes, in particular in Sweden. The area comprises an extensive coastline. Furthermore, Norway and Scotland have a vast number of populated islands.

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<sup>31</sup> *Kompetansearbeidsplasser – drivkraft for vekst i hele landet*, Rapport fra utvalg oppnevnt av Regjeringen, NOU 2011: 3, see: <http://www.regjeringen.no/nb/dep/krd/dok/nouer/2011/nou-2011-3.html?id=635173> (accessed 17 May 2011).

The areas in the north share similar climatic conditions of long, cold and harsh winter weather, and greatly reduced daylight hours in the winter. On the other hand, the southern parts have a relatively long growing season. Scotland, Norway and Sweden all have an abundance of natural resources that include: fisheries, forestry, minerals and metals, oil, gas, and renewable energy (OP NPP 2007).

## 2.6 Accessibility

The natural geography, lack of transport links and dispersed settlements in large parts of the case study area restrict access. This makes such areas prone to social exclusion of certain sectors and reduces mobility (OP NPP 2007). ESPON studies have classified large parts of the programme area as ‘ultra peripheral’ (ESPON 2005). Map 5 represents the potential multi-model accessibility of the case study area based on an ESPON study (2004). The EU average is 100 and only some areas in Scotland’s central belt and Southern Sweden exceed this and some parts in the North Scotland as well as middle and north Sweden and Norway report scores lower than 50. The polycentric links between cities in the northern part of the case study area are also low (ESPON 2004: 115).

The impact of this level of peripherality is complex. On the one hand it restricts internal and external movement of passengers, often making people more reliant on air travel and leading to higher transport costs for both goods and people. It also reduces labour market opportunities in certain sectors and restricts access to services. On the other hand, it also creates a competitive advantage for locally produced goods and services. TC can play an important role in such peripheral regions in terms of creating cross border synergies and developing viable services through economies of scale.

## 2.7 Economy

The Swedish economy is export oriented. Its main export basis is in the automobile, machinery, paper products, wood, iron and steel, and chemical products industries. Norway is the second largest gas exporter in the world and ninth largest oil exporter. It is highly dependent on the petroleum industry which is a state owned majority owned enterprise and accounts for about a third of the total state revenue (CIA 2010). For Scotland the energy sector also has an important role. Furthermore banking and financial services are important sectors for the Scottish economy.

Sweden and Norway display some of the highest GDP per capita in Europe (and the world), respectively ranking eighth and second in 2010 (Eurostat 2010<sup>32</sup>). Scotland’s GDP per capita is lower than that of Sweden and Norway, and while all regions in Sweden and Norway have GDPs higher than the European average, the Scottish Highlands and Islands have a GDP that is lower than the European average

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<sup>32</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/GDP\\_at\\_regional\\_level](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/GDP_at_regional_level)

(Eurostat 2008<sup>33</sup>). However there are also disparities within Sweden and Norway, and peripheral regions often have lower than average GDP figures when compared to the centre (see Map 3).

Unemployment in Norway is consistently low throughout the country when compared to Scotland and Sweden. Particularly in Sweden unemployment is high and, in Scotland, areas in central Scotland experience higher unemployment rates (see Map 6)

## 2.8 Population

Norway's population is 4.6 million, Scotland has 5 million people and Sweden has around 9.4 million inhabitants. All countries include large areas that are sparsely populated (see Map 4). For the past 60 years these often rural and sparsely populated areas have experienced a net outmigration of, in particular, young people (Hansen et al. 2011 and Stockdale et. al 2000: 244). The effects of such trends are well known and include ageing population, skill / brain drains, reduced local service provisions, etc. This depopulation trend is most acute for some of the remote island communities. TC efforts have therefore often focused on community development, service provision, economic development capacities and networking activities in these areas (OP NPP 2007: 18).

## 2.9 Transnational flows between case study countries

There is a long history of trade and exchanges between the three countries. Due to geographical location and the long land border that Sweden and Norway share (see Map 7) there are large transnational flows between the two countries. However, transport links in both countries tend to run from north to south with a limited number of east – west crossings in the north of the two countries. This has a negative impact on transnational flows.

There is particularly close cooperation between certain parts of Norway and Scotland based around the oil industry. For example between Aberdeen and Stavanger there are 34 flights per week. Generally flight patterns between the three countries link the main urban centres. Within all countries there are a large number of domestic flights that link the remoter parts to the urban centres. However, there are few international links between the three countries' more remote parts and urban centres in one country do not tend to be linked to remoter regions in other countries (see Map 7). There are no longer any ferry routes between Norway and Scotland. Furthermore, the link between Bergen and Newcastle (north of England) which would have been used often by Scots was withdrawn in 2008.

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[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=File:Gross\\_domestic\\_product\\_\(GD\\_P\)\\_per\\_inhabitant\\_in\\_purchasing\\_power\\_standard\\_\(PPS\)\\_by\\_NUTS\\_2.PNG&filetimestamp=20111020141821](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Gross_domestic_product_(GD_P)_per_inhabitant_in_purchasing_power_standard_(PPS)_by_NUTS_2.PNG&filetimestamp=20111020141821)

Scotland, Norway and Sweden have close trade links. In 2010, Norway's most important export market was the UK<sup>34</sup> and Sweden is its 4<sup>th</sup> most important export partner (CIA 2011). For Sweden, Norway is its second and the UK its third most important export partner (CIA 2011). For Scotland, the most recent figures show that Norway is its sixth and Sweden its twelfth most important export partner (see Table 24).

**Table 24: Export between Scotland, Norway and Sweden (millions)**

	Exports from Norway to Sweden	Exports from Sweden to Norway	Exports from Scotland to Norway	Exports from Scotland to Sweden
2002	4,705	7,623	580 (9)	550 (10)
2003	4,459	7,582	580 (9)	455 (10)
2004	4,452	8,521	485 (9)	430 (11)
2005	5,441	9,011	405 (10)	
2006	6,250	10,744	450 (10)	315 (14)
2007	6,492	11,597	475 (10)	320 (14)
2008	7,285	11,802	570 (8)	290 (15)
2009	4,938	9,960	760 (6)	405 (12)

Source: calculations by EPRC based on Statistics Norway<sup>35</sup>, Statistics Sweden<sup>36</sup>, EuroStat and Scottish Government statistics<sup>37</sup>

## 2.10 Conclusions

The countries / regions in the case study area have a long history of close cooperation. However, naturally the links between Norway and Sweden are better developed than between both countries and Scotland. That said, in some specific domains of cooperation (for example maritime activities and natural resources) the links between Scotland and Norway are more developed. Furthermore, certain regions in Scotland and Norway have developed TC around tourism and culture. Furthermore, the countries have close trade links.

In terms of topography and some developmental challenges, the case study regions share some important features. First, the North Sea basin provides an important impetus for cooperation. Second, large parts face challenges concerning ultra peripherality, low population density, accessibility, harsh climatic conditions and mountainous terrain. However there are also considerable differences between the

<sup>34</sup> No data is held for Scotland specifically

<sup>35</sup>

[http://statbank.ssb.no/statistikkbanken/Default\\_FR.asp?PXSid=0&nvl=true&PLanguage=1&tilside=selectvarval/define.asp&Tabellid=06766](http://statbank.ssb.no/statistikkbanken/Default_FR.asp?PXSid=0&nvl=true&PLanguage=1&tilside=selectvarval/define.asp&Tabellid=06766)

<sup>36</sup> <http://www.ssd.scb.se/databaser/makro/SaveShow.asp>

<sup>37</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Exports/GCSIntroduction>

areas for example relating to GDP and unemployment rates, whereas GDP is relatively high throughout Norway and Sweden, in Scotland it is lower than the EU average in certain areas. Unemployment rates are particularly high in Sweden and the Scottish central belt area.

### 3 Physical areas of territorial cooperation

In this section the physical areas of TC that apply to the countries in the case study area are examined. First, the types of cooperation efforts interviewees were involved and which were deemed to have the greatest impact is discussed. Second, the impact of TC on competitiveness in the regions of these programmes is analysed. Third, the implications of TC for domestic networks / relations are discussed. Fourth, the impact of physical barriers in the case study area is assessed. Fifth, the appetite amongst interviewees for geographical expansion of TC efforts in their regions is considered. Finally, interviewees' attitudes towards partnership expansion in relation to TC are examined.

#### 3.1 Types of programmes

Partners in Norway, Scotland and Sweden are involved in a number of formal and less formal TC programmes/ agreements. Most interviewees mentioned INTERREG programmes in which they were involved but also referred to other TC arrangements. Table 25 summarises the programmes and activities to which interviewees referred. Some differences between Sweden and Norway on the one hand, and Scotland on the other, are notable. In Scotland there are fewer INTERREG A opportunities. With the exception of Hordaland, Sogn Og Fjordane and Møre Og Romsdale in Norway all regions are eligible for INTERREG A programmes. In Sweden all regions are eligible for at least one INTERREG A programme. In Scotland only some local authorities in the west of Scotland<sup>38</sup> are eligible for INTERREG A programmes. Furthermore, there are more non - EU based TC programmes in which Sweden and Norway are involved than there are for Scotland (for example Arctic Council, Nordic Council, Barents Euro Arctic Council, ARKO and Mid Nordic Council). The high intensity of TC efforts and high level cooperation between Nordic countries has been well documented (McMaster 2011) and this skewed balance in the case study area – in terms of intense cooperation between Sweden and Norway and less intense efforts between Scotland and the two countries - needs to be taken into account in the further analysis.

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<sup>38</sup> Lochabar Skye and Badenoch, Arran and Cumbree, Argyll and Bute, North Ayrshire, East Ayrshire, South Ayrshire and, Dumfries and Galloway



**Table 25: TC in Norway, Scotland and Sweden**

	Norway	Scotland	Sweden
<b>INTERREG A</b>	<ul style="list-style-type: none"> <li>• Sweden – Norway</li> <li>• Nord</li> <li>• Botnia – Atlantica</li> <li>• Öresund - Kattegatt – Skagerrak</li> </ul>	<ul style="list-style-type: none"> <li>• Ireland, Northern Ireland, West of Scotland</li> </ul>	<ul style="list-style-type: none"> <li>• Sweden – Norway</li> <li>• Nord</li> <li>• Botnia – Atlantica</li> <li>• Öresund - Kattegatt – Skagerrak</li> <li>• South Baltic</li> <li>• Central Baltic</li> </ul>
<b>INTERREG B</b>	<ul style="list-style-type: none"> <li>• Northern Periphery Programme (NPP)</li> <li>• North Sea Region Programme (NSRP)</li> <li>• Atlantic Area Programme (AAP)</li> </ul>	<ul style="list-style-type: none"> <li>• Northern Periphery Programme</li> <li>• North Sea Region Programme</li> <li>• Atlantic Area Programme</li> <li>• North West Europe Programme (NWE)</li> </ul>	<ul style="list-style-type: none"> <li>• Northern Periphery Programme</li> <li>• North Sea Region Programme</li> <li>• Baltic Sea Region Programme (BSRP)</li> </ul>
<b>Other EU programmes</b>	<ul style="list-style-type: none"> <li>• INTERREG C</li> <li>• ESPON</li> <li>• URBACT</li> <li>• LEADER</li> <li>• Life Long Learning Programme</li> <li>• Language Learning Programme</li> <li>• Comenius</li> <li>• Leonardo Da Vinci</li> <li>• Erasmus</li> <li>• Neighbourhood programmes Russia</li> <li>• Macro regions</li> </ul>	<ul style="list-style-type: none"> <li>• INTERREG C</li> <li>• ESPON</li> <li>• URBACT</li> <li>• LEADER</li> <li>• Life Long Learning Programme</li> <li>• Language Learning Programme</li> <li>• Comenius</li> <li>• Leonardo Da Vinci</li> <li>• Erasmus</li> </ul>	<ul style="list-style-type: none"> <li>• INTERREG C</li> <li>• ESPON</li> <li>• URBACT / OP-act</li> <li>• LEADER</li> <li>• Life Long Learning Programme</li> <li>• Language Learning Programme</li> <li>• Comenius</li> <li>• Leonardo Da Vinci</li> <li>• Erasmus</li> <li>• Neighbourhood programmes Russia</li> <li>• Macro regions</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• City Twinings</li> <li>• Arctic Council</li> <li>• Nordic Council</li> <li>• North Sea Council</li> <li>• North Atlantic Cooperation Council</li> <li>• Barents Euro Arctic Council (BEAC)</li> <li>• Geopark Network</li> <li>• Transcontinental Co-operation- World Energy City Partnership</li> <li>• KIMO international</li> <li>• Conference of Peripheral Maritime Regions</li> <li>• Mid Nordic Committee</li> <li>• Covenant of Mayors</li> <li>• Innovation Circle Network</li> <li>• ARKO (Arvika and Kongsvinger)</li> </ul>		

In general, INTERREG A and B programmes are considered to have the highest impact. These programmes provide funding and operate in a clear framework for

cooperation. Whether INTERREG A or B programmes are deemed to have the greatest impact depends on the territorial position, historic links, established partnerships and priorities of an organisation. The advantage of INTERREG A and B programmes is that they have a more immediate impact because they are directly funded and are part of an established policy framework. The INTERREG C strand is more focused on policy change and as such its potential for achieving impact is large but less measurable and immediate in comparison to A and B strands.

Furthermore, the EU's educational programmes (Erasmus, Leonardo da Vince and Life Long Learning) are also considered to have a high impact by those institutions that are responsible for education. The exchanges of students and staff that take place under these programmes can be based on links that have been established under other TC programmes (notably Twinings).

**In order to achieve the highest impact for overall TC efforts, it was considered important to have various programmes available in the region. The different programmes target the different stages of TC.** For example, twinning arrangements are often considered as an early stage of TC which can then lead to more intense forms of cooperation (exchanges or INTERREG projects). **The availability of a variety of programmes also ensures that TC is available for a variety of actors.** For example, INTERREG A programmes are deemed to be more suitable for smaller organisations than INTERREG B programmes.

### 3.2 Improving competitiveness

It is difficult for interviewees to assess which cooperation actions best increase the competitiveness of the cooperating regions either because they were only involved in one type of programme or because they did not regard 'competitiveness' to be a priority and stressed the importance of 'softer' benefits from cooperation programmes. When an assessment was made, this often involved comparing INTERREG with other programmes or the INTERREG A and B strands. INTERREG programmes are considered more effective in terms of competitiveness. When comparing INTERREG A and B, INTERREG B programmes are generally deemed to be more supportive of economic development activities as the following response demonstrates: 'while both strands (A and B) have been important for the region, the strand B-programmes have been particularly important for businesses. This is because the projects under the B-programmes have focused on facilitating transport connections which are very important due to the large export industry in Nordland'. INTERREG B programmes are also by some considered more attractive to private sector partners and therefore are better able to increase the competitiveness of a region.

However, the impact on competitiveness of such programmes could be improved through linking them specifically to EU programmes such as FP7. Furthermore, INTERREG B programmes cover many more themes. At the first ever joint

transnational conference of these programmes held in Katowice in September 2011, six themes were identified as common denominators. These included innovation, transport, environment, demographic change, renewable energy and cooperation with neighbouring countries (JTC 2011).

Interviewees stress the ‘softer’ elements of TC which are regarded a prerequisite for more tangible forms of cooperation. The following interviewee sums up this position in relation to the differences between A and B programmes: ‘initially, the A-programmes are perhaps more important because they involve networking and meetings between people, which in turn provide the basis for the next level of cooperation’. Box 2 describes how one level of cooperation led to a next - more intense - level of cooperation in Hordaland in Norway.

#### **Box 2: TC Hordaland - Thüringen**

Links between Hordaland in Norway and Thüringen in Germany were initially developed through a twinning arrangement which led to several cultural and educational exchanges. Through these ‘local level’ TC efforts opportunities for more intense forms of cooperation were developed. The two regions went into a partnership for an INTERREG IIIC mini programme which involved innovation and private sector cooperation. After this project TC efforts were further formalised and on the 27 August 2009 a communiqué between the two regions was developed which connects Hordaland to the EU Structural Funds that Thüringen receives. As a non-EU state Norway does not receive Structural Funds but it does have a budget for transnational funds. Hordaland can join project partnerships in Thüringen that are of interest to them.<sup>39</sup>

A distinction between different INTERREG B programmes that cover the area was made in terms of their effectiveness to address economic and development challenges. In Scotland, for example, the North Sea Region Programme (NSRP) and the Northern Periphery Programme (NPP) were regarded as more effective than the Atlantic Area or North West Europe Programme (NWEPE). Such an assessment may be largely based on how successful an area or institution is in attracting funds from one programme compared to another, rather than the actual impact activities have. As Table 26 illustrates, Scottish partners are considerably more successful in NSRP and NPP and therefore may deem these of greater impact to their regions.

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<sup>39</sup> For more information see: <http://www.tna-thueringen.de/>

**Table 26: Number of projects and (lead) partners in Scottish INTERREG programmes.**

	Number of projects	Number of Scottish partners	Total number of lead partners
Ireland, Northern Ireland, West of Scotland	12	22	4
North Sea Region Programme	27	51	3
North West Europe Programme	13	15	1
Atlantic Area Programme	8	9	0
Northern periphery Programme	23	30	6
INTERREG IVC	8	8	0
<b>Total</b>	<b>91</b>	<b>135</b>	<b>14</b>

Source: Scotland Europa

Twinning agreements are established for a variety of reasons but often these arrangements are linked to trade and cultural exchanges. In some instances these agreements can have a significant economic impact and can provide a boost to trade and commerce. For example, Rogaland in Norway has twinning agreements with three Russian regions and one region in China. These arrangements provide Rogaland opportunities to access markets that are important for their oil and gas industry.

**It is not so much a specific TC programme/ activity that can be identified as having the biggest impact on the competitiveness of the region, instead it is the types of efforts that are carried out under those programmes. Infrastructural, transport, logistic, innovation and joint spatial planning projects are often mentioned as themes that can have a high impact on the competitiveness of the region.** Considering the specific nature of the cooperation area between Scotland, Norway and Sweden (based around the North Sea basin) maritime projects are also of considerable value.

### 3.3 Improved vertical relationships

Almost all interviewees agree that TC had improved or intensified working relations between domestic actors. Relationships between local, regional and central government had improved as a consequence of TC, as well as relations with universities and private sector partners. However, even though INTERREG aims to establish such broad partnerships - and this is very much supported by partners (see 6.3) - it can still be difficult to establish vertical relations as the following interviewee

expressed: ‘there is tendency for local-level people to involve other local-level partners, while regional-level people tend to involve regional-level partners’. Nevertheless, TC programmes attract different types of partners than domestic development programmes. TC adds a dimension to the cooperation efforts which makes it valuable and unique for partners. Moreover, many programmes offer partner searches or help partners with similar interests to link up. They can be seen as ‘matchmakers’ for organisations with similar interests.

Projects may establish local / regional partnerships in which key stakeholders are represented. These partnerships will meet regularly and through them relations intensify and spin-off project can be created. One example is that certain universities had, prior to TC involvement, only very limited contact with the local authorities in which they were situated. Through local partnerships that were established for TC projects these relations intensified. This intensification of domestic relations has many benefits but when partnerships are established, care should be taken that domestic organisations do not lose sight of the transnational nature of the project by becoming too domestically orientated.

Vertical relations do not improve or indeed need to improve under all circumstances. Some partners work within a ‘niche’ field within their region/country and as such are very familiar and have good relations with partners from all levels and different organisations that are relevant to that specific field. Furthermore, the availability of funding streams in an area can lead to competition amongst actors in an area for these resources. This can be detrimental to cooperation efforts amongst domestic partners, as partners are keen to keep successful application strategies a secret, in order to maximise their own revenue streams.

### **3.4 Physical barriers**

As was discussed in the introduction, many parts of the case study area can be considered peripheral. It has large areas of sparsely populated areas, relatively few urban centres and limited infrastructure in terms of air links, train links and road networks. In Sweden and Norway, transport corridors tend to be north-south orientated and east–west connections are less developed, particularly in the north. Furthermore, the North Sea makes travel from Scotland to Norway and Sweden expensive and time consuming. Some INTERREG programmes cover vast territories – for example in the Atlantic Area programme, a journey from Northern Scotland to Portugal takes up considerable time and resources.

Travel and distance are by some regarded as a challenge to cooperation efforts in the region and several solutions are proposed:

1. Improve ICT infrastructure
2. Make more use of video conferencing

3. Make available seed funds for travel, in order for partnerships to meet for project applications

**On the other hand, the physical barriers and peripherality of the area are very much regarded as an opportunity for TC rather than a barrier. As all three countries face similar issues in relation to the territorial and social geography of the area, it is a driver for TC.** For example, the North Sea is a physical structure around which different domains of TC can be initiated (transport, environment, logistics, safety etc.); as such it is an enabler of TC. It gives coherence to the programme. Thus several interviewees noted that there are few concerns in relation to physical barriers in their region for international coordination. They note that in most cases transport connections are of sufficient quality and not too expensive in order to meet partners. In Scotland, mental barriers rather than physical barriers are sometimes perceived as problematic. According to one interviewee, there is a perception that travel is difficult and that working with partners from different cultures is complex. In reality the physical barriers are, according to this interviewee, far smaller than how they are perceived.

### **3.5 Geographical expansion**

There is a general consensus that there is a need for increased flexibility in relation to the establishment of partnerships in INTERREG programmes, rather than geographical expansion of the programme areas. When project partnerships are established it may be the case that an obvious and valuable additional organisation to that partnership is based outwith the programme area; in such cases a stringent adherence to regulations can have a negative impact on a project. For example, in Scotland the city of Edinburgh is part of the NSRP area but the city of Glasgow is not. Edinburgh and Glasgow can in many respects be regarded as part of the same urban agglomeration, sharing services and businesses. If partners based in Glasgow are à priori excluded from the NSRP this can not only have a detrimental effect on partner searches, but certain project activities such as travel outwith the programme area can also be problematic.

Several Norwegian and Swedish interviewees noted that an effective and comprehensive Arctic strategy would need to include Russia and North American countries as cooperation partners. **The Arctic presents a valuable opportunity for increased TC to manage new sea routes and the exploitation of new resources such as oil, gas and marine mammals** (Heininen, 2011). The development of east to west transport links in northern Europe also requires the involvement of Russia (see also section 5.2).

Specifically in relation to INTERREG programmes, it is noted that B programmes could benefit from geographical expansion under certain circumstances as their aims are often more strategic and cover large themes. Strand A programmes have a more limited scope and there is less need for expansion. However, some interviewees

from regions that were not eligible for INTERREG A programmes noted that they found this limiting. This particularly applied to the east coast of Scotland and some regions on the coast of Norway. Efforts have been made to establish an INTERREG A programme between Scotland and Norway but European Commission rules currently prevent this as the two countries are geographically too far apart.

### **3.6 Partnership expansion**

Most interviewees agreed that there are possibilities for involving other/ new partners. These included:

- the private sector (particularly SMEs)
- local authorities
- small non-profit organisations, voluntary organisations, NGOs and trusts
- and, in some cases, universities and other research institutes

However, their involvement depends on the national context as well as on rules and regulations. It was, for example, noted that Norway was flexible in relation to the involvement of not-for-profit organisations and NGOs in comparison to Sweden, and therefore had less difficulty attracting such partners. Additionally, in Scotland there are considerable divergences in terms of local authority participation in INTERREG programmes. Some local authorities invest considerable amounts of money and resources in participation in these programmes (Aberdeen Council and Highland and Islands) and are able to extract resources. Others are less involved and have no dedicated staff for TC. The same argument also applies to not-for-profit organisations, trusts and NGOs; some have been keen to take up the opportunity, whereas others have been less enthusiastic. National Contact Points (NCP) can play an important role in facilitating further and deeper TC involvement.

Across the three countries it is noted that there is a problem with private business participation in INTERREG programmes. Private business participation is encouraged as it is seen as a way to increase the impact of programmes but the barriers on the regulation side are, according to some, not addressed. Particularly in straitened economic conditions, private partner participation can be valuable for both the programme and the partners. The following issues are regarded as specific barriers for private sector partners:

- lack of clarity over state aid rules
- administrative complexity of TC programmes (particularly INTERREG)
- if businesses are essentially oriented on the national market (which many SMEs are) it can be daunting to engage in TC

- lack of credibility of programmes
- lack of communication.

The following solutions were suggested:

- more flexibility in relation to private sector partners' participation
- organised TC business forums to actively engage business community and build confidence
- further engagement of NCPs and RCPs with the business community.

Including the private sector in projects can have various advantages. First, they can ensure a socio-economic and lasting impact through commercialisation of services/products established through TC. Second, private sector partners can make project partnerships more dynamic. Third, they can bring a certain level of expertise. Fourth they provide a different perspective. There are also certain downsides of private partner involvement. First, it can be difficult for private sector partners to commit to long term projects. Second, it can make the administrative procedures in the programme more complex. Third, private sector partners can form a barrier in terms of knowledge exchange between partners as they will want to capitalise commercially on the outcomes (products and services) of a project.



## 4 Driving Forces and Domains of territorial Cooperation

This section aims to explore the driving forces and domains of TC. First, it identifies the motivation for engaging in TC amongst interviewees. Second, it assesses which domains are most developed in the case study area according to interviewees. Third, an attempt is made to link the different forms of TC to specific domains. In the fourth section examples of how synergies can be achieved in the case study area are provided. Fifth, support for infrastructural investment in TC programmes is examined. Last, domains are identified in which TC, according to interviewees would most benefit.

### 4.1 Motivation for territorial cooperation

The most common motivation for organisations to become involved in TC is for **networking and knowledge exchange** purposes. In the case of Norway this was judged to be crucial as it is not an EU member state. For Norway, TC, and in particular INTERREG, present a valuable opportunity to directly engage with other European countries and to have some influence on policy. Policy influence is also often mentioned as a motivation for engaging with TC programmes in Sweden and Scotland but for organisations in EU Member States there are other routes to influence policy (domestically or through the European Parliament).

Another reason to become involved in TC is because certain **common challenges** were identified. In some cases this involves very large themes such as maritime issues, renewables and peripherality, which are important priorities for all the regions in the case study area. In other cases it concerns the practical implementation of an EU directive for which it is sensible and effective to engage with partners in other countries to establish best practice. TC is a way **to find partners** to deal with these issues.

**Knowledge exchange** is also an important motivation for participation. Through working together, better solutions can be found. However, there is also a strategic element to this, particularly in relation to the large themes. These can often not be tackled unilaterally, or bilaterally, and therefore require **a transnational strategic approach**. For example the establishment of safe shipping procedures in the North Sea requires a strategic all-inclusive partnership.

The changing nature of the local economy is also mentioned as an important reason for TC involvement. For example, in the case of Rogaland in Sweden and also Aberdeen in Scotland, the development of the oil and gas industry made them both important players in the global economy. In order to support and further develop this industry locally it was necessary to engage in TC to develop a strong global network. In this sense TC can be important to gain **access to foreign markets and develop local sectors**.

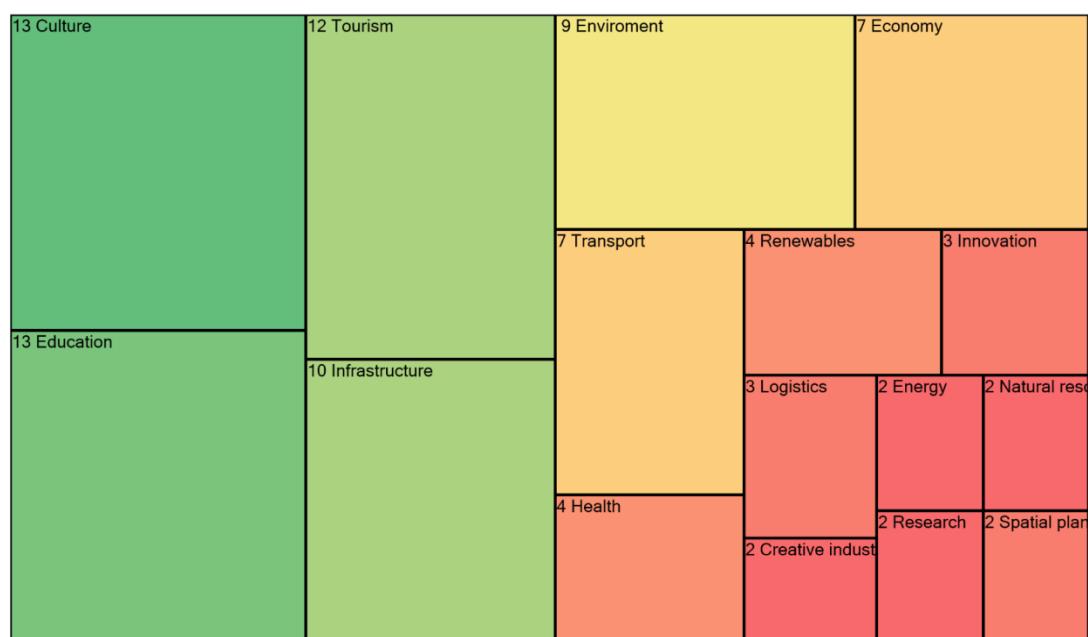
Many of the more formalised forms of TC find their origin in more loosely organised cooperation structures, trade links or cultural ties. In this sense the motivation for getting involved in these more formalised structures is less tangible. It is more a **natural progression**; a consequence of already existing historic links. Sometimes these are based on trade links (such as North Sea trade routes). They can also be cultural (for example between the Shetlands, Orkneys and Norway). Between Sweden and Norway such historic links are also evident. In combination with the **cultural propinquity** between these two countries, TC is natural.

More practical considerations also play a role. The **funding** that is available for some of the TC programmes (notably INTERREG) is an important motivation for partners to become engaged. Despite the complexities of the programmes, they provide means to implement innovative projects which are at a minimum 50 per cent co-financed. Particularly in certain parts of Scotland where the availability of Structural Funds has in the past declined due to EU enlargement. INTERREG became an alternative source of EU funding. However, funding is rarely the only motivation and if it was the initial motivation for organisations to become involved then this often changes over time. Organisations often realise the importance of other aspects of TC once they have been involved and will maintain relations with project partners even when the external funding ends.

Finally, it was noted that TC has a certain **prestige** that makes it attractive in terms of publicity and public engagement.

## 4.2 Domains in which TC is most developed

Figure 38 explores in which domains TC is most developed. It shows which domains were named as most important by interviewees. Each domain was only coded once per interviewee (e.g. if they mentioned culture several times it is only counted once). Those domains only mentioned by a single respondent have been omitted. Larger boxes mean that more respondents considered this domain important (max. 13 for culture and education). Although it is difficult to pinpoint where the efforts are most developed and Figure 38 should be used as an exploratory tool, it does show some reasonably clear choices of domain. The primary domains in which TC is judged to be well developed are culture, education, tourism, infrastructure and environment. These findings largely corroborate the findings in the previous sections: TC is initiated at a 'local level' of soft cooperation involving cultural and educational exchanges.

**Figure 38: Domains in which TC is most developed**

Respondents noted that economic domains which include innovation, logistics and transport have become more important as they produce tangible outputs. For example, in the NPP the development of products and services is a key award criterion (OP NPP 2007). This means that activities such as cultural exchanges as well as knowledge exchange and networking receive less support.

However, the domains in which TC are most developed are very much context dependent. For example in Aberdeen (Scotland) and Rogaland (Norway) they are focused on the energy sector and maritime projects because both border the North Sea and have large oil supplies. In other areas, they tend to be tourism and culture focused (Shetlands and the northern parts of Sweden and Norway). There is also a spatial divide; lower level governments tend to be more active in the domains of culture and education whereas regional and central government have different priorities.

### 4.3 Do certain types of cooperation relate to certain domains?

Only a very rough typology in terms of different types of cooperation that are active in different domains can be made. In very general terms, twinning arrangements and to a certain extent also INTERREG A programmes, support fairly local level, cultural and educational exchanges, whereas INTERREG B programmes have a more macro-economic focus and also tend to address environmental issues. However, the focus of the programmes are very varied and do not allow for easy categorisation. INTERREG C programmes also have a macro-economic focus and encompass a variety of themes.

As said this can only be regarded as a very rough typology and there are many exceptions. Most of these programmes cover many domains. Twinning arrangement can have a high economic focus/ impact (as it does in the case of Rogaland's twinning agreements with Russian and Chinese regions). INTERREG A programmes are much broader than cultural exchanges and people-to-people projects. They cover a multitude of themes (Table 27) and all of the INTERREG A programmes in the case study area include an economic dimension. Furthermore INTERREG B programmes also include activities that do not directly relate to competitiveness (Table 28).

**Table 27: INTERREG A - priorities in programme area**

Programme	Priorities
Nord	Development of the Economy Research, Development and Education Regional Functionality and Identity Sápmi – Unbounded Development
Botnia Atlantica	Structures for Collaboration Growth through Collaboration
Sweden – Norway	Economic Growth Attractive Living Environment
Öresund - Kattegatt - Skagerrak	Promote sustainable economic growth Tying the region together Promote everyday integration
South Baltic	Economic Competitiveness Attractiveness and Common Identity
Central Baltic	Safe and Healthy Environment Economically Competitive and Innovative Region Attractive and Dynamic Societies
Northern Ireland, the Border Region of Ireland and Western Scotland	Cooperation for a more prosperous cross-border region Cooperation for a sustainable cross-border region

**Table 28: INTERREG B – priorities in the programme area**

Programme	Priorities
North Sea Region	<ol style="list-style-type: none"> <li>1. Building on the capacity for innovation</li> <li>2. Promoting the sustainable development of the environment</li> <li>3. Improving the accessibility of places in the NSR</li> <li>4. Promoting sustainable and competitive communities</li> </ol>
Baltic Sea Region	<ol style="list-style-type: none"> <li>1. Fostering innovations</li> <li>2. Internal and external accessibility</li> <li>3. Baltic Sea as a common resource</li> <li>4. Promoting attractive and competitive cities and regions</li> </ol>
Atlantic Area	<ol style="list-style-type: none"> <li>1. Innovation</li> <li>2. Environment</li> <li>3. Accessibility</li> <li>4. Sustainable urban development</li> </ol>
North West Europe	<ol style="list-style-type: none"> <li>1. Developing the NWE knowledge-based economy by capitalising on the capacity for innovation in all sectors</li> <li>2. Managing natural resources efficiently</li> <li>3. Improving connectivity in new by promoting intelligent and sustainable transport solutions</li> <li>4. Promoting sustainable and dynamic</li> </ol>
Northern Periphery Programme	<ol style="list-style-type: none"> <li>1. Promoting competitiveness by developing the capacity for innovation and networking in rural and peripheral areas</li> <li>2. Facilitating development in the Programme area through the use of advanced information and communication technologies (ICT) as well as advanced transport systems</li> <li>3. Strengthening synergies between environmental protection and economic growth</li> <li>4. Contributing to a more sustainable development by improving urban-rural relations and by safeguarding regional heritage</li> </ol>

The TC programmes are broad and usually include a variety of domains. However, the key difference between the programmes is that issues are addressed at different spatial levels which give the programmes different foci and scope. Consequently, as programmes address similar domains, it is crucial for cooperation efforts to be coordinated, in order to avoid overlap, duplication or even contradictions.

#### 4.4 Synergies

The draft regulation for European TC stresses the need for synergies and complementarity.<sup>40</sup> In general it was noted that TC projects are not very efficient in terms of creating synergies and interviewees supported the idea of improving this. **Synergies can be achieved at the intra-programme and inter-programme level. In the first instance, projects or activities that take place within a programme need to be coordinated, whereas in the latter there needs to be coordination between the different programmes.**

<sup>40</sup> CEC (2011) 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 goal, COM(2011) 611 final, 6.10.2011, Brussels.

In relation to intra-programme activities, the following measures were suggested to achieve synergies. Programmes can organise events or establish outlets in which experiences and best practice can be shared. Conferences and thematic workshops particularly aimed at creating such synergies can be organised in order to ensure that beneficiaries engage in activities of knowledge exchange. Challenges are that such activities often have low priority for individuals and can be seen as a waste of time. Furthermore, the impact of such activities is often less tangible.

Another way of ensuring intra-programme synergies is by forming projects that build upon the experiences / results of projects in other programme. Such follow-up projects can address issues / opportunities that were identified in previous projects but were not addressed, either because a lack of funding or because they did not fit within the overall programme's strategic goals. An example of such a follow-up project is given in Box 3. In Norway a study on the impact of TC in counties found that 20 out of 44 projects were followed up by new INTERREG projects (Iris 2011). Programmes can put processes / governance structures in place that help to achieve synergies. For example, the NPP has a project preparatory stage. During this stage some small scale activities and feasibility studies can be undertaken through which synergies can be achieved and from which larger projects can be developed.

Some INTERREG programmes facilitate intra-programme synergies by pro-actively identifying project clusters. These clusters consists of projects that cover similar themes and by working together and making available some additional budgets the existing project partnerships can work together in order to achieve a programme's strategic goals (NWP and NSRP). Clusters can 'ensure that a solution to a specific problem becomes more effective due to the economies of scale and the achievement of critical mass'.<sup>41</sup> The project partnerships can apply for a small additional budget to achieve these goals. Such cluster projects also benefit from increased exposure for the initial project. Lessons learned and best practice can be learned whilst at the same time a strategic dimension can be added to the partnerships. **Project clustering presents programmes with a 'light touch' top – down approach that facilitates the programmes to achieve their strategic goals by creating synergies and linkages.**

Furthermore long term assessment of the impact of projects is necessary to determine whether synergies have been created and to assess where they are lacking. Within Norway 'INTERREG A projects represent a materialisation of long-lasting cooperation between Norway, Sweden and Finland on regional development in the various cross-border regions' whereas 'continuing collaboration with partners in INTERREG B and C projects lack the institutional structure of the A projects, but

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<sup>41</sup> CEC (2011) 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 goal, COM(2011) 611 final, 6.10.2011, Brussels.

cooperation in projects is still often maintained through 'new projects and networks' (Iris 2011).

### Box 3: Follow up project

The Coast Alive<sup>42</sup> project in the North Sea Region programme is an example where the experiences of two projects gained in the IIB programme period were used to create a follow up project. The experiences and partnerships for a IIB North Sea cycle route<sup>43</sup> project and a IIB walking trail project<sup>44</sup> - both of which had a tourism and economic development perspective - were combined in order to create a project in the Coast Alive IVB project which has a particular public health focus.

Inter-programme synergies are largely achieved in a similar way as intra-programme synergies but require additional coordination efforts. In terms of knowledge exchange, the Joint Transnational Conference (INTERREG B) held in Katowice in September 2011 is an example of such inter-programme exchange. The conference was the first of its kind. Similar to intra-programme synergies, synergies between programmes are achieved by creating follow-up projects. Programmes can also work together in order to achieve synergies (Box 4 – Example 1). Projects developed under one programme can be further developed under another. This is for example the case with the different INTERREG A and B strand where small scaled initiatives undertaken in an A programme can be further developed and implemented out in B (Box 4 - Example 2). However, such cooperation or follow-up programmes can also take place between INTERREG and other programmes. Current thinking in the European Commission favours an approach by which TC efforts are more closely linked to more mainstream Structural Funds in order to create such synergies as well as ensuring impact (Box 4 – Example 3). INTERREG specifically and TC in general have a particular capacity to develop innovative approaches which can then be implemented through more 'traditional' programmes.

### Box 4: Inter programme synergies

#### Example 1

The Northern Maritime Corridor (NMC) project started in 2002 and was initially funded by the two INTERREG IIB programmes, the North Sea Region programme and the NPP.

#### Example 2

The INTERREG IVA Cross Border Programme for Northern Ireland, the border counties of Ireland and

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<sup>42</sup> <http://www.coast-alive.eu/>

<sup>43</sup> <http://www.northsea-cycle.com/>

<sup>44</sup> <http://www.northseatrail.co.uk/>

Western Scotland funded a feasibility study of an underwater grid between Scotland, Northern Ireland and Ireland (Scottish Government 2010).<sup>45</sup> There are plans for a follow up project in an INTERREG B programme.

#### Example 3

Projects developed in the NPP are subsequently commercialised under a mainstream Structural Funds programme (e.g. the development of fish farming in hydro-powered dams).

## 4.5 Support for infrastructure

Within the context of Scotland, Norway and Sweden, the question of whether TC should support infrastructure was deemed to be not very relevant. There are certain concerns about making funds available for infrastructural projects in TC programmes. First, there is a chance, especially when there are external funding sources available (e.g. INTERREG), that infrastructural investments detract from the transnational nature of these programmes. Furthermore, it can be difficult to identify infrastructural projects from which all partners benefit. Second, infrastructural investments are expensive. Considering the relatively modest budget of most TC programmes, other domestic and mainstream Structural Fund programmes are more suitable for such projects. Related to this is that these funds are often used for pilot infrastructural project but it can be difficult to scope such projects. Third, infrastructural projects are complex and often include many provisions. In Norway there were some concerns about the inclusion of infrastructural projects as this would cause problems on the domestic level in terms of achieving match funding. **However, infrastructural investments in small scale demonstration projects that are considered innovative and which have a high impact were considered appropriate for TC funding. Successful pilot project can subsequently ‘scale up’ by preparing application for mainstream EU programmes (ESF, ERDF, FP7, EEPR) or domestic funding streams.**

Infrastructural investments also have certain positive aspects. First, they can often result in high impact and can create tangible outcomes and impact. For example, it facilitates the development of revenue generating projects. Second, TC can play a role in relation to scoping, feasibility and pilot studies. The often innovative nature of many ICT project provides room for such studies which can subsequently be rolled out in programmes with larger budgets. Third, infrastructural projects often enjoy greater visibility for the programme which can have a positive impact in terms of public relations.

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<sup>45</sup> <http://www.scotland.gov.uk/News/Releases/2010/01/08101417>



## 4.6 What activities would be most beneficial

**Błąd! Nieprawidłowy odsyłacz do zakładki: wskazuje na nią samą.** illustrates the diversity scope and range of items that would benefit from TC in the case study area according to interviewees. Similar to the data presented in Figure 38, the data is explorative, those items that are green received more mentions (maximum of six) than those items that are red (two mentions). Many of the answers reflected the interviewee's personal interest or field of expertise. The plurality of domains that are judged to benefit from TC illustrates one of the key tensions in TC programmes. On the one hand they have to be focused enough to have an impact, on the other hand there has to be enough room to attract partners.

The European Commission has stated its preference for a more focused approach and a reduction of priorities for the whole of Cohesion Policy (CEC 2010b). It allows for the possibility of a ring-fenced budget for these themes and for a more formalised way to direct TC (Böhme et al. 2011). Less-developed areas in Eastern Europe and peripheral areas in the West are likely to be allowed more flexibility than well-developed western European regions in terms of budget allocations in order to allow these regions to address socio-economic issues. This is likely to have an impact on TC as the Commission also wishes to link these programmes (INTERREG) closer to overall cohesion objectives. A narrow focus can increase the impact of projects. However, a broader focus allows a range of partners to participate and affords regions the opportunity to address regional specific issues.

The interviewees' responses highlight a few differences between the countries in the case study area. Scottish respondents tended to stress the importance of supporting renewable energy development and low carbon industries whereas Norwegian respondents stressed maritime themes. Such differences could illustrate that choices are affected by domestic policy agendas. The Scottish Government has developed a strong renewables agenda and Norway has a strong interest in maritime projects. Although TC has a role to play in these areas, some actors note that domestic resources are better equipped to address such issues and TC should not become a way for issues to be taken off the domestic policy agenda.

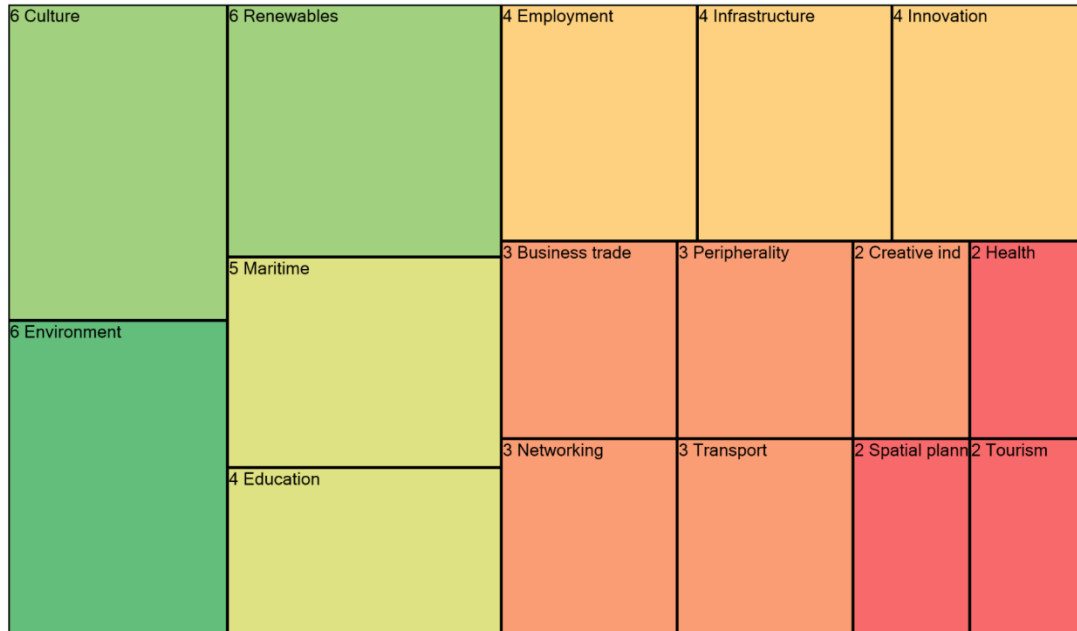
In general the activities identified largely correspond with those that are judged to be most developed in the case study area (section 4.2). However, there is more focus on renewables and innovation, as well as employment. These themes are strongly linked to the Europe 2020 agenda of smart, sustainable and inclusive growth (CEC 2010a). **The current European Commission's proposals include a provision on thematic concentration and investment priorities.<sup>46</sup> Such a provision is likely to**

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<sup>46</sup> CEC (2011) 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 goal, COM(2011) 611 final, 6.10.2011, Brussels.

**clash with the perception that a wide range of domains are perceived to benefit from TC and with member states desire to remain in control of budget allocation.**

**Figure 39: Activities that would be most beneficially supported by TC**



## 5 Territorial Structures and specific border co-operation

This section focuses on the territorial structures and specific border issues of TC. First, it looks at which territorial structures TC should support. Second, the appetite and impact of inclusion of non-EU countries in TC programmes is examined. Third, the impact of TC on external relations is examined. Fourth, the conditions under which TC can improve competitiveness in a region are assessed. Fifth, the impact of physical capital for TC programmes is analysed. Finally, the key facilitators and obstacles of TC are considered.

### 5.1 Territorial structures and TC

Interviewees stressed the need to be flexible in terms of support for certain territorial structures. Several concerns were voiced in relation to the relevance of territorial structures in certain areas as well as their universality. Rather than supporting certain territorial structures the European Commission should ensure their specific relevance for programmes individually and programmes should ensure their relevance across their programme area. One interviewee expressed this support for flexibility as follows: 'all territorial structures should be supported by TC. Every region has its specific traits and therefore you cannot simply prioritise one territorial structures over another'. Another warned that support for particular structure could make programmes irrelevant in certain areas; 'I think it is very dangerous to apply a same territorial structure in north and south Europe. Rather there needs to be careful consideration of the specific circumstances in the region'.

**Considering the geographical location and nature of the case study area, it is not surprising that maritime basins and corridors, as well as peripheral and rural areas are popular choices of structures that should be supported, according to interviewees but also urban areas were identified as key structures.** As outlined in the introduction, large parts of the case study area are difficult to access and deal with issues related to peripherality. Projects that address these issues such as support for peripheral businesses and infrastructural improvements to make areas more accessible are considered vital. Furthermore, projects such as the NMC<sup>47</sup> and StratMoS which promote sea based intermodal transport, and improve accessibility in the North Sea region<sup>48</sup> are considered to have a high strategic impact. Also projects that focus on shipping safety in the North Sea and the Baltic Sea require continuing support.

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<sup>47</sup> [http://www.northernmaritimecorridor.no/ir/public/openIndex/view/list\\_nmc2006.html?ARTICLE\\_ID=1140187268312&\\_exp=0](http://www.northernmaritimecorridor.no/ir/public/openIndex/view/list_nmc2006.html?ARTICLE_ID=1140187268312&_exp=0)

<sup>48</sup> <http://www.stratmos.com/home>

## 5.2 Territorial Cooperation including non – EU countries

One of the key advantages of TC is that ‘relations with EU neighbours ... can contribute to safety and stability, and mutually beneficial relationships’.<sup>49</sup> Norway as a non- EU country has been a partner in many INTERREG programmes. Neither Scottish nor Swedish interviewees expressed any concerns or issues related to the involvement of Norway – a non-EU country – in TC. The contribution of Norwegian partners was seen as valuable and certainly in the case of Sweden - but also Scotland - cooperation was seen as natural, as the following Swedish interviewee expressed; ‘We already cooperate with countries such as Norway, which is a non-EU country. However, this is due to the fact that it is a border country and it shares many similar challenges. It simply makes sense to cooperate with Norway’. For Norway as a non-EU country the involvement TC has been important (as was discussed in section 4.1).

The experience of working with non–EU countries (not only Norway but also Iceland and the Faroe Islands) in EU-driven TC programmes has been positive and therefore there are few concerns in terms of including other non-EU countries. For Sweden and Norway, such cooperation initiatives with Russia and also Canada are considered advantageous. The main reason is that large parts of these countries experience similar challenges. In light of climate change, new opportunities are being explored in the Arctic regions. Sea routes that were previously impassable for long periods are becoming more accessible and new natural resources can be extracted. However, there are also challenges which include an ageing population and increased levels of pollution (Norden 2011). Furthermore, within the context of the Baltic Sea Region strategy the inclusion of Kaliningrad is almost inevitable. Some INTERREG projects have indeed included external partners (other than Norway). For example, projects related to Viking heritage in the NPP included Canadian partners.

However, there are considerable problems of working with external partners. In particular in relation to Russia there were some reservations. One issue is that TC efforts with external partners have been taken out of the INTERREG framework which makes it more difficult. Cultural issues and questions about accountability and responsibility in relation to cooperation efforts with Russia were also raised. Furthermore, there were concerns about the availability of funding and that external partners should always arrange their own funding rather than rely on EU resources. **A flexible arrangement rather than a highly institutionalised structure is preferred. In such an arrangement external partners would be allowed to participate in projects if they can make a valuable contribution.**

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<sup>49</sup> CEC (2011) 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 goal, COM(2011) 611 final, 6.10.2011, Brussels.

### 5.3 Territorial cooperation and external relations

In general TC has improved external relations between the countries in the case study area. It is not the case that without formal programmes such as INTERREG, TC would not have taken place or intensified, but it has been a facilitator and driver of TC. However, the intensity of TC between partners varies on spatial and thematic levels. As was shown in section 4.2, TC is considered to be better developed in certain domains than others. Furthermore, TC cooperation between certain countries, regions, municipalities or cities is more intense than others.

The TC cooperation between Sweden and Norway is more innate due to close cultural and geographical proximity. These two countries have for many decades worked together bilaterally - through organisations such as the Nordic Council - to address issues of common interest. This means that specific TC programmes or activities have deepened and expanded relations but as they were pre-existent and commenced from a higher level, the impact of specific efforts has been less in terms of improving relations.

The formal cooperation structures have maybe had a greater impact in terms of the relations between Scotland and Sweden, and Scotland and Norway. Interviewees commented how through TC historic relations between these countries could be re-established and that there were – because of the many similarities – opportunities for TC. In other words, the scope for intensifying and improving relations is greater. Although the intensity of cooperation between Sweden and Norway is greater than that between both countries and Scotland, this does not apply to every part. As stated earlier the intensity and improvement of external relations varies. For example, the links between Rogaland in Norway and Aberdeen in Scotland are considerable as the transnational the flows in Map 7 illustrate. These links have intensified with the development of the oil and gas industry in both regions. This also means that TC efforts have intensified between both regions. Due to the commonalities and shared interest of these two regions, formal cooperation structures such as INTERREG are becoming more relevant because of the links.

### 5.4 Competitiveness and Territorial Cooperation

As stated in section 3.2 it can be difficult to assess if TC can improve the competitiveness of a region although there are examples where this is clearly the case. In relation to infrastructural projects it is easier to demonstrate a competitive impact of the programme. For example, an airport built in Østfold county in Norway has benefitted from TC with Sweden; without Swedish cooperation there would not have been enough passengers to keep the airport open. The airport attracts tourism, industry and trade for the county and has therefore a competitive impact.

Although increasing competitiveness is not always regarded as a goal for projects, it has become more important for the EU-led TC programmes (e.g. INTERREG) in

relation to the Europe 2020 goals. The competitiveness of regions can be improved through TC if there is political support and support of senior officials within the organisation (see section 5.6). Additionally it is important that TC strategies have linkages to local and regional strategies. Furthermore, the complexity of programmes can be an obstacle to engaging certain types of partners. This is particularly relevant for private sector partners. Their involvement in collaboration with local/ regional authorities and research institutions (Triple Helix) is an important motor for innovative TC activities that can have a high competitive impact.

Administratively, TC efforts (including those that improve competitiveness) are greatly helped by experienced staff both in relation to implementation and animation. It is important to promote a social environment in which people from different organisations and countries think alike in terms of the benefits of TC and who are aware of what the opportunities are. The rules and regulations can become an obstacle in TC, especially as it covers several jurisdictions which can vary and cause problems in terms of implementing similar activities on either side of the border. For example, the Common Law as used in Scotland differs fundamentally from Swedish and Norwegian law and misunderstandings or delays in implementation because of these differences can cause friction in partnerships.

## **5.5 Human or physical capital investment**

As stated in the previous section, experienced and skilled personnel who understand TC programmes facilitate the smooth running of TC projects. In all three countries staff secretariats were considered very important and their experience and help were valued. The role of regional and / or national contact points was considered significant as facilitators and experts of TC programmes. Generally speaking the provisions in terms of seminars, training days, workshops and online facilities was considered adequate throughout the case study area. It should be said, that as the research design only targets actors that are involved in TC, the assessment of support and capacity for TC is, at best incomplete. Although TC programmes are generally deemed to be reasonably equipped to carry out their duties, beneficiaries often have a limited capacity to carry out TC projects. This is particularly the case in smaller organisations such as local authorities, trusts and voluntary organisations. Such capacity problems combined with lack of experience can have an impact on the larger partnership of which such beneficiaries are part.

Several suggestions were made in terms of how TC support and capacity could be improved. **First, there was considerable scope for increased and improved training of staff (particularly new staff). Such training should focus on technical knowledge of TC (in particularly INTERREG) but also practical skills such as language. However, it should also focus on the ability of staff to identify TC opportunities in the area.** One way to increase this awareness amongst programme staff is by organising exchanges with other TC programmes.

Second, although there are deemed to be sufficient seminars for beneficiaries on technical aspects of TC, seminars that develop skills to identify TC opportunities and that engage beneficiaries as well as illustrate the benefits of TC are useful. Third, improvements in terms of communication are necessary. TC success stories are not very well disseminated and this reduces engagement as well as knowledge sharing and best practice.

## 5.6 Facilitators and barriers

A number of factors can facilitate TC. First, and related to the previous section, **the administrative bodies that are responsible for managing and implementing TC programmes are considered important**. The existence of NCPs or RCPs who are outward- looking and willing to pro-actively include new partners can make TC a success. Second, **politicians need show commitment and enthusiasm for TC**. Without their support TC projects cannot be initiated. This applies to all spatial levels (local, regional and national). TC needs to be a priority and part of the strategic plan on a national, regional and local level in order for it to be a success. Such domestic support for TC is particularly crucial at the early stages of projects as without it many good project ideas will not be able to progress in full applications. Third, **the availability of resources/ funding is a key driver**. As many European-driven programmes require match funding, it is crucial that domestic funds are available. Furthermore, some of the bilateral forms of TC are completely domestically-funded and would not be initiated without committed resources. Fourth, **historical links and experience between countries and regions were said to facilitate TC in regions**. The fact that there are long established links between Nordic countries means that TC efforts between Sweden and Norway in the case study area are aided. Furthermore, **longevity** of specific TC arrangements and programmes has an impact. It takes time to get to know each other and establish links. Fifth, **shared development concerns can be an important driver**. For example, as Scotland, Sweden and Norway both have similar landscapes, natural resources, accessibility issues, etc. there is much ground on which TC can take place. Sixth, **the make-up of the partnerships is very important for TC**. Generally speaking there is a preference for broad partnerships (see section 6.3) that include local partners, private business, NGOs etc in order to make projects innovative. Finally, **personal traits and enthusiasm were considered imperative**. Phrases such as a ‘certain level of evangelism’, ‘tenacity’ and ‘dogged determination’ were used to describe what was needed to make TC a success. Often TC relies on a ‘knowledge broker’, an individual (or small group of individuals) who understands the importance of the opportunities that TC presents and who has the ability and experience to exploit it.

Logically, the barriers to TC are the opposite of what facilitates TC. The key barriers that were named were administrative complexity, rules and regulations and lack of funding. First, the process of applying for project funding can be complex and differs from programme to programme which makes applying difficult for beneficiaries.

Furthermore, the application procedures are lengthy and very time-consuming. Second, the rules and regulations make TC programmes and activities too complex for many potential beneficiaries. This seems to be particularly relevant for private-sector partners and smaller organisations. Specifically, rules in relation to payment procedures, reporting requirements and audit rules are often experienced as draconian and disproportional, and therefore smaller organisations do not have the administrative capacities to implement them. However, some interviewees noted that the problem is not so much the reality of administrative complexity and high levels of bureaucracy but the perception of this.

Not only European regulation but also national regulation can have an impact on TC. Before starting a project one not only needs to be well aware of their own domestic regulation but also of that of partners in order to identify issues. Efforts are being made to address this issue, for example in Sweden (see Box 5). The Scottish Government is also supportive of both cross-border and transnational cooperation, albeit it draws attention to the difficulties brought about by differences in administrative arrangements and practices (Scottish Government 2011).<sup>50</sup>

#### **Box 5: Reducing the impact of national regulations on TC in Sweden**

The Swedish Government underlines the importance of cross-border and functional cooperation both inside and outside the national borders, and agrees with the OECD's recommendations, that it should increasingly take advantage of the potential of regional cooperation over borders. Nonetheless, challenges remain, particularly with respect to the different national legislations. The Swedish Government together with its Nordic neighbours has intensified the efforts to reduce border barriers within the Nordic cooperation. This has been done, for instance, by raising awareness of the different regulations that hamper cooperation across borders. Basic funding has also been made available in the Nordic intergovernmental cooperation for cross-border information. In order to implement successful and strategic cross-border cooperation, analysis and evaluations need to be carried out on the basis of relevant statistics. Therefore the Swedish Government together with the other Nordic countries are developing a database of Nordic cross-border statistics, which includes data on migration, commuting patterns, employment rates etc. Financing is received from the Nordic Council of Ministers (Regeringens skrivelse 2010).

The availability of funding can obviously form a barrier for TC. INTERREG programmes are financed over a six year period and the funding available is limited. Once the money has run out there are no more opportunities for projects. For example, in the case of the North Sea Region programme, most funds were committed (85 per cent) by 2011. The NPP also has very limited funds available

<sup>50</sup> The Scottish Government, 'European Commission's consultation on the reform of Cohesion Policy: Scottish Government response', 3 January 2011



(Scotland Europa 2011). This means that there is very little available for projects until the next programme period. More generally, match funding can be an issue. The financial crisis and the squeeze on budgets may have aggravated this problem. In Sweden and Norway this has been less of an issue as the crisis has not led to budget changes. **However, in Scotland budgets have been cut and match funding is harder to find. Such divergences can lead to imbalances in TC efforts between partners where some are still able to attract EU funds because match funding is available and others are not. However, the financial crisis can also have a positive impact in terms of interest in TC. As domestic budgets are squeezed, TC budgets on a European level become a more valuable source of funding.**

Another factor that can hamper TC are general **cultural differences**. However, as the cooperating partners in this case study area are culturally similar this is less of an issue. Particularly Sweden and Norway are culturally similar but cooperation with Scotland has also mostly not been affected by cultural differences (for example most actors involved in TC can speak English). Additionally, **cooperating partners can have different goals**. This can lead to different expectations in project partnerships. For example, some will be more interested in the financial / infrastructural side of projects that deliver impact whereas others want to focus on knowledge exchange and learning best practice. Such differences can lead to tensions. For some partners, particularly in the remoter parts of Scotland, Sweden and Norway, distance and **accessibility issues** can form barriers. These can be overcome by effective use of ICT facilities. Furthermore, as funding and resources are limited, beneficiaries can find themselves in competition with others which can cause tensions and impede TC efforts. Many themes that are addressed by TC programmes are also addressed by domestic funding streams (for example employment, innovation or renewables). This can mean that TC programmes are **in competition with other domestic programmes** and as these domestic funding streams are often perceived as less cumbersome, TC programmes can find it difficult to attract good quality partners because of a lack of interest. **Different TC programmes can also be in competition with each other**. For instance, the Mid Nordic Committees in Norway and Sweden may have lost some of their importance as a result of the establishment of various INTERREG programmes in the area. Finally, just as political factors can be a facilitator they can also be a barrier. A change in policy or administration can have a negative impact on TC.

## 6 Governance Structures and Implementation

This section provides an overview of attitudes to - and impact of – a variety of different governance and implementation structures for TC in the case study area. First, it examines which actors are responsible for organising and mobilising TC. Second, the importance of laws and regulations and everyday practices are assessed. Third, the preferences for different governance dimensions are reported. Fourth, some examples of best practice are provided. Finally, interviewees' preferences in terms of changes for TC efforts in the European context are stated.

### 6.1 Organising and mobilising territorial cooperation

Theoretical work on Europeanisation, multi-level governance and new regionalism highlights the increased role of sub-national actors in driving economic development and participating in external networking and cooperation activities (Hooghe and Marks 1996, Keating and Hooghe, 1996, Brusis, 2002). In this case study there are some that view local and, in particular, regional actors as key actors in terms of initiating and mobilising cooperation efforts. However, others argue that the local level only becomes active in the implementation phase of TC and that central government involvement is crucial.

Different TC programmes involve different actors. For example **INTERREG B and C programmes are largely initiated and mobilised by the national and regional level whereas there is greater local level involvement in INTERREG A programmes, and twinning arrangements more often take place on the local and regional levels.** Higher education and schools are obviously important in relation to the international educational exchange programmes. More generally universities and research institutions can often be important initiators and mobilisers of TC because of their extensive international networks. Furthermore, in certain specific programmes other external bodies have historically played an important role. For example, the North Sea Commission (NSC) played an important role in terms of establishing the NSRP and continues to have close links with the programme.

Differences exist between the three countries in terms of which level of government is involved at what stage. In Norway and Sweden, municipalities are often too small to take on organising and mobilising tasks whereas in Scotland local authorities are larger and some of them (but not all) have an important role and have extensive and dedicated departments working on TC (Highland and Islands and Aberdeen). Meetings between partners that are responsible for initiating TC usually take place on an ad-hoc basis.

### 6.2 National laws and regulations or everyday practices

One of the features of territorial cooperation is that 'it often creates – informal – structures on a broad geographical level that no existing level of governance covers'

(JTC 2011). Both national laws and regulations and everyday practices are considered important for successful TC. However, over the total period of a project, everyday practices are considered more important for a successful outcome. As the following respondent expresses, ‘having good institutional and interpersonal working relations means the world – especially when things are getting difficult because of national regulations’. The everyday practices are required to take place within the regulatory framework. This includes EU, national, regional and local regulations. National laws and regulations are particularly important at certain stages of a project. When it comes to financial management of a project they are vital. Furthermore, the impact of national rules and regulations varies for different projects. For example, for large infrastructural projects they will be much more important than for smaller people to people projects.

### **6.3 Dimensions of governance in territorial cooperation**

Whether it is preferable to have an approach that is a top-down or bottom-up, centrally-driven or locally-driven, highly institutionalised or loosely organised, closely regulated or open and flexible, depends - in the first instance - on the type of activity that is carried out. For example, for infrastructural projects a more top-down and centralised approach can be appropriate, whereas for cultural and people-to-people projects, a bottom-up, locally-driven structure can be more suitable. Most programmes (INTERREG) will use a combination of these dimensions.

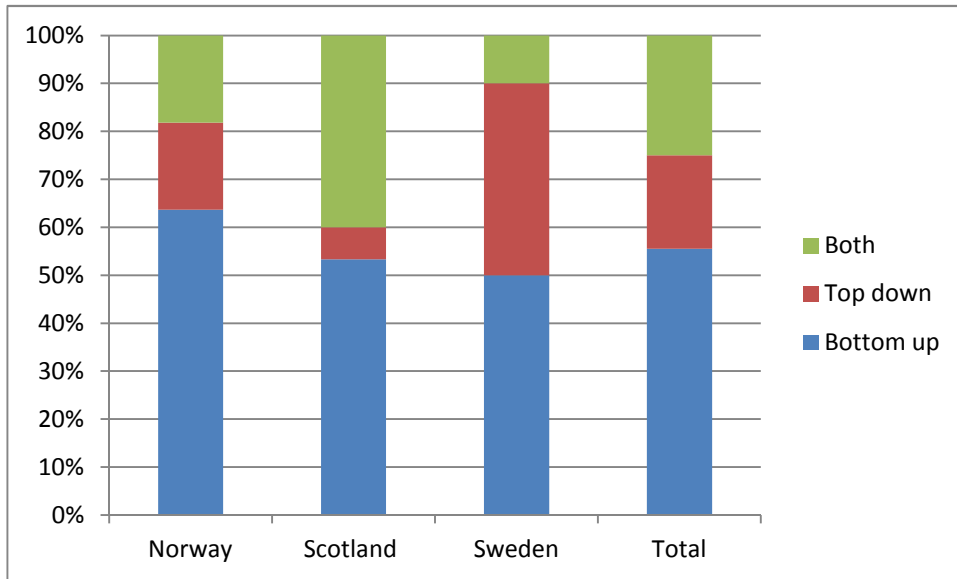
Within the case study area there is a slight preference for a more bottom-up approach (Figure 40). However, in Sweden the interviewees were slightly more in favour of a top-down approach, which may be related to their fairly centralised and top-down domestic governance arrangements. Additionally, interviewees often expressed a tension between what was perceived practically and ideally to be the best approach. In other words, even though a bottom-up approach is preferable, this may not be practically possible. This argument also applies to the other dimensions.

There are several advantages associated with a bottom-up approach:

1. ensures that projects have local relevance
2. creates more innovative partnerships
3. creates local buy-in
4. has a positive impact on project generation.

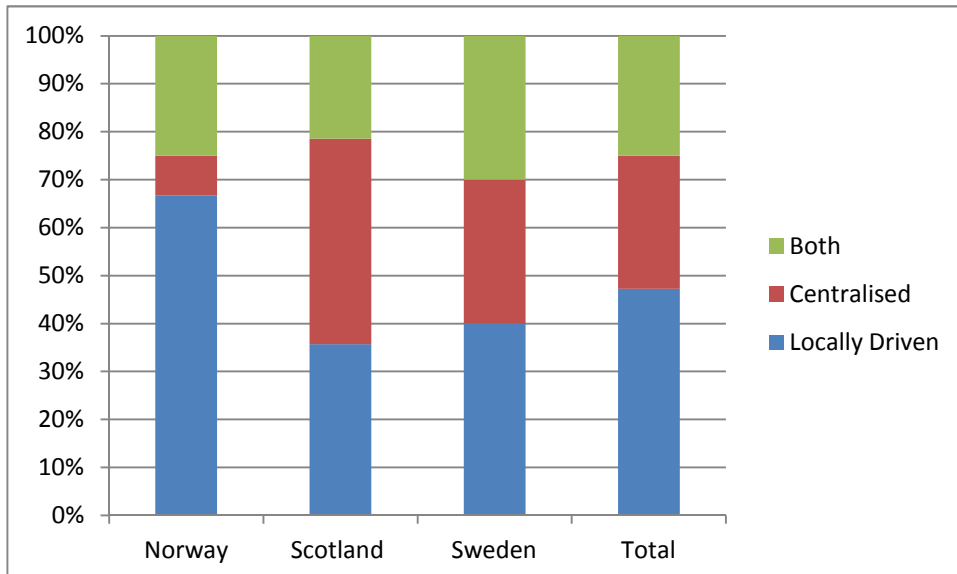
A top-down approach can ensure that a programme achieves its strategic priorities. However, in practice this is difficult to achieve as INTERREG programmes require to be co-financed and if partners commit large sums of their own money then central programme bodies / central government are less able to tell them how to spend it. In many programmes a combination of the two is seen as most appropriate.

**Figure 40: Bottom-up or top-down?**



**Within Norway there is a preference for locally-driven programmes, whereas in Sweden and Scotland there is a greater preference for central government involvement** (Figure 41). Central government should steer the programme in order for it to achieve overall goals. Many believe that some central direction is necessary to coordinate TC, especially when it concerns large territories. Even if projects are locally driven, they often require central support and enthusiasm in order to be successful.

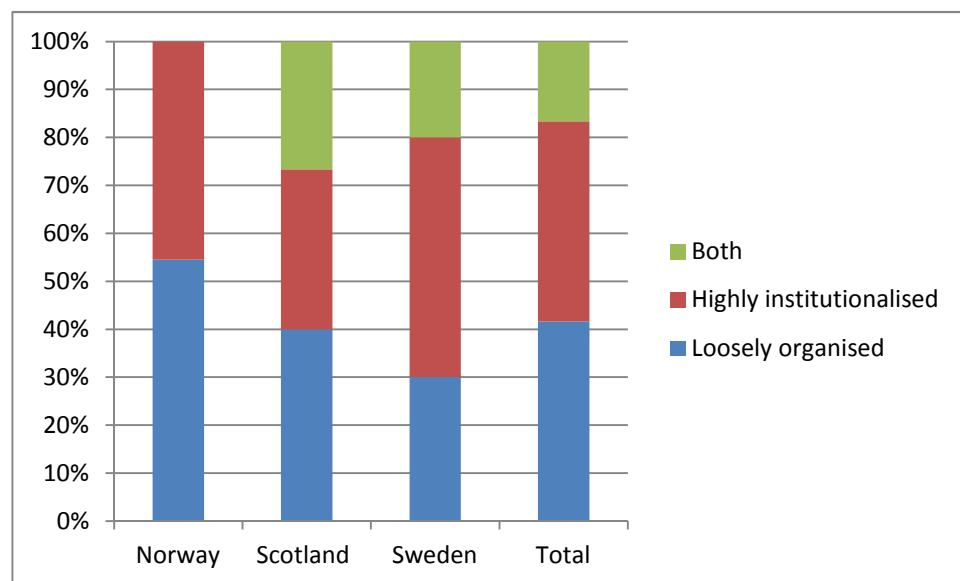
**Figure 41: Centralised or locally-driven**



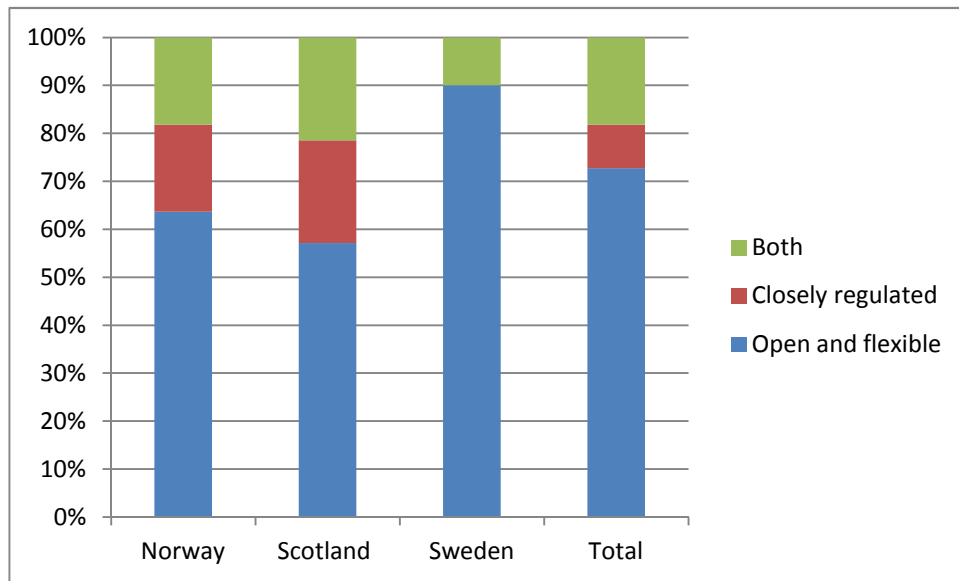
The opinions are also divided in terms of the level of formality programmes should have (Figure 42). **Most agree that some form of institutionalisation is necessary in order to ensure that public money is spent correctly.** Furthermore, the international element in TC makes a level of institutionalisation necessary, even more

so than in the case of traditional regional funding streams. However, the level of institutionalisation should not be restrictive and should be proportional. Furthermore, the framework should be responsive to changes that may occur. Different levels of institutionalisation are necessary for different projects. The framework should take into account the partnership, the size of the project, the goals of the project and the risks involved.

**Figure 42: Level of formality**



**There is a preference for an open and flexible approach in all case study countries.** However, regulation is seen as important as it ensures public money is being spent correctly and it means there are fewer opportunities for mistakes. However, there is a need to make regulations clearer. The openness and flexibility is required to make sure that outcomes can be achieved in an ever changing environment and as projects develop naturally, new ideas can be incorporated in the project. Some of the rigid regulations, such as for example, the N+2 spending rules, mean that some good projects that are not able to comply with these rules but that do address the strategic issues in a project area are potentially not selected.

**Figure 43: Level of regulation**

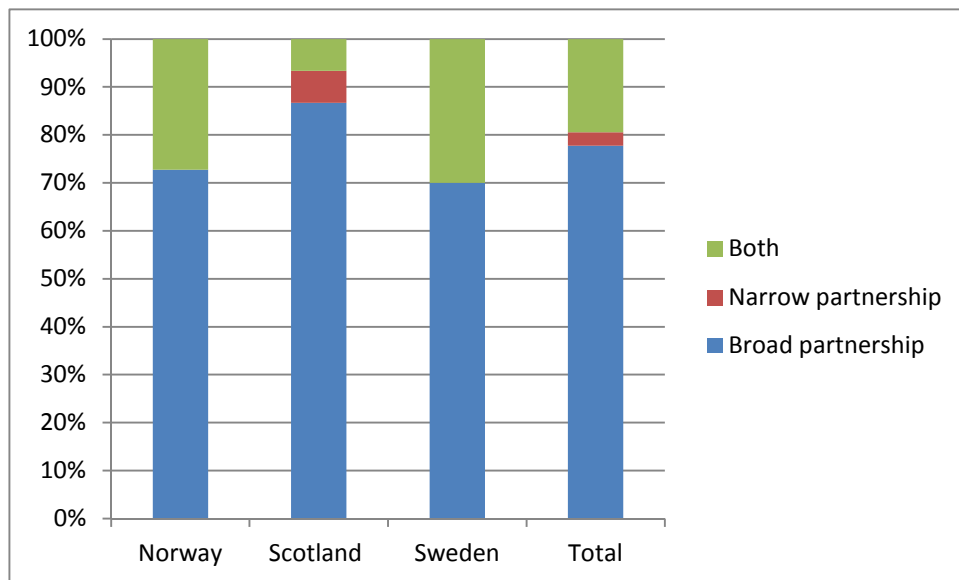
**There is a clear preference in INTERREG programmes for projects with broad partnerships** (Figure 44) that can include representatives from national, regional and local public authorities as well as knowledge institutions, higher education institutions, non-profit organisations, charities and trusts, chambers of commerce and private partners. Naturally the make-up of the partnership is dependent on the type project / activity that is being carried out. There are several factors that can assist the establishment of broad partnerships:

1. The thematic scope of the programme (broad themes will attract broad partnerships).
2. The socio-economic conditions. Economically well developed areas are likely to have more 'high quality' partners that can be considered potential beneficiaries.
3. Activities in terms of awareness-raising that are organised by the programme body. A surge of communication activities can create momentum and can engage new partners.

Establishing broad partnerships has certain advantages and disadvantages. The INTERREG funding affords partnerships the opportunity to do something extra and this is usually what makes projects innovative. It is also this innovative part of a project that requires partners from different sectors to work together, leading to cross-fertilisation and knowledge exchange. The innovative aspects of the projects are most likely to appeal to the public and therefore have a high communication / public relations value. By widening the appeal of the programme, the project portfolio is likely to be diverse which means the programme has greater reach.

On the down side, broad partnerships can be more difficult to manage, especially when the partners do not know each other very well. It can take time to establish relationships and create an atmosphere of trust. Institutional incompatibility is also more likely in large partnerships which can delay and complicate decision making processes. Furthermore, there is an apparent tension between programmes' aim to establish broad partnership and an increasing desire to achieve strategic impact. Thematic focus which can have strategic impact often comes at a cost of narrowing partnerships to those that are most likely to achieve these goals. One way to address this issue is developing broad themes that are able to attract a diverse range of partners, but to develop clear priorities within those themes that are able to give the programme a strategic focus.

**Figure 44: Type of partnership**



## 6.4 Good practice

**The Baltic Sea Strategy in particular and macro-regional strategies in general is considered to make a positive contribution to TC.** Some of the TC programmes in the case study area have found innovative ways to achieve synergies. These have been discussed in-depth in section 4.4 but some of the main points are reiterated here. Second, the use of preparatory / seeding funds was in several cases considered beneficial. All these issues are discussed in more detail in WP 2.6.

Especially within Sweden macro-regional strategies are regarded as a positive. They enable coordination to be more focussed and increase the impact of these efforts. Currently, the case study area is affected by one macro-regional strategy, the European Union Strategy for the Baltic Sea Region (EUSBSR). The EUSBSR was created in 2009 and was the first of its kind. The idea behind a macro-regional Strategy is 'to add value to interventions, whether by the EU, national or regional

authorities or the third or private sectors, in a way that significantly strengthens the function of the macro-region. Moreover, by resolving issues in a relatively small group of countries and regions the way may be cleared for better cohesion at the level of the Union. Working together may become a habit and a skill. In addition, overall coordination of policy areas likely generates better results than individual initiatives' (Commission – Directorate-General for Regional Policy, Macro-regional Strategies in the European Union). There has been a lot of focus on the EUSBR and there has been talk of such strategies being applied to other regions. Within the case study area these include the Arctic region and the North Sea Region.

**The cluster model used in the North Sea Region Programme in order to achieve synergies is considered good practice. It can be considered a 'light touch' top down approach to achieving the strategic goals of a programme.**

The NSRP had attempted a more top down approach to achieve its strategic goals but found this unsatisfactory. Reserving a specific budget for strategic projects is considered undesirable and ineffective as the overall budget is too small and it would mean it would be either thinly spread or have a very limited focus. Instead the JTS identifies and encourages partners that work in similar thematic fields to work together. They can apply for extra grant and an additional work package is developed with the help of the JTS which focuses on strategic goals. This creates synergies but crucially it ensures that projects work together on certain elements and that the whole of the NSRP area is taken into account.

**The availability of seeding / preparatory funds was considered an example of best practice.** Pre-qualification is facilitated by the provision of seed capital and it facilitates project generation, especially among smaller projects. The advantages of seeding money provisions are:

- Generate better quality project applications
- Partners with fewer resources are given an opportunity to develop more strategic projects
- Allows developers to establish early links with cross border partners
- Programme authorities are given the chance to provide feedback in an early stage
- Can avoid delays due to planning restrictions (seeding funds can be used as start-up project funds). This is particularly useful for large projects which can face long delays due to planning restrictions.

## **6.5 Future priorities**

Generally there was strong support for the continuation of TC programmes and INTERREG specifically. Within Scotland there were some concerns that there was a



lack of commitment on the part of the UK government to keep programmes going. Were this to be the case, it was thought that a lot of what had been gained so far in terms of partnerships and cooperation experiences would be lost and big investments would be required in the future to retrieve them.

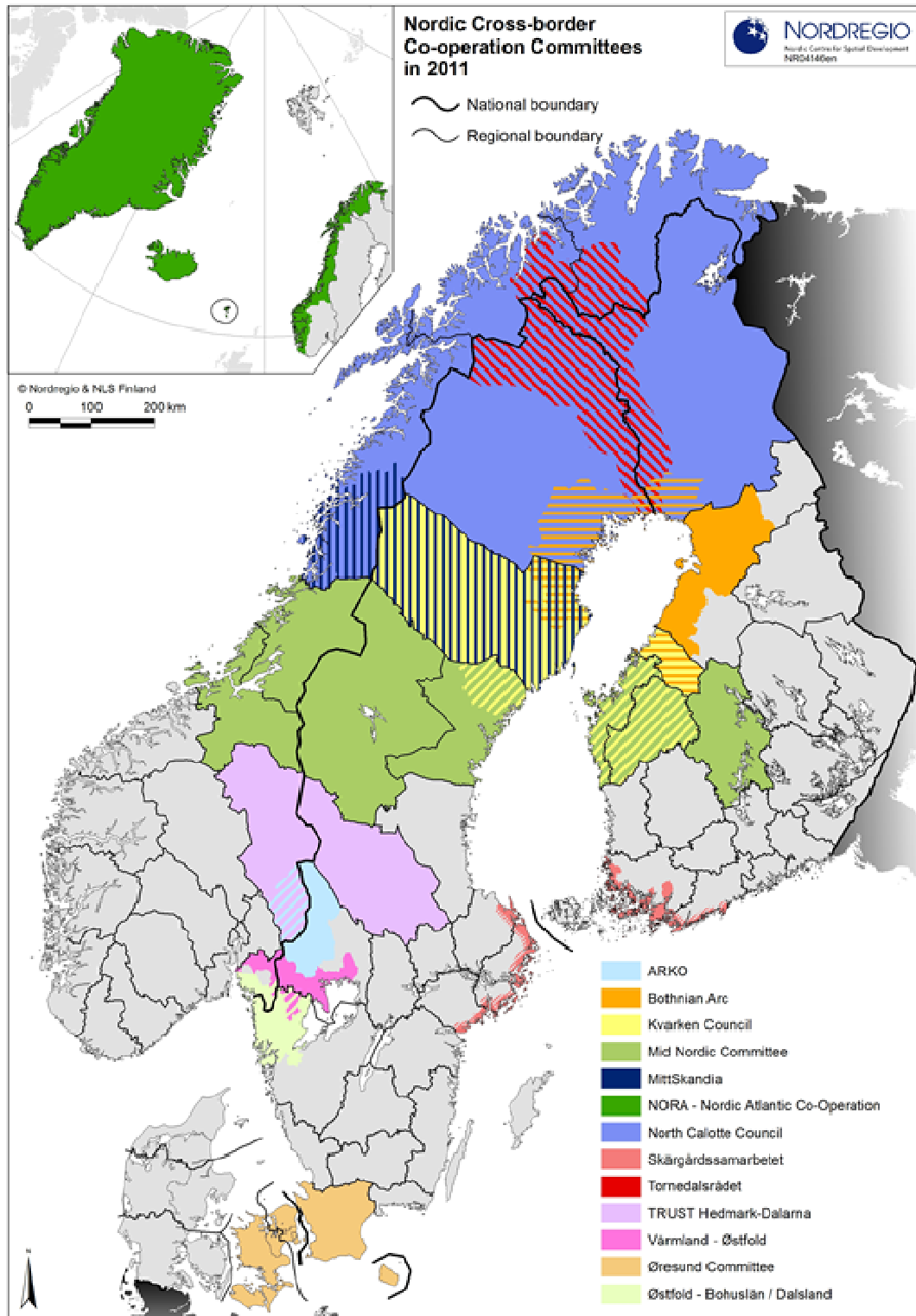
There were several aspects of TC which require improvement according to some actors. These have been summarised in Table 29. Rather than making big changes to programmes, **there is a preference for incremental change rather than sweeping reforms. Programmes are considered a continuous learning process, so continuity is important.**

**Table 29: Issues and solutions**

Issue	Solutions
Complex and restrictive audit and administrative procedures	<ul style="list-style-type: none"> <li>• Proportional audit requirements based on risk criteria</li> <li>• Universal reporting system</li> <li>• Simplification of rules</li> <li>• Closer collaboration between European Commission DGs (in particular Regio and Competition)</li> </ul>
N+2 has a negative impact on programmes as projects are selected based on their ability to spend rather than outcome or impact	<ul style="list-style-type: none"> <li>• Abolish/ extend N+2</li> <li>• Increase focus for other criteria</li> </ul>
Poor communication	<ul style="list-style-type: none"> <li>• Use innovative new media approaches to communicate project results (Facebook, Twitter, etc.)</li> <li>• Create user friendly guidance (avoid lengthy jargon filled documentation)</li> <li>• Target key actors on the regional level to avoid duplication</li> <li>• Create more opportunities to communicate message on EU level (role for INTERACT)</li> </ul>
Lack of coordination	<ul style="list-style-type: none"> <li>• Cluster projects</li> <li>• Closer cooperation between programmes</li> </ul>
Complex payment procedures	<ul style="list-style-type: none"> <li>• Introduce unit costing/ flat rates</li> <li>• Set tighter minimum time scales for payment approval</li> <li>• Introduce electronic systems rather than having to keep paper trails</li> <li>• Universal budget system</li> <li>• Clarify payment procedures</li> </ul>
The territorial criteria in relation to programme partners exclude organisations that could have a positive impact on projects	<ul style="list-style-type: none"> <li>• Increase flexibility to incorporate external partners</li> <li>• Create programme areas that have a functional rather than administrative focus</li> <li>• Take a macro-regional focus</li> <li>• Have closer working relations with other programmes in order to create synergies</li> </ul>
Change in strategy	<ul style="list-style-type: none"> <li>• Increase focus on impact</li> <li>• Increase focus on policy impact</li> </ul>
Project selection procedure	<ul style="list-style-type: none"> <li>• Smaller dedicated governance bodies that can make decisions more quickly</li> <li>• Apply stricter criteria to generate quality projects</li> </ul>

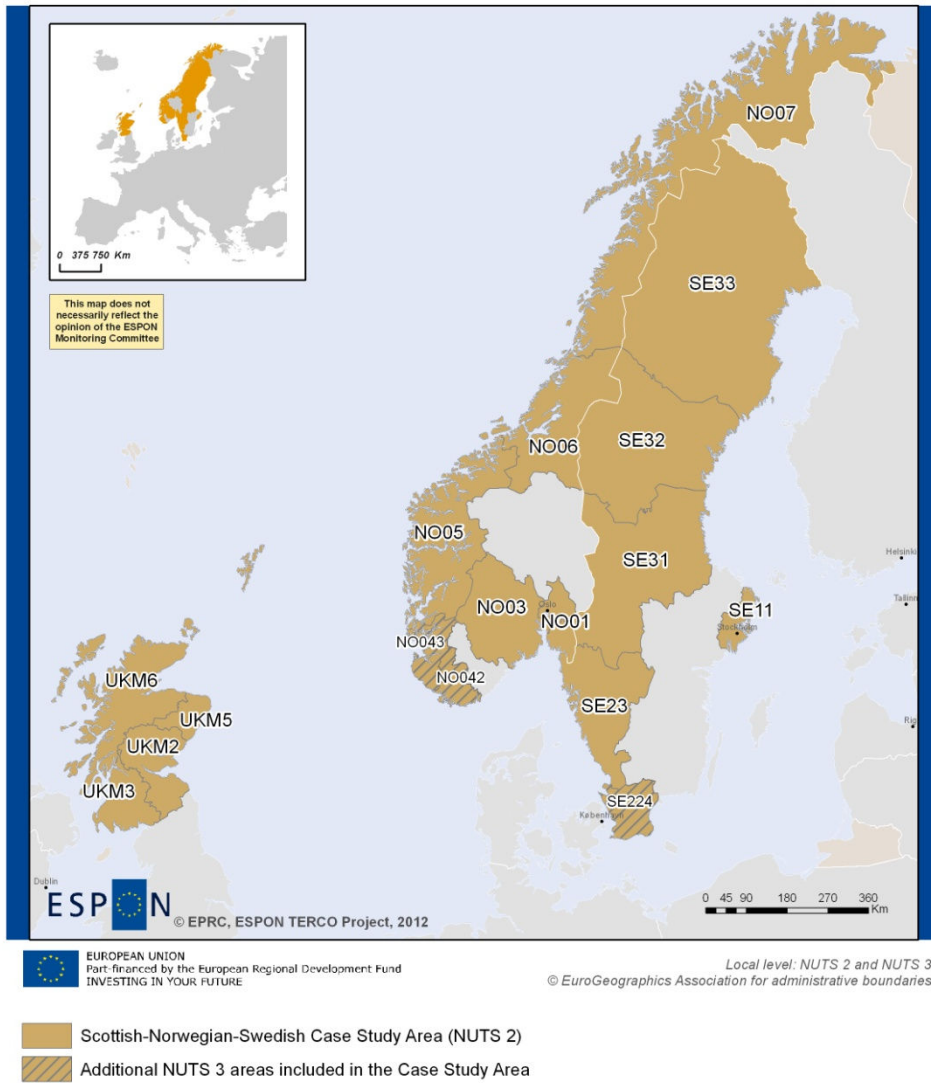
**ANNEX 1: MAPS**

**Map 1: Nordic Cross-border co-operation committees in 2011**



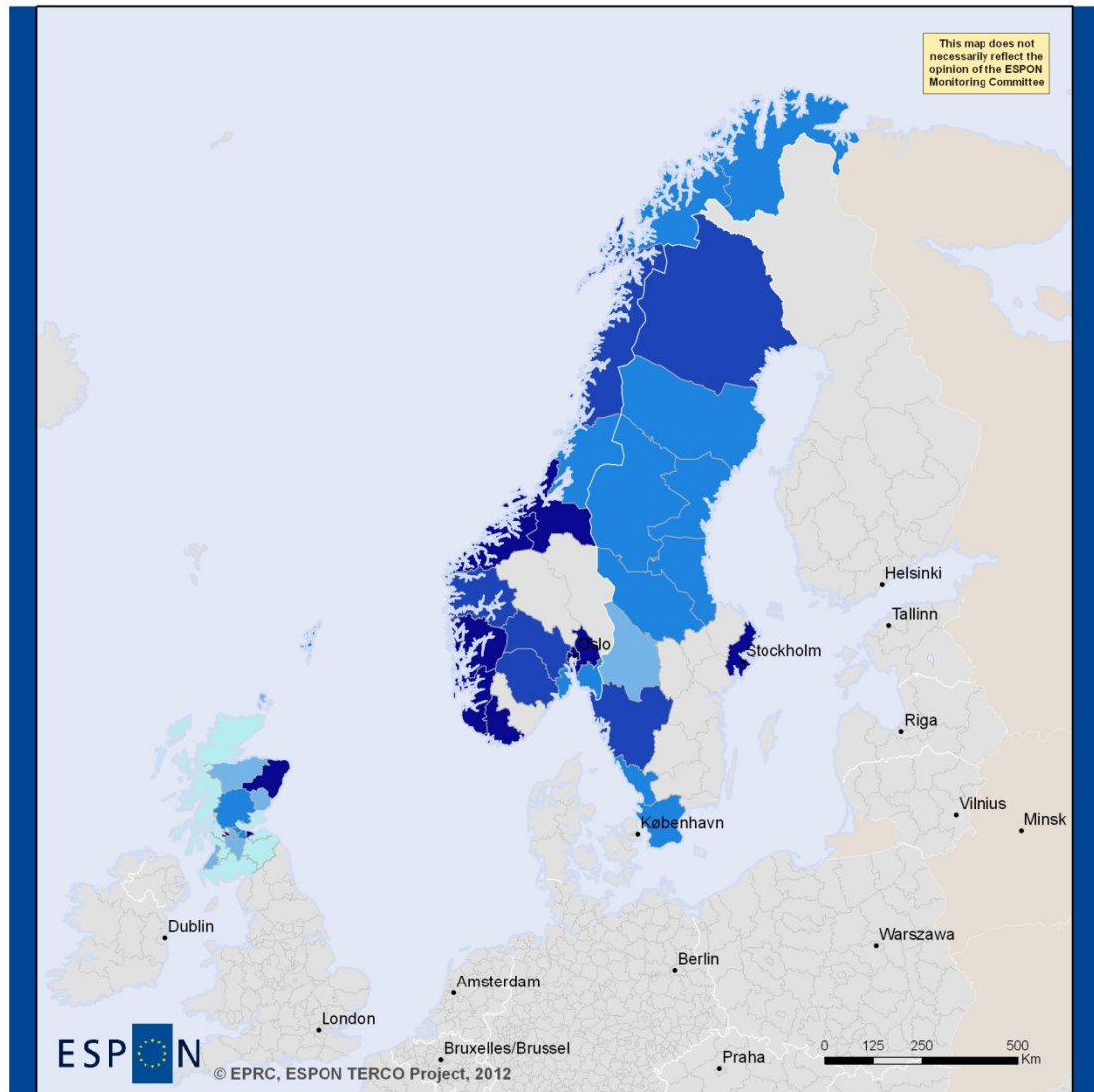
Map 2: Case study area Nuts 2

## Scotland, Norway and Sweden



Map 3: GDP 2007

## GDP per capita (2007)




 ESPON  
 © EPRC, ESPON TERCO Project, 2012

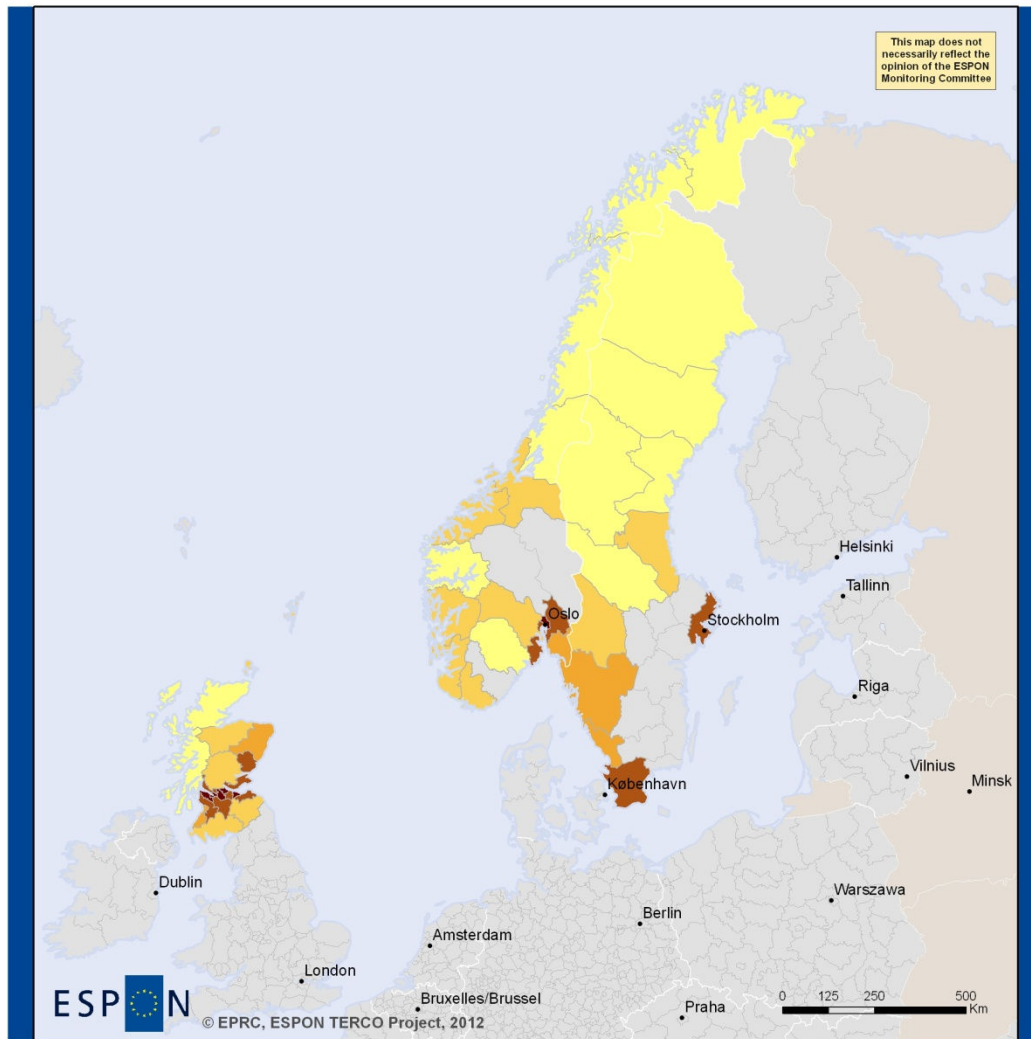
Source: ESPON Database, 2007  
 © EuroGeographics Association for administrative boundaries

### GDP per capita (2007)

-  20 000 up to 25 000
-  25 000 up to 30 000
-  30 000 up to 35 000
-  35 000 up to 40 000
-  40 000 up to 87 000

Map 4: Population density 2007

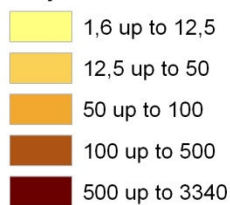
## Population density (inh./sq.km.) (2007)



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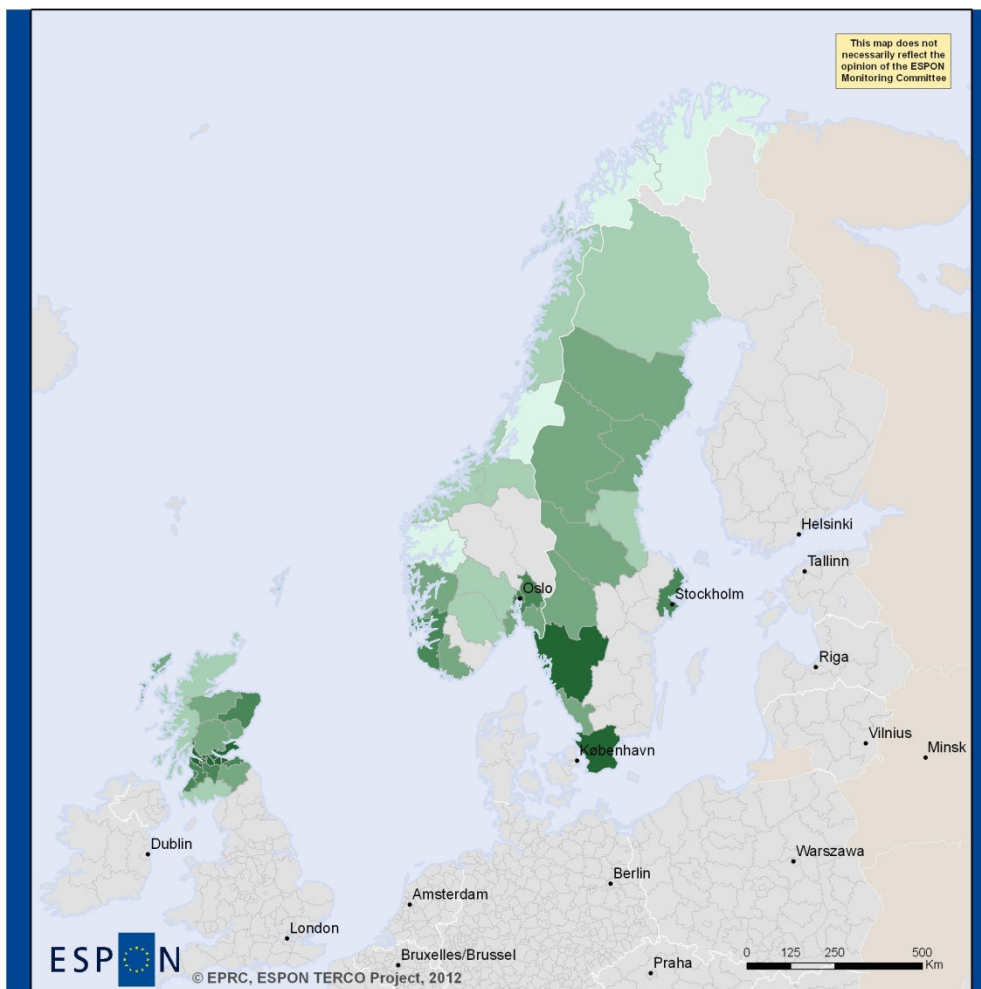
Source: ESPON Database, 2007  
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### Population density (inh./sq.km.) (2007)



Map 5: Potential accessibility index (multi-modal), 2006

### Potential accessibility index (multi-modal, 2006)









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Source: ESPON Database, 2006  
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**Accessibility (2006)**

*For methodological notes on how the index was constructed, see ESPON TRACC Inception Report*

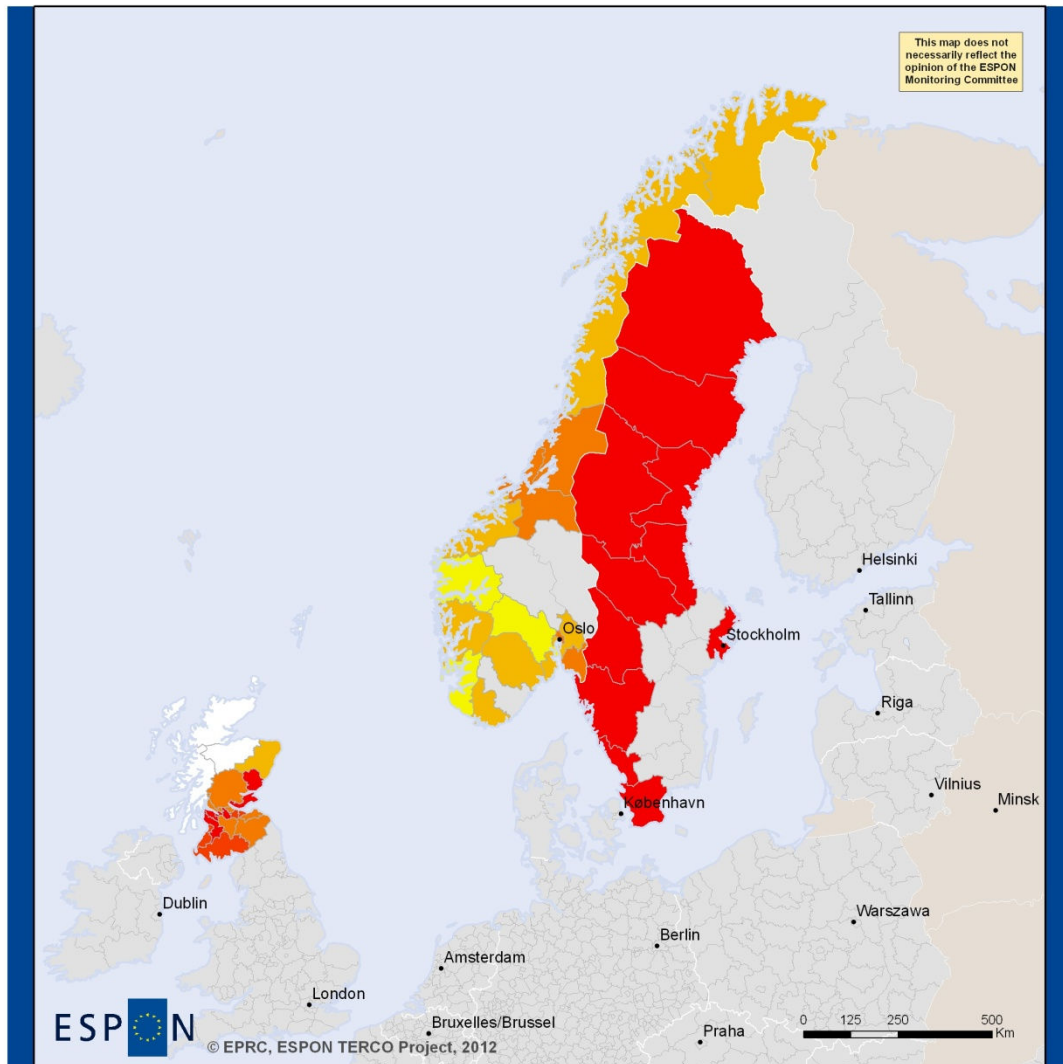
-  31 up to 40
-  40 up to 60
-  60 up to 80
-  80 up to 100
-  100 up to 130

Note: For methodological notes on how the index was constructed, see [http://www.espon.eu/export/sites/default/Documents/Projects/AppliedResearch/TRACC/TRACC Inception Report 300710.pdf](http://www.espon.eu/export/sites/default/Documents/Projects/AppliedResearch/TRACC/TRACC%20Inception%20Report%20300710.pdf)

Source: EPRC mapping based on ESPON data, © ESPON, 2006.

**Map 6: Unemployment rate**

**Unemployment rate (2008)**




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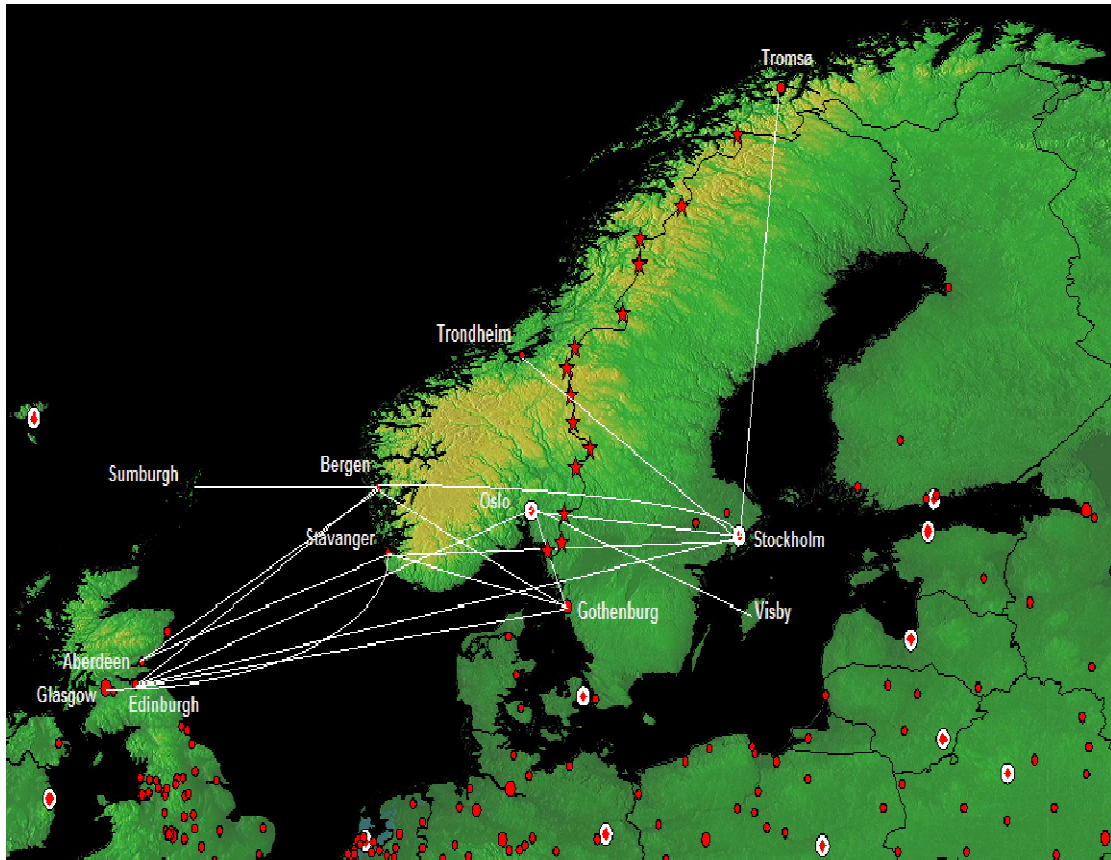
Source: ESPON Database, 2008  
 © EuroGeographics Association for administrative boundaries

**Unemployment Rate % (among pop. >15) (2008)**

-  1,5 up to 2
-  2 up to 3
-  3 up to 4
-  4 up to 5
-  5 up to 7,9
-  No data



**Map 7: Topography and international flights and border crossings**



**ANNEX 2: Interview details**

<b>Name of official</b>	<b>Position</b>	<b>Date &amp; place</b>
Axel Rød	Senior advisor Ministry of Local Government and Regional Development	17/6/2011 Oslo, Norway (telephone)
Bjørn Frode Moen	International advisor , Notodden Municipality	31/10/2011 Notodden Norway (telephone)
Eva Britt Isager	Head of climate change section, Bergen Municipality	1/10/2011 Bergen, Norway (telephone)
Geir Sør Reime	Advisor culture & tourism group North Sea Commission, Rogaland County Council	25/10/2011 Stavanger, Norway (telephone)
Gunnar Eiterfjord	Head of transportation department, Rogaland County Council	20/10/2011, Stavanger, Norway (telephone)
Gunnhild Aasmoe Anne Berg	Adviser for industrial and regional development within the unit for European territorial cooperation. Director within the European Office in the Nordland county council	07/9/2011, Bodø, Norway (telephone)
Kate Clarke	Contact point North Sea Region programme, Hordaland County Council	26/10/2011, Bergen, Norway (telephone)
Odd Godal	Senior Advisor Ministry of Local Government and Regional Development, Member MC Baltic Sea, INTERREG IVC	25/10/2011, Oslo, Norway (telephone)
Roy Mellum	Chief Engineer Norwegian Mapping Authority	4/11/2011 Hønefoss, Norway (telephone)
Thomas Hansen	Representative of the Norwegian Managing Authority of the INTERREG IVA programme Øresund – Kattegat – Skagerrak, Østfold County Council in Norway	12/7/2011 Sarpsborg Norway (telephone)
Tor Titlestad	Lead beneficiary Coast Alive, Hordaland County Council	1/11/2011 Bergen, Norway (telephone)
Tor-Egil Lindeberg	Senior advisor Ministry of Local Government and Regional Development	22/6/2011 Oslo, Norway (Telephone)
Melissa Mackin	Representative Scottish Government	17/6/2011 Edinburgh, Scotland (telephone)
Alan Blain	Deputy manager Shetland Amenity Trust	14/6/2011 Lerwick, Scotland (telephone)
Damian Collins	Business Development Manager – Energy, Highland and Islands University	29/9/2011 Inverness, Scotland (telephone)
Denise Pirie	NPP contact point Highlands and	22/6/2011 Inverness,

	Island Enterprise, Scotland	Scotland (telephone)
Dugald Craig	International Development Manager WOSCOP	12/7/2011 Glasgow, Scotland (face-to- face)
Ed Craig	Head of Project Development and management, Napier University	25/10/2011 Scotland, Edinburgh (telephone)
Frank Gaskell	Sub-Rosa, Former Chairman of Highland and Islands Leader programme, Former president Euromontana	17/6/2011 Glasgow, Scotland (face-to- face)
Gordon Wilsmeier	Principal Research Fellow Transport Research Institute (TRI), Edinburgh Napier University	16/8/2011 Edinburgh, Scotland (telephone)
Ingrid Green	Member of Steering Committee in the North Sea INTERREG B programme, The East of Scotland European Consortium	16/6/2011, Glasgow, Scotland (face-to- face)
Jan Falconer	Manager, Projects, Partnerships and Funding, Aberdeen City Council	11/8/2011, Aberdeen, Scotland (telephone)
Jon Jordon	Contact Point North Sea Region programme	25/10/2011, Edinburgh, Scotland (telephone)
Julie Craik	Project Manager North Sea Screen Partners	6/9/2011 Dundee, Scotland (telephone)
Linda Mathieson	Environment planner Aberdeenshire Council	8/11/2011 Inverurie, Scotland (telephone)
Nick Lyth	Director International Resources and Renewables Institute	28/10/2011 Edinburgh, Scotland (telephone)
Sara Thiam	Open Innovation Project Manager Edinburgh Council / business development	07/7/2011 Edinburgh, Scotland (telephone)
Tommy Coutts	Project Manager Shetlands Islands Council	27/7/2011 Lerwick, Scotland (paper copy)
Bernt Vedin	Regional contact point under the Northern Periphery INTERREG IVB programme, Region Västerbotten	14/6/2011 Umeå, Sweden (telephone)
Björne Hegefeldt	Administrator of INTERREG forum Tillväxtverket	1/11/2011 Stockholm, Sweden (telephone)
Böret Segolsson Knutsson	Head of ARKO Secretariat	20/10/2011 Morokulien, Sweden (telephone)
Charlie Wallin	Project coordinator, The Association of Local Authorities in the county of Västernorrland	10/11/2011 Härnösand, Sweden (telephone)
Christelle Bourquin	Application Support Manager Royal Institute of Technology	2/11/2011 Stockholm, Sweden (telephone)
Jon Hillgren	Director, Mid Nordic Committee	26/8/2011

	WP4-project manager, Mid Nordic Green Transport Corridor (NECL II) County Council of Västernorrland	Härnösand, Sweden (telephone)
Karin Hallerby	Head of Department, International Affairs Tillväxtverket	7/9/2011, Stockholm, Sweden (telephone)
Maria Svensson	Adviser European Affairs Mid Sweden European Office	31/10/2011 Härnösand, Sweden (telephone)
Niels Boye	Head of Secretariat of the sub-programme Kattegat Skagerrag Secretariat of the INTERREG IVA Öresund Kattegat Skagerrak, which is based in the offices of the Region of Halland in Sweden	28/6/2011 Kungsbacka, Sweden (telephone)
Ulrika Åberg	Senior Advisor International Relations County Administration Board of Västernorrland	1/11/2011 Härnösand, Sweden (telephone)
Anita Sandell	Programme director County Administrative Board of Jämtland	Östersund, Sweden (pilot)
Ulf von Sydow	Programme Manager Climate & Renewable Energy Region of Jämtland	Östersund, Sweden (pilot)

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## **2.5 Case Study on Belgium – France**

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## Summary

- **Physical areas of territorial cooperation;**

The question of the relevant territory for the cooperation is a key question. Each cooperation should have the possibility to be at 'géographie variable', and an agreed balance between functional and political aspects has to be found, as well as a possibility for adaptation.

At this stage, in the area covered, it is always intended to face two challenges with cross-border cooperation:

- (i) how to support a better daily life for inhabitants of the territory, with proximity objectives, and
- (ii) how to support a strategy on a larger perspective, on an extended territory.

Therefore, as with multilevel governance, the cooperation needs to be 'multiscalar' (multiple geographical scale), and have the potential to adapt depending on thematic, and objectives. Nevertheless, it needs to have a '**reference territory**', the hard core of the cooperation, in order to give stability and visibility. This reference territory should come from needs, maturation, negotiation and agreement.

In general, the importance of other type of cooperation, on a larger area (Interreg B) is also acknowledged, e.g. in education, or when international positioning is at stake, but it seems a bit far away and difficult to justify towards citizens. In this respect needs could come from another level of authority, and include more EU strategy, e.g. EU 2020 implementation.

Cooperation on exchange of experience is quite welcome (Interreg C), and had very useful impact in some cases, but is more related to governance process than to physical territory.

- **Driving forces and domains of co-operation;**

**The main motivations and drivers** of territorial cooperation in the area were synthesised from the interviews as follow:

- A strong political will, at local and regional level, for national, EU and international positioning, as well as to be in a better position when facing external actors, including the EU.
- A concrete need for practical day-to-day cooperation on a cross-border territory related to citizen needs in this territory, as well as environmental concern (water management mainly, floods) – so not only linked to 'functional' (employment flows) aspects
- A common feeling that border territories are at the - forgotten – periphery of their respective country, and that the cooperation changes this position, creating a new centrality and focus.

In synthesis, **shared (development) concerns, from practical daily needs to larger strategy, and involvement of political actors.**

Concerning **domains**, for all interviewees, there are no specific domains more suited for specific type of cooperation it all depends on the **objectives**.



**Domains of cooperation** in the area focus currently on **economy, culture, tourism, mobility, public services, territorial strategy** and **environmental** (water) management. Furthermore, the Forum of Eurométropole LIKOTO (representant of civil society) has identified two major thematics: medical/social and culture (including language).

It is important to underline the importance of the cultural domain for all actors involved. It was also part of the priorities of the Territorial agenda 2020. In the current Commission proposal for territorial cooperation organisation, this thematic seems to disappear (see Com 2001(611 final)).

The real constraint for operationalisation of cooperation is linked to the fact that several domains of interest are outside the field of competence of the actors involved in the cross-border cooperation, but even this could be overcome e.g. with the implementation of a structure involving all the requested competent authority (as it was done in the 2 EGTCs on this territory). This could be an interesting and concrete implementation and evolution of the subsidiarity principle.

Domains which would be most beneficially supported by Territorial Co-operation in this area were presented as:

- Meeting citizen needs (security–emergency services, health, ...)
- Environmental concerns (floods, biological corridors, ...)
- Fluvial/harbour strategy
- Metropolitan positioning
- Cultural/patrimonial exchange

As for infrastructure, if the project is of EU dimension (e.g. missing link in EU corridor), or international dimension (International positioning in harbour infrastructure), or is a local common transborder project, with a real EU value added, e.g. helping a territory to become more polycentric around a border, then EU should intervene.

Eventually, infrastructure implementing innovative technology could also be supported, particularly in relation to the objective of EU2020 about 'smart development'.

- **Territorial structures and specific border co-operation**

**Relevant structures** to be supported by territorial cooperation were mainly identified as (cross-border) metropolitan area, river/fluvial basins, natural (cross-border) areas, but also more differentiated, and less delimited, areas, where a mix of coastal and rural areas or urban networks of secondary cities are existing. It can be made in cross-border cooperation, or in more extended macro-region, but what was strongly underlined is that the cooperation is based on and fed from the will and wish of its members, not on specific territorial structures.

In the same view, **cooperation with external** non EU countries is seen as a plus, as it helps not closing doors to the rest of the world, and permits exchange of know-how and experience.

The specific relevance of cross-border cooperation is strongly related to physical proximity (Interreg A) characteristics, concerning

- needs (daily needs of citizens, no border domains, e.g. environment),
- opportunities (masse critique can be reached, possibility to share infrastructure),
- quality of life (concrete actions for citizen can be implemented e.g. in health and security, emergency services, ..)
- competitiveness (new positioning in EU network, complementarity towards external investors, ..)

Nevertheless, they also emphasize some difficulties:

- lack of relevant level of authority to be able to implement cooperation
- distance from the (national) centre, and the difficulty to get support,
- daily needs sometime overcome too much a larger prospective and strategy
- at their very local level, they have to face the contradictions and challenges of EU integration.

Territorial cross-border cooperation is improving daily life, quality of life, and possibly competitiveness on its territory, and it is considered to be a major tool to reach result that could not be obtained by each partner on its own, and to allow to reach a threshold of 'masse critique' necessary for some major investments. The future of cooperation in those areas is strongly linked to governance organisation.

- **Governance structures and implementation of co-operation**

Supramunicipal actors are of outmost importance in the cross-border cooperation investigated. Governance of territorial cooperation should in their view be bottom up, locally driven (at supramunicipal level), with narrow involvement of targeted key actors, but involving also the necessary actors to be able to implement project and actions (broad partnership), and should also keep a larger view on longer term and larger scale, with associated ad hoc partners.

Organisation depends from moment in time: maturation time is needed from informal towards institutionalised cooperation. It is important to jump at some point from informal structuring to more structured, more visible and more stable framework, but it does not mean that it should become too constraining or rigid, or centrally driven. In any case, it should always remain open and flexible: cooperation depends on will and agreement of partners, and doors should not be closed for evolution.

Drivers and hinders were identified as

<b>Drivers</b>	<b>Facilitators</b>
Political will, mainly at local and regional level	Availability of financial resources
A clear policy initiative to promote cooperation	A clear EU policy initiative to promote cooperation
Institutional commitment and resources at regional/local level	Institutional commitment and resources at national level
Shared development concerns	Shared cultural/historical links
Good interpersonal relations	Good interpersonal relations
Physical proximity	Men and women on the ground
Population needs	Languages facilities

<b>Hindrances</b>	<b>Obstacles (can be overcome)</b>
Lack of political interest/support	Lack of financial resources
Lack of institutional resources	Cultural/linguistic differences
Organisational/institutional barriers	Organisational/institutional barriers
Lack of solidarity between partners	Difficulty to identify the relevant actors
No shared development concerns	Different political agenda (elections)
Administrative burden	Administrative burden

An ideal cooperation implementation should therefore be able to tackle the challenges of:

- Multiscalar (geographical scale)
- Multilevel (public authorities)
- Multichannel (different types of actors)

And to have the possibility to evolve between and/or to adapt to those ‘multi’ possibilities, and to adapt its type of governance

- On a time scale
- Related to objectives.

This means that there is not one ‘ideal’ organisation with its specific instrument, an issue which is shared with political studies on governance. Current cross-border territorial cooperation have at least to find a balance between a need to flexibility and adaption, and the need for stability and accepted common rules. In the area we cover, the current path is to have a ‘reference territory’, already well structured though EGTC – which is also the major tools for creating synergies, taking on from previous informal platform -, with possible adaptation following projects needs, as well as larger strategy reflexion.

Current proposal from the Commission on the organisation of different EU funding, as well as proposal for revision of the EGCT tool for cooperation will also help to go towards a more stable framework, with common ‘rules of the games’, which is a demand from all public actors involved in cooperation (see chapter 2 6 ).

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## Abbreviations

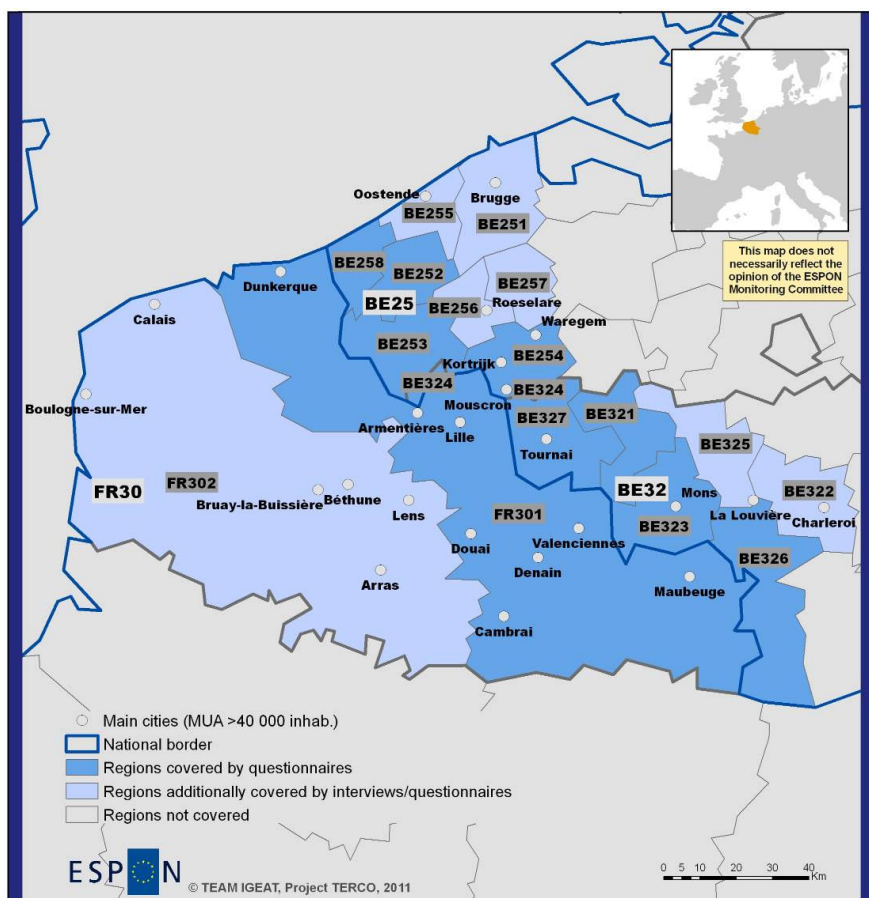
AGUR	Agence d'urbanisme et de développement de la région Flandre-
CAWI	Computer-Assisted Web Interviewing
COPIT	Conférence Permanente Intercommunale Transfrontalière
CoR	Committee of the Regions
CUD	Communauté urbaine de Dunkerke
EGTC	European Grouping for Territorial Cooperation
ERSV	Erkend Regionaal Samenwerkingsverband
ESPON	European Spatial Planning Observation Network
EU	European Union
EU2020	Europe 2020
FUA	Functional Urban Area
GDP	Gross Domestic Product
GVA	Gross Value Added
HSR	High-Speed Rail
IDETA	Agence Intercommunale de Développement
IDI	In-Depth Interview
IEG	Intercommunale d'Etude et de Gestion
ITC	International Territorial Co-operation
LIKOTO	Lille-Kortrijk-Tournai
LMCU	Lille Métropole Communauté urbaine
MLG	Multilevel governance
MUA	Morphological Urban Area
NWE	North-West Europe
RESOC	Regionaal Sociaaleconomisch Overlegcomité
TA2020	Territorial Agenda 2020
TERCO	European Territorial Cooperation as a Factor of Growth, Jobs and
TTC	Transnational Territorial Cooperation
URBACT	European sustainable urban development programme
WVI	West-Vlaamse Intercommunale
WWI	World War I
WWII	World War II

## Introduction

### Background information: The cross-border Franco-Belgian area

#### 1.1.1 The study area

The study area covers the most densely populated part of the Franco-Belgian cross-border area, i.e. the French departments of the Nord and the Pas-de-Calais (two NUTS 3 units) (respectively the first and the seventh French departments by the size of their population) and the two Belgian provinces (NUTS 2 level) of West-Vlaanderen and Hainaut (divided respectively in 8 and 7 NUTS 3 level arrondissements, see annex 1: Table 1). The region is the very Western continental edge of the main axis of high densities, extending from Italy to the North-Western European, through the Rhineland, already the main trunk of the European medieval economy. So, there is a clear gap between this high densities area and the Parisian metropolitan area, from which it is separated by the low densities rural areas of the Picardie, extending to the South of the department of Pas-de-Calais (heights of the Artois).



Map 8 : Study area

### **1.1.2 A region belonging to the European central belt with high population densities**

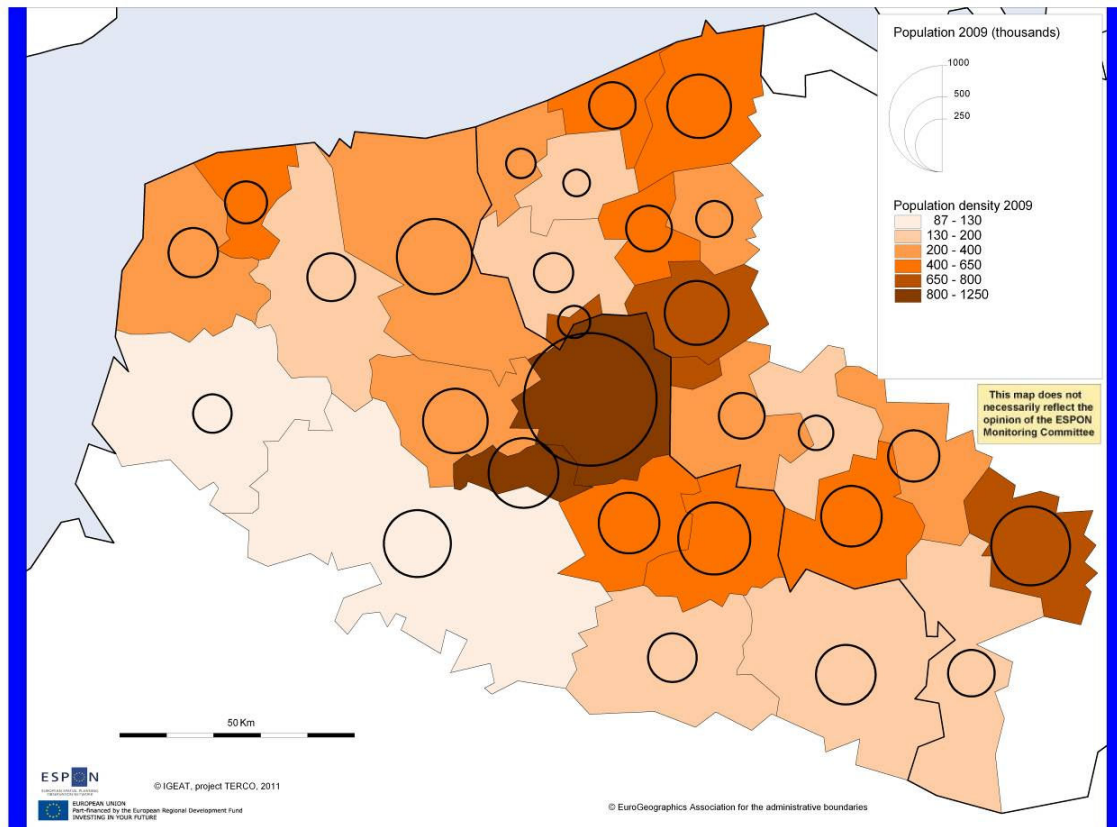
More in detail, inside the studied area, the high densities draw two axes, one along the former coal basin, from Béthune to Charleroi, through Douai-Lens, Valenciennes, the Borinage and the Centre basin and the other one, perpendicular to the previous one, from Lille to Kortrijk and further North along the Leie valley, continuing to Ghent outside our study region. Dots of high densities appear also around the cities along the coast, but the map of the densities underestimates the urbanisation of the Belgian coast, as many buildings are occupied only as secondary residences.

So, the study area doesn't concern the Belgian provinces of Namur and Luxembourg, neither the French departments of the Ardennes and Meurthe-et-Moselle, less densely populated and where the interactions between France and Belgium are weaker or which are both polarised towards the Grand-duchy of Luxembourg for what concerns the Eastern part of the province of Luxembourg and the northern part of Meurthe-et-Moselle (see annex 1).

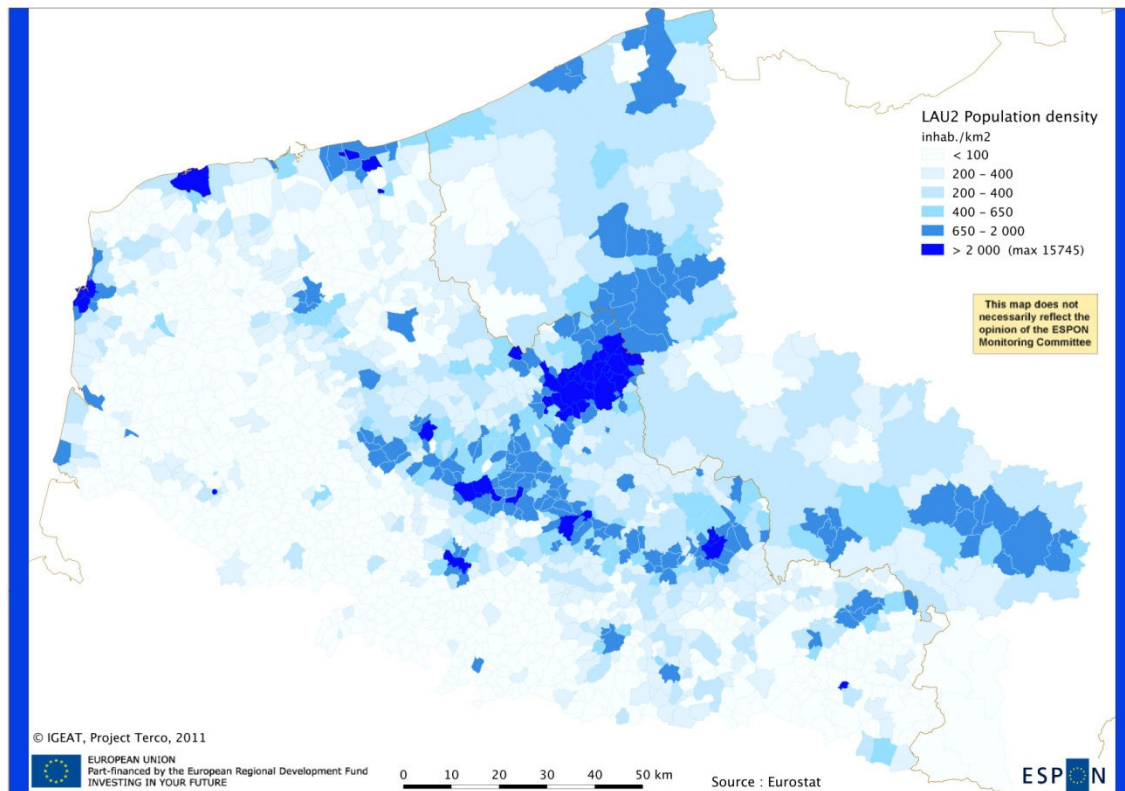
In addition to its cross-border character, the studied area is also divided in its Belgian part between the Flemish Region (merged with the Dutch-speaking Community) and the French-speaking Walloon Region. In the Belgian institutional context, that means for many matters a quasi-international situation, for instance relating to territorial planning, regional economy, transports - with the exception of the railways -, education, culture, etc.), as for these matters, at the core of the ESPON problematic, the federal government is not competent at all.

For the statistical and the cartographical overview of the area, we have divided the two French departments into their arrondissements, an own unofficial "NUTS 4" level, much more alike the Belgian NUTS 3 units by their size. This subdivision was necessary as those two big and very populated departments are quite heterogeneous, opposing for instance a big metropolis, Lille, and low densely populated areas on the heights of the Artois, a rural area pertaining to the plateau of Picardie. Inside the department of the Nord, the situation is also very different if one considers the parts of the former coalfield basin, near Valenciennes, the Lille metropolis and the coastal area around Dunkerque.





**Map 9 : Population densities at the arrondissement level in the studied area**



**Map 10 : Population densities at the municipal level in the studied area**

### 1.1.3 Economic development

#### 1.1.3.1 A common past

Historically, this area had a common destiny until the reign of Louis XIV, as these territories were for the most the core of three principalities of the former Burgundy's states and after that Spanish Lowlands' provinces, i.e. Artois, Hainaut and Flanders. They were cut at the end of the XVIIth Century by the new border between the kingdom of France and the Spanish, and soon Austrian Lowlands, but the old urban landscape, with its market places and belfries, and many folkloric traditions remain common on both side of the border, like the giants shown during the local fairs. The linguistic limit is now de facto following the administrative and political ones, between Flanders and Wallonia in Belgium, along the border between West Vlaanderen and France, but it was not the case in the past, with the French-speaking city of Mouscron previously included in the province West Vlaanderen and the French area between Hazebrouck and Dunkerque was Dutch-speaking (the Flemish dialect is still locally understood). During the 'Ancien Régime', the county of Flanders, and even to a lesser extend the county of Hainaut, were bilingual; only Artois was only French-speaking, or more exactly using a Picard dialect, like in the Southern part of Flanders and the Western part of Hainaut. A Walloon dialect was only practised in the Eastern part of this latter county.

#### 1.1.3.2 Differentiated evolution

The area knew also a **common industrial development** in the XIXth Century, with the industrialisation of the textile industry in Flanders, including on the French side Roubaix-Tourcoing, the Northern part of the Lille agglomeration, and the development of a coal mining basin, sometimes coupled with the metallurgical industry, extending East-West from the East of Charleroi to the West of Béthune (not to speak of a former small coal basin in the Boulonnais).

The **coastal area** shares on both sides of the border a touristic economy, even if dramatically more developed on the Belgian sandy coast. Three ports are important, even if only mid-sized inside the whole Northern Range between Le Havre and Hamburg: Dunkerque (58 million tons in 2008), Zeebrugge (42) and Calais (40) (to be compared with 421 for Rotterdam, 189 for Antwerp and 140 for Hamburg). Zeebrugge, with a strong specialisation in containers, and Dunkerque are both important freight ports of the North Range, including the development of a seaside iron industry in Dunkerque from the end of the Fifties. Calais remains the most important ferry port for the links with Great-Britain, despite of the Chunnel, followed by Zeebrugge; and moreover Oostende, Nieuwpoort and Boulogne are three other secondary ports, the first one having however lost its position as one of the main passenger trans-Channel ports due to the opening of the Chunnel.

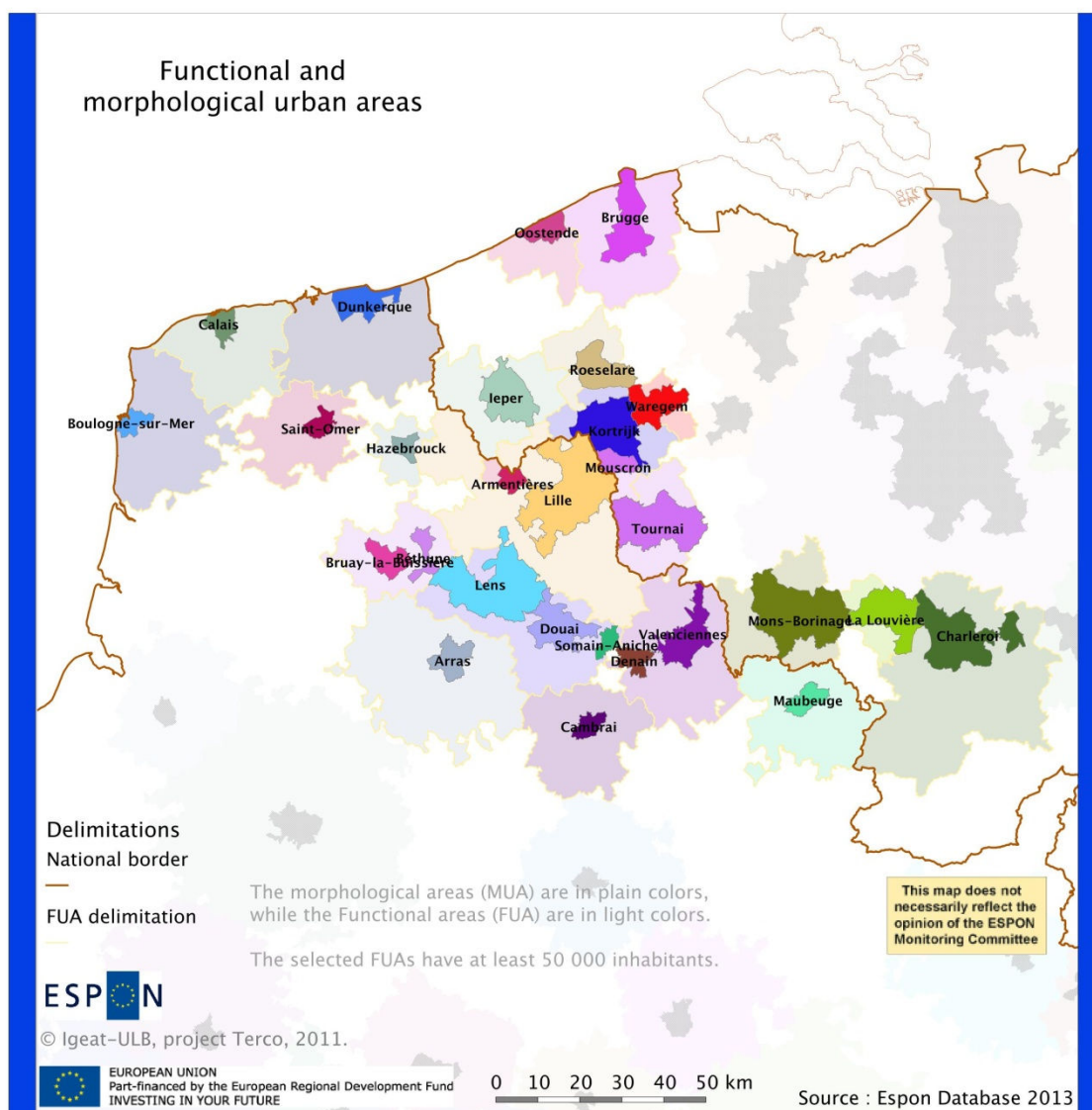
As well the French as the Belgian side of the border share a common **lack of local**

**entrepreneurship** regarding to the **old coal-mining basins**, and the associated heavy manufacturing: in France, the decision was national as the coal-mining industry was nationalised after World War II; in Belgium, coal-mining and most of the heavy industry was at the hand of the main holdings, firstly the Société Générale, headed from Brussels. This deficit in local entrepreneurship, linked with a strong class-minded social structure and a quite low high-grade educational level represent a heavy burden for the economic recovery of these basins.

The social structures are **more differentiated** between both sides of the border regarding to the **textile regions**. In the Lille area, the industrialisation of the textile industry was precocious, lead by big local families. Today, these families have largely abandoned the textile industry, and some of them have lost their past dynamism, but others have done an effective reconversion towards sectors like the retail chains or mail-order selling.

On the contrary, the modernisation of the textile occurred later in West Vlaanderen, mainly around Kortrijk, where the traditional textile structure remained at the hand of a local small entrepreneurship. This local entrepreneurship led a strong process of modernisation and diversification after World War II, leading to the emergence of a very dynamic industrial district around Kortrijk and Roeselare, remaining specialised in the most technical and high added value segments of the textile, but also diversified towards mechanic industry, wood and furniture, food industry, etc. This Marshallian industrial district structure remains strongly at the hand of the local capitalism. However, for the future, one can worry about the capacity of such an area to respond to the world-wide competition of emerging countries, especially since the level of formal qualification of the manpower remains quite low, as many people were trained through the local entrepreneurial structures more than through high-level school education.

### 1.1.4 A dense urban structure and a mitigated trans-border integration



**Map 11 : The FUAs in the studied area**

The **urban structure** of the area is very dense, but not without presenting challenges (see annex 2).

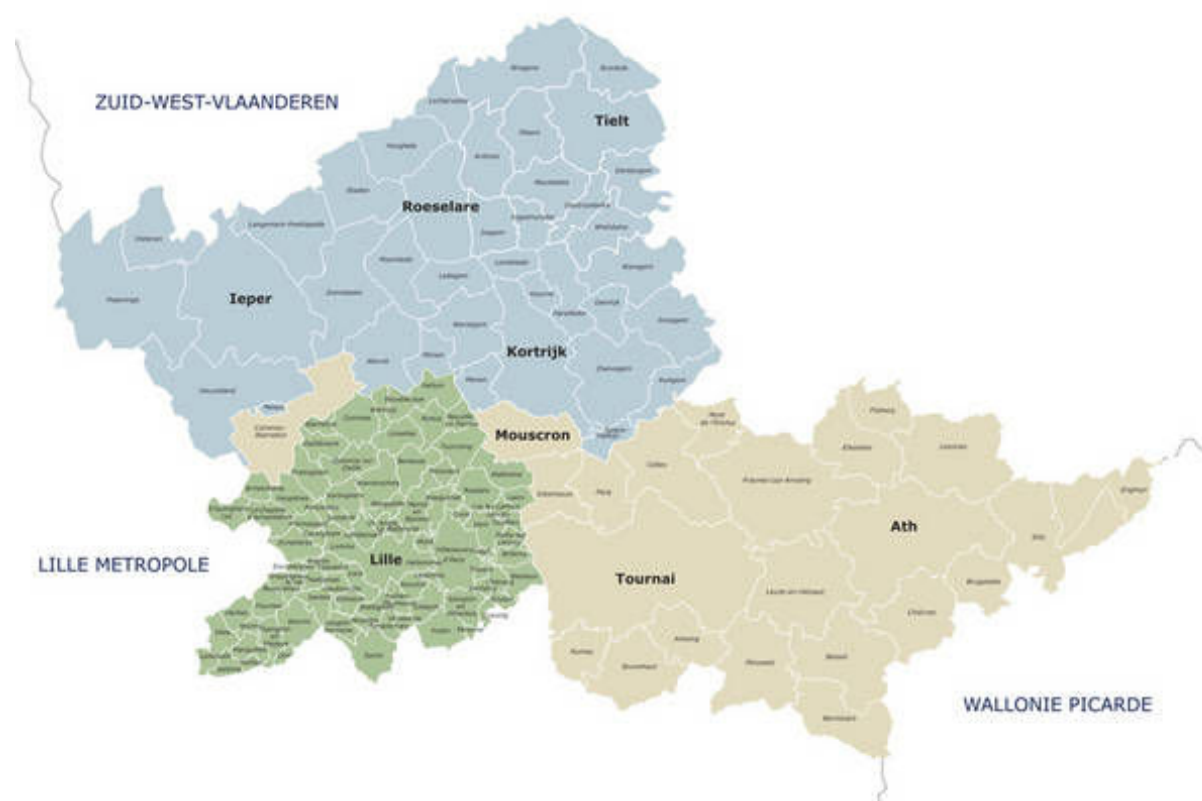
Lille is undoubtedly the main pole of the area. Lille's morphological urban area (MUA) includes Roubaix and Tourcoing. The functional urban area (i.e. the employment basin, FUA) is limited to the South by the former coal basin's FUAs, even if Lille is more and more attracting commuters from this last deprived area. Lille's FUA is not really a true trans-border one, only Comines (Belgium) being included in its FUA, despite of the contiguity between Lille and Mouscron, on the Belgian side.

### 1.1.5 Governance

From the point of view of the governance, Lille has the big advantage to be included in a “Communauté urbaine” (LMCU) which fits quite well the FUA's limits.

The trans-border cooperation of the “Communauté urbaine” of Lille with both the Flemish and Walloon areas (respectively the Belgian “intercommunales de développement” Leiedal and West-Vlaamse Intercommunale - WVI - for the arrondissements of Kortrijk, Ieper, Roeselare and Tielt and IEG and IDETA for the areas of Mouscron and Tournai-Ath) is developing and quite well structured. Nevertheless, one cannot speak of a true integrated economic area, and surely not of a unique manpower basin (like around Luxembourg), despite of some flows of commuters, mainly from France to Flanders.

These bodies (LMCU, IDETA, IEG, Leiedal, and WVI) have created in 2008 a Eurométropole (LIKOTO), with the European statute of an EGTC, which is by far the most advanced trans-border co-operative structure in the region.



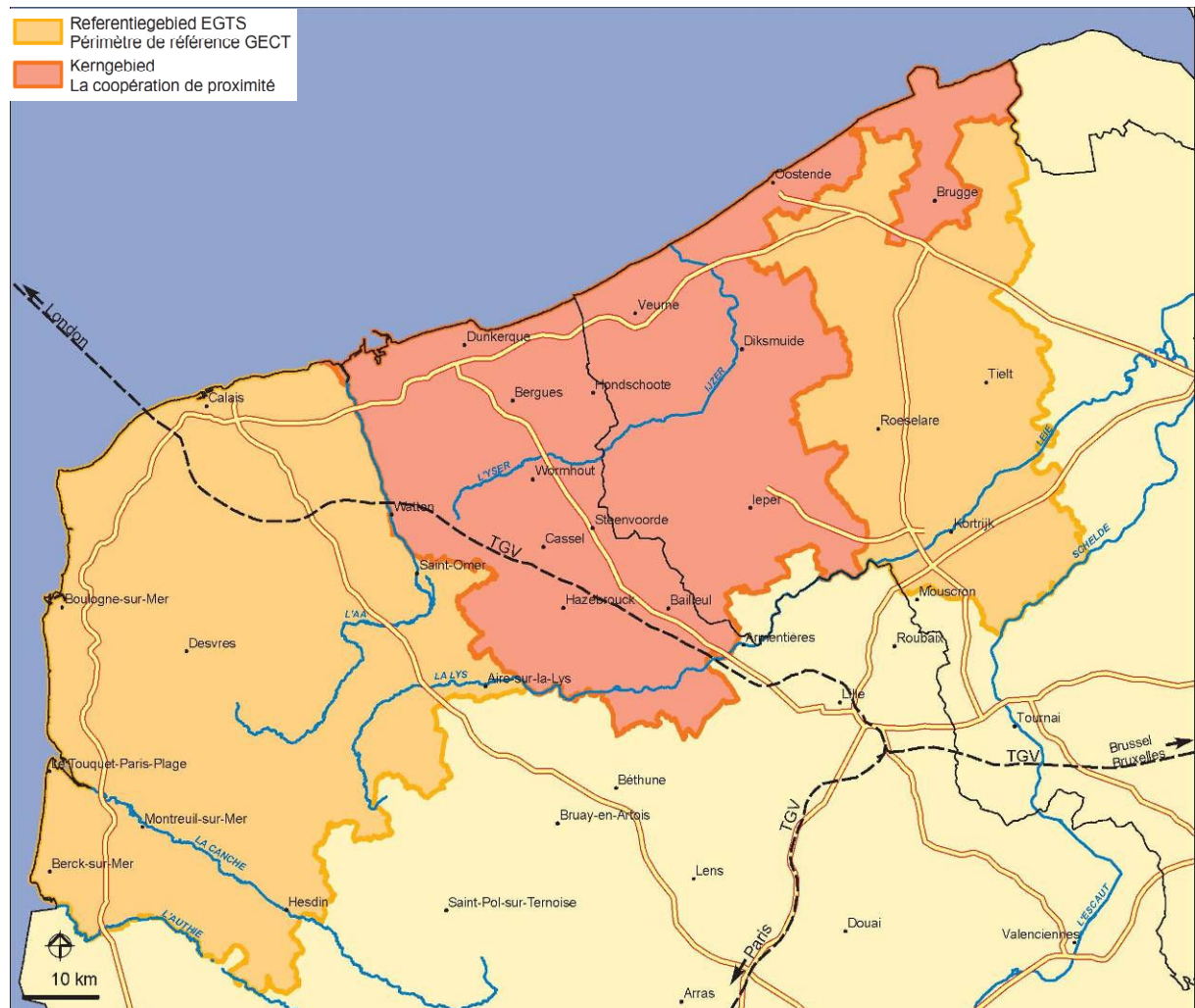
Map 12 : Eurométropole LIKOTO territory (source: Eurométropole agency website)

Lille is in fact pursuing a ambiguous objective: from one side it intends to be a strong metropolitan pole between London, Paris and Brussels, and for asserting this position it aims at developing trans-border cooperation with Kortrijk and Tournai, but from the other side the most effective functional links are with the Southern cities of the 'Bassin minier', with its unfavourable image and its economic difficulties. Cooperation is taking place with this area as 'associated partners'



Map 13 : LIKOTO area + LMCU associated partners (source: SIGALE Nord- Pas de Calais)

Another EGCT links the coastal areas of Pas-de-Calais and Nord and the Belgian province of West Vlaanderen since 2009, more oriented towards the co-operation on the coastal and seaside leisure problematic. Some attempts of – yet less structured and more occasional - co-operation are emerging between Mons and Valenciennes and between the French and the Belgian sides of the Sambre valley.



**Map 14 : GECT West-Vlaanderen/Flandre-Dunkerque-Côte d'Opale (source: Communauté urbaine Dunkerque website)**

### 1.1.6 A mitigated integration

However, despite its common past and the very open character of the border, with plenty of crossings through the border, which is sometimes passing through streets inside a same locality, with people crossing the border daily for buying cigarettes or for dancing on Saturday night in the Belgian seaside resort of La Panne, or with rich French people moving to the Tournai's surroundings to escape taxation on the fortune, the trans-border functional integration remains weaker than expected,

especially regarding to commuting : nothing to be compared to the extension of Luxembourg's employment basin on Belgium, France and Germany, or to the French border areas around Geneva, or to the surroundings of Basel in Germany and France. Even the demographic behaviours remain quite different on both sides of the border, even between the French-speaking parts.

Lille has the advantage of being an important node of the high-speed railway network between Paris, London and Brussels and the Paris' Charles de Gaulle airport is very quickly reachable from the city by HSR (even if Lille cannot capitalise on the “name” of this airport, its own airport being a small one). However, compared to the other main French cities, not to speak of Paris, Lille shows some weaknesses, linked to its history of city close to the border and in an industrial area: its global importance in the frame of the European cities (including the economic, the cultural, the scientific and the political dimensions) is clearly weaker than the one of Lyon, Toulouse and Marseille, and even Strasbourg and Nice, the latter two being very well positioned on specific niches. The position of Lille, weaker than the one of Lyon and Marseille regarding the financial and advanced services, clearly reflects its much specialised industrial past, inside an old industrial region, and perhaps also its position too close to Paris.

The other cities of the Nord-Pas-de-Calais, in particular in the former coal-mining basin, as well as the cities of the former coal axis Borinage-Charleroi on the Belgian side are yet much more than Lille handicapped by the consequences of their industrial past: insufficient urban structuring, also from the morphological point of view; importance of the industrial fallows; weak development of the advanced services; deficit of high-level education; high levels of unemployment; etc.

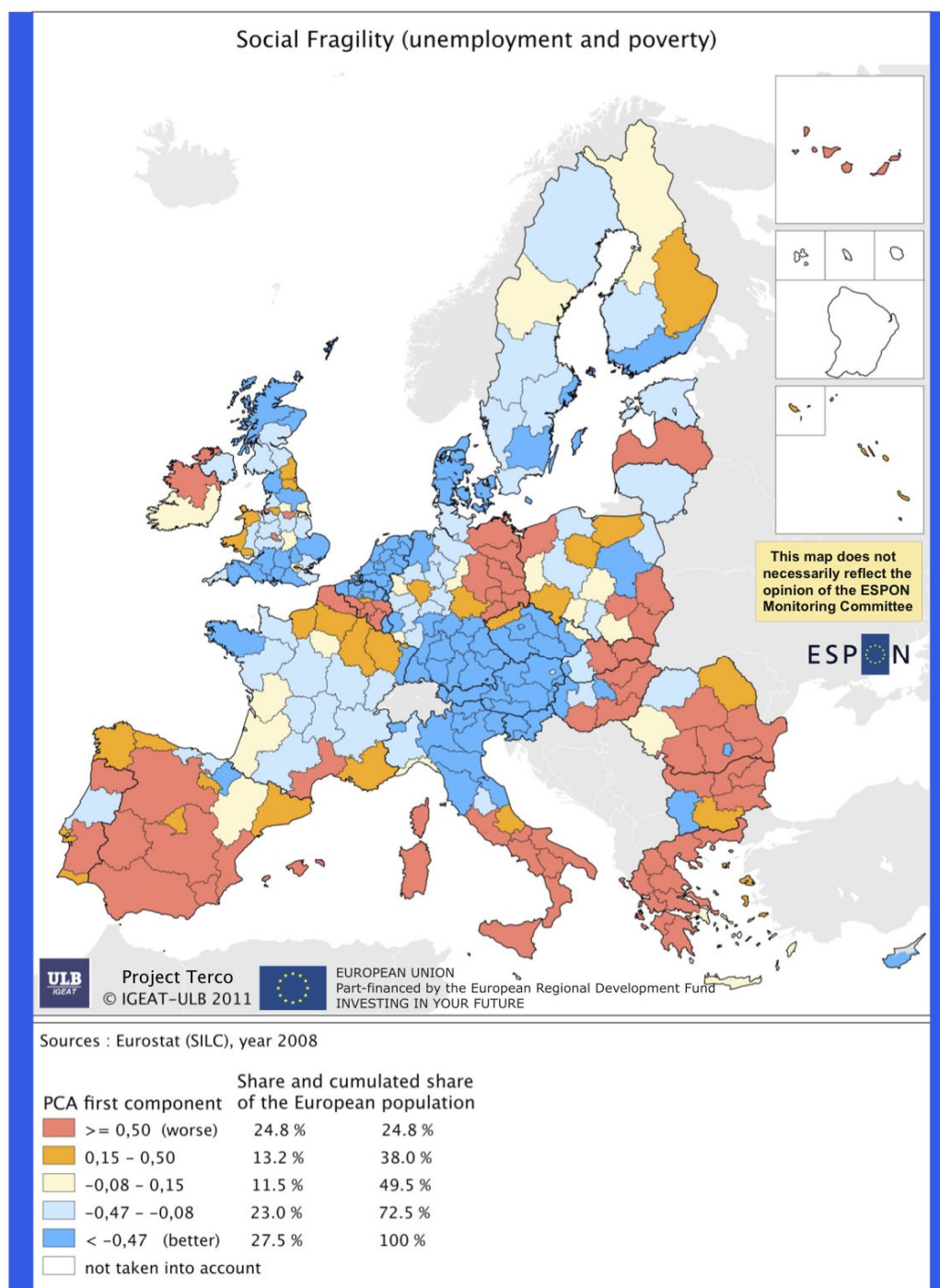
The situation is much more favourable in West Vlaanderen, where the cities are prosperous, as well Brugge, with its exceptional cultural heritage and the flow of tourist visiting it, as Kortrijk, notwithstanding its industrial specialisation, but based on dynamic local entrepreneurial networks.

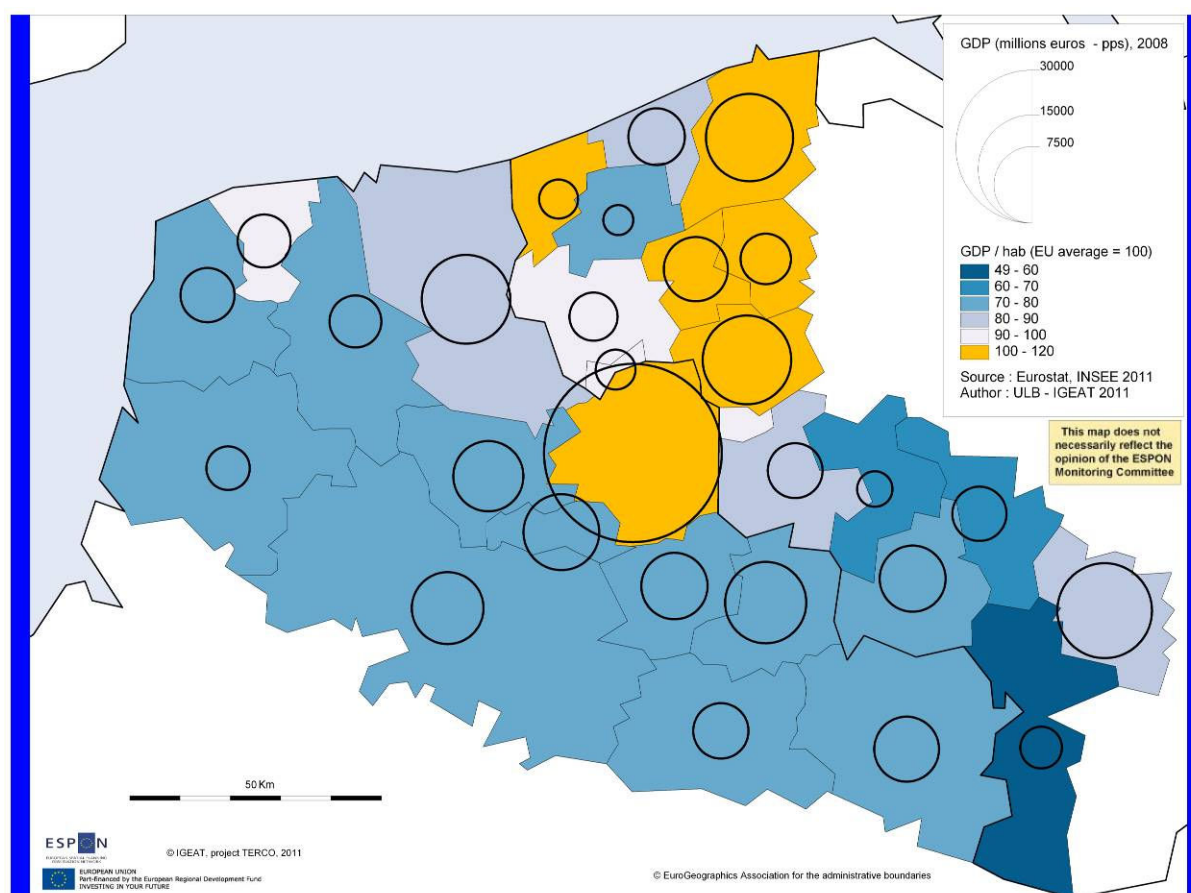
Beside the main FUAs, the territory is structured by many secondary cities, not to speak of Brussels. The influence of the Belgian capital is strong on the North-Eastern part of Hainaut, where many municipalities are included in the metropolis' FUA. As the centre of command of Belgium's economic life, and the only true international city in this country, Brussels influence is present everywhere in Belgium, like Paris in France. Brussels weight is surely stronger in Hainaut than in West Vlaanderen (if we don't speak about the leisure and retirement migrations impacts on the economy of the coastal area). In particular, the vicinity of the capital is used as an asset by Charleroi for its redevelopment, proposing its airport as a big low-cost airport for the capital (it is now by far the second airport in Belgium for the passenger traffic) and developing in its surroundings a biotechnological pole in co-operation with Brussels' Free University.



## The deprivation of the old industrial areas

Map 15 : Social fragility at the NUTS 2 level throughout Europe



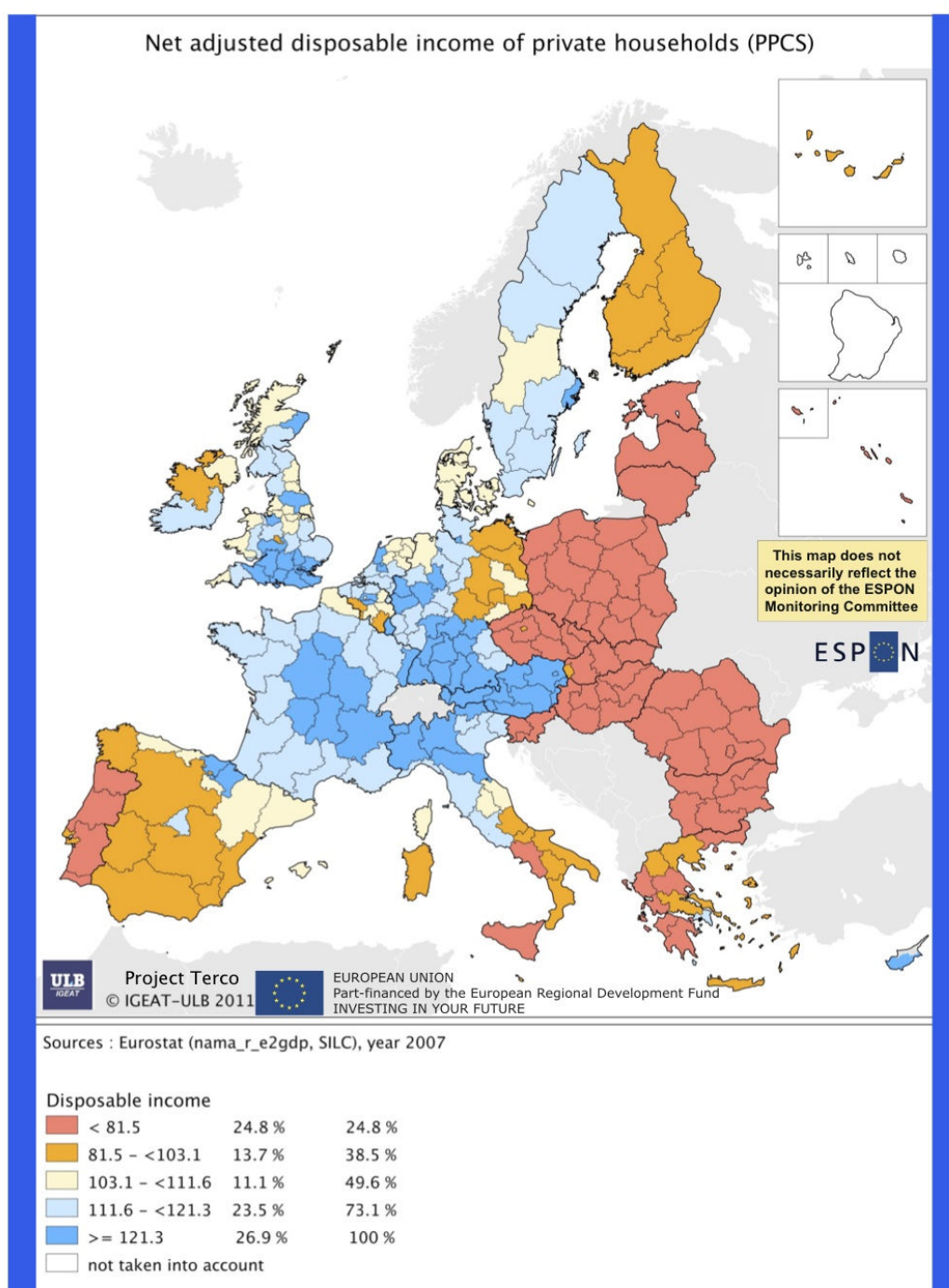


**Map 16 : Relative GDP/inhabitant inside the studied area**

Reflecting the consequences of its manufacturing and mining past, the studied area appears as quite deprived, at least compared to the North-Western European standard. The only exceptions are the metropolis of Lille and West Vlaanderen, in particular the affluent industrial small and medium enterprises district around Kortrijk (including Roeselare and Tielt) and the Flemish coastal area, including Brugge. At the reverse, the situation is the worse in the former mining and heavy manufacturing areas, but also in the most rural parts of the region. But in the North-Eastern part of Hainaut and to a lesser extent in the central part of the French former coal basin, the situation has improved regarding to the incomes instead of the local product, as many commuters work in Brussels or in Lille, not to speak more globally of the transfer incomes benefiting in general to the economic deprived areas.

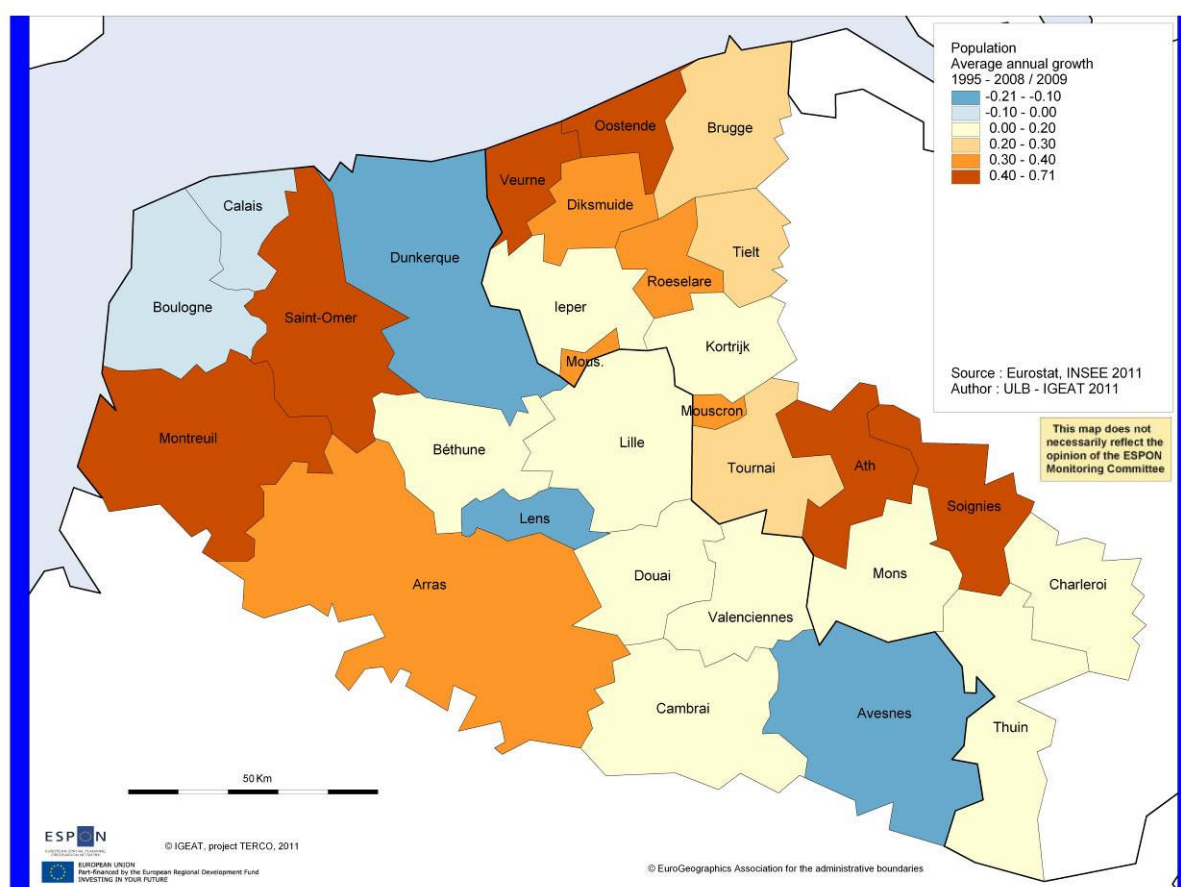
Nevertheless, the problem of unemployment remains worrying in the region, with the exception of West Vlaanderen. If unemployment is only at the level of 50% of the Belgian average in the latter province, with even some difficult problems of recruitment for the enterprises, explaining the growing commuting from France to Kortrijk, its level is 90% above the national average in Charleroi and more than double in Mons. In the French part of the studied area as well, unemployment is more or less 35% above the national mean. Globally, considering unemployment and

poverty as indicators of social fragility, the studied region, with the exception of West Vlaanderen, appears as well as the rest of Wallonia as a pocket of deprivation inside the affluent North-Western Europe (for Wallonia with the exception of the perimetropolitan Walloon Brabant and the South-Eastern part of the province of Luxembourg, included in the Luxembourg manpower basin).



Map 17 : Net disposable income of private households

### 1.1.7 A weak demographic growth



**Map 18 : Average population growth rate (1999-2008/2009)**

From a demographic point of view, this area is characterised by a very weak growth of its population. The only pockets of quite stronger growth are areas of periurbanisation (Ath and Soignies from Brussels) and coastal tourist and retirement migrations areas (the Belgian coast and the arrondissement of Montreuil, with the seaside resorts between Le Touquet and Berck-plage). The French side of the studied region remains an area of out-migration, not so strong, but present not only for the young but also for the other ages, and with few in-migration or return migrations. Young educated people in particular are not coming back to the region after their studies and moreover are leaving the region after their studies, in particular the numerous students of the Lille area. At the reverse, the migratory saldo is positive in all the arrondissements on the Belgian side, even in Charleroi, where the negative internal saldo is more than compensated by the positive external balance.

So, due to this out-migration trend on the French side, the global evolution of the population on the Belgian side appears slightly more favourable, despite a stronger fertility in France, explaining younger structures by age in this latter country. Now, the fertility rates are the weakest in West Vlaanderen, contrary to the secular situation.

### 1.1.8 Conclusion

The trans-border characteristics of the TERCO area are quite paradoxical. On one hand, the structures, or even urban landscapes, are quite similar on both sides of the border. But on the other hand, perhaps even due to this similarity, the functional links are not as strong as expected through the border, unless for specific needs, including petty traffics like buying tobacco, and this despite strong attempts of cooperation organised around Lille.

The conclusion is perhaps that similar problems (or a wealthier economic basis for West Vlaanderen) are a less valuable basis for trans-border integration than a strong urban core in one country, extending its influence on the other side of a border. What is not taken into account here are the daily life aspects of citizen living in a cross-border area, in particular in the dense conurbation between Mouscron and Lille, as well as the 'without border' thematic, mainly linked to environment, which appears to be a main reason at the basis for - very practical – cooperation (see infra).

### Methodological approach to the case study

The approach to the case study was three fold:

- Desk research, for general framework, political as well as socio economical and legal status (see Bibliography)
- Long face-to-face interviews with key actors, partners of GECT (LIKOTO and Côte West Vlaanderen...) (see list of actors) (remark: more information on EGCT will be provided in chapter 2 6 on governance, with other case studies)
- Telephone calls for in-depth interviews with several other key institutions or organisms, partners of GECT or with observer status (see list of institutions)

Some additional results coming from use of CAWI (automated questionnaire sent to list of municipalities) are presented, with extreme caution, as on the one hand, it was targeted towards local actors which, specifically on the French side, are very small entities, usually delegating cooperation matter towards supra or inter municipal organisation, and on the other hand, the amount of answers for actually cooperating actors was not statistically relevant.

It is important to note the difference of actors targeted through face-to-face interviews and in-depth interviews (actively involved in structured cooperation, mainly through EGCT), compare to answers from local actors for CAWI (not involved in crossborder cooperation, or involved in one project, at local level). The face to face and phone interviewees were the key public actors in the EGCT cooperation (intercommunales in Belgium, LMCU, AGUR and CUD in France, EGTC LIKOTO agency), Interreg contact point for Belgium, representative from civil society and private sector (FR chamber of commerce) (cf list in annex).

## Physical areas of territorial co-operation

### Which cooperation?

The area covered here is involved in **Interreg A**, B and C, but all interviewees are mainly involved in cross-border cooperation, and only in a peripheral way in some transnational (NWE, North sea) or networking (Urbact, other EU regions for creative industry) cooperation, as well as some cultural exchange with other continents, patrimonial exchange linked to WWI and WWII, and some twinning cities agreements from later history.

Some underlined the fact that Interreg B or C are/would be too heavy to handle, and with not enough tangible and concrete impact on the territory.

From the **CAWI results (automated questionnaire, sent to all municipalities of the area)**, we can produce some illustrations (not statistically relevant).

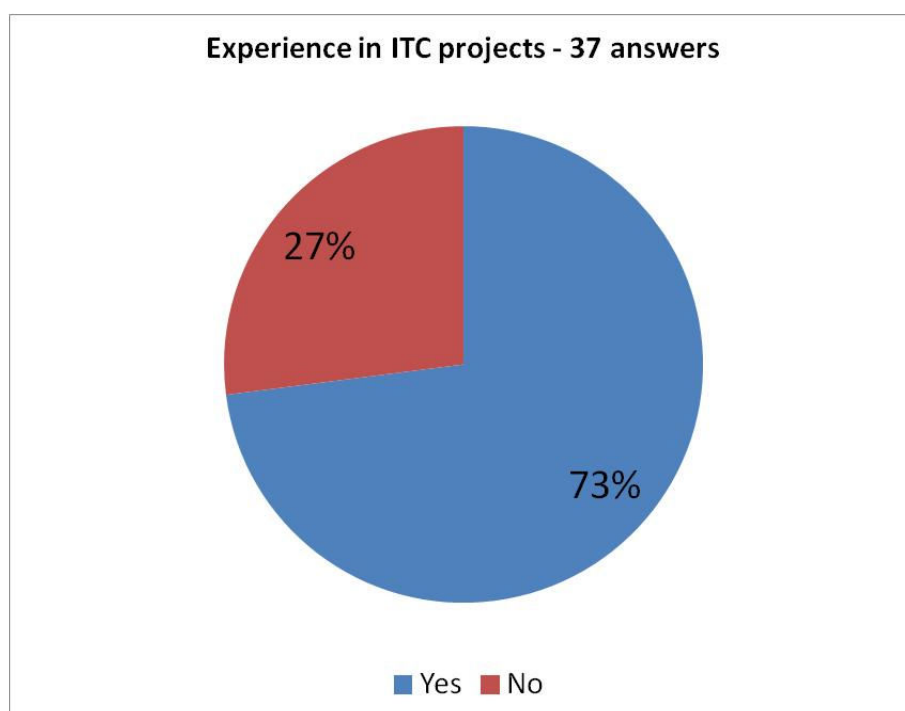
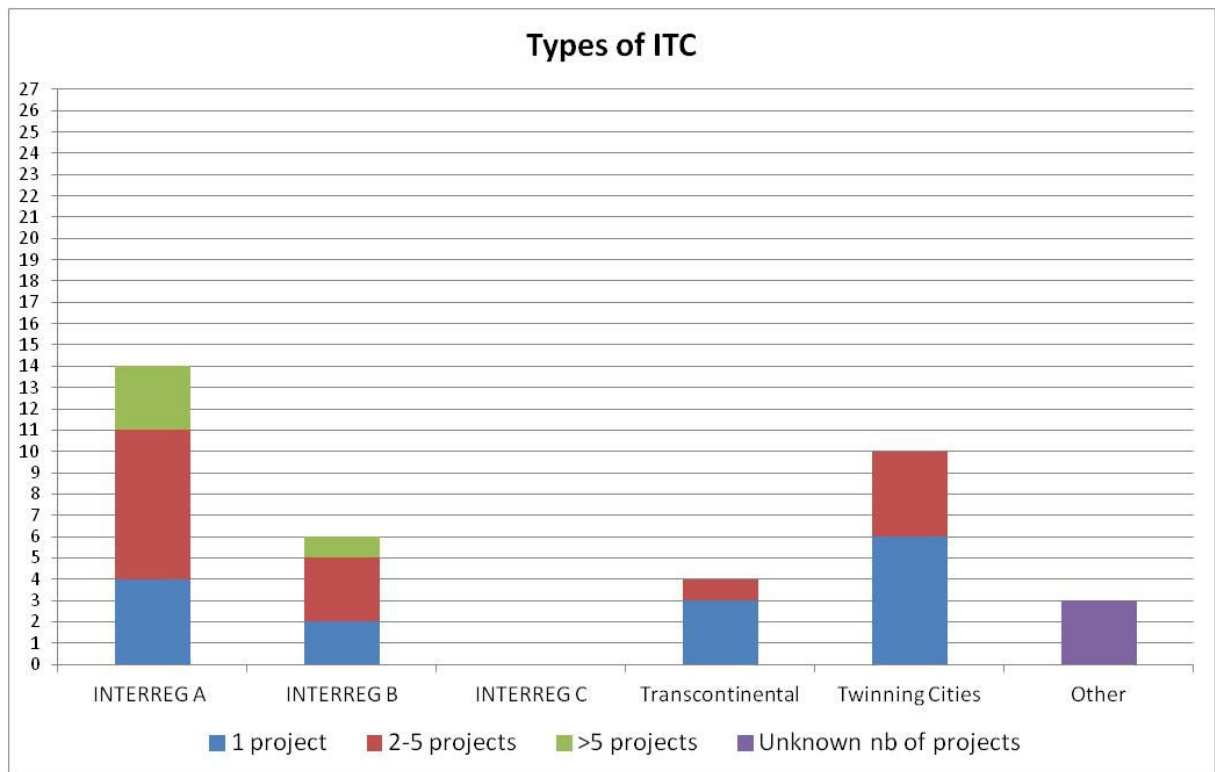


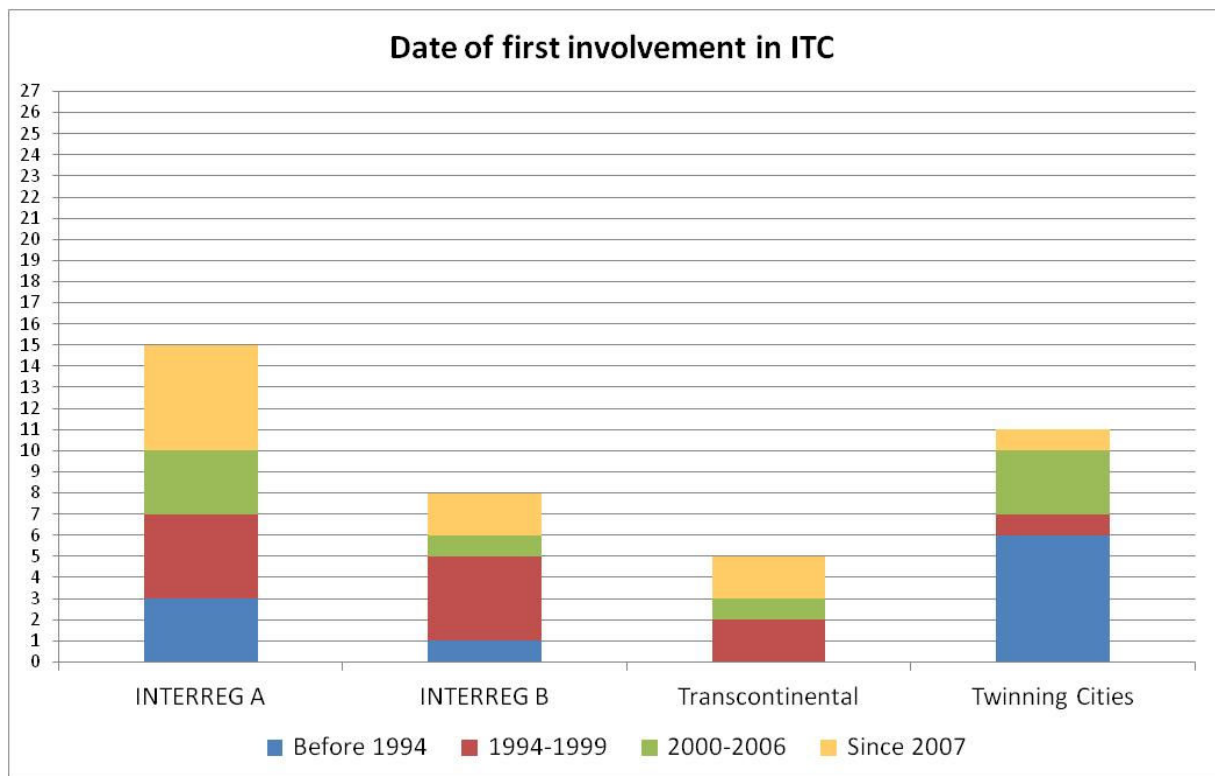
Figure 45 : From CAWI - Experience in ITC projects

Based on this question, only people involved in some kind of cooperation (27 positive answers) are taken into **account in next graphs on type of cooperation**.

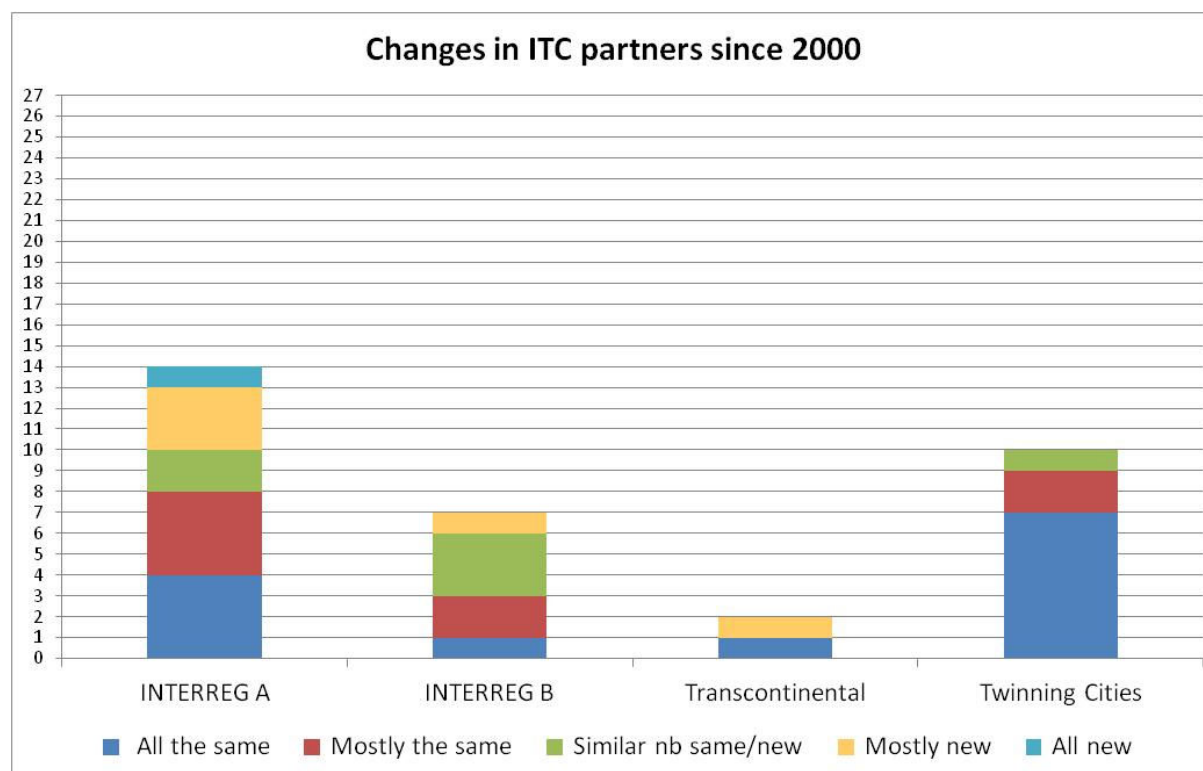


**Figure 46 : From CAWI - Types of ITC**

Since not any of the respondents is involved in INTERREG C, the next charts do not include this type of ITC.



**Figure 47 : From CAWI - Date of first involvement in ITC**



**Figure 48 : From CAWI - Changes in ITC partners since 2000**

### Relevance of cooperation for quality of life and competitiveness

All interviewees emphasize the importance of **physical proximity (Interreg A)** for territorial cooperation due to several factors, linked to **needs, opportunities, quality of life and competitiveness**:

- it creates daily need for cooperation, as citizen cross the border every day
- it is necessary to have a cooperation for all domains which have an impact and no border limit, e.g. environmental issues
- it allows very concrete actions on the ground
- it allows reaching a 'masse critique', a superior threshold, which makes it possible for more quality project, more infrastructure development and sharing...
- it gives an opportunity to share physical infrastructure of first importance for the citizens (hospitals, medical care, firemen, ...),
- it gives an opportunity to jump to another position in the EU network (from a national periphery city to a EU metropole, or a EU polycentric region)
- it gives the possibility to present the territory to international investors in a much complementary way (complementary assets, metropolitan size that cannot be found on one part of the border can be found on the other part), and with a larger ground.



## Involvement of actors and working relations

The cooperation in this area is already covering quite a large **range of actors** (see statutes of EGCTs, EGTC platform website).

### The members of EGCT LIKOTO are:

#### French side

1. National State
2. Nord-Pas de CALAIS Region
3. Nord Departement
4. Lille Metropole Communauté Urbaine

#### Belgian side

5. The IEG intercommunale
6. The IDETA intercommunale
7. The Province Hainaut
8. The French Community of Belgium
9. The Walloon government (Region)
10. The West-Vlaamse Intercommunale (WVI)
11. The Leiedal intercommunale
12. The Provincie West-Vlaanderen
13. The Flemish Government (Region and Community)
14. The Belgian federal state

This EGTC was also implementing a Forum, where civil society is represented (representative from Conseil de développement or similar bodies, see Eurométropole Agency website and website Conseil de Développement FR, Wallonie Picarde, and Transforum). The Assembly of the Forum should be renewed and extended (more women, more young) next year (cf also subtask 2.6 on EGCT governance).

### The members of EGCT West-Vlaanderen/Flandre-Dunkerque-Côte d'Opale are:

#### Belgian side

1. The Provincie West-Vlaanderen
2. The West-Vlaamse Intercommunale (WVI)
3. ERSV West-Vlaanderen vzw on behalf of RESOC Westhoek
4. The Flemish Government
5. The Belgian federal state

#### French side

6. Dunkerque Grand Littoral Communauté urbaine
7. Pays Moulins de Flandre
8. Pays Cœur de Flandre
9. Agence de développement et d'urbanisme de la région Flandre-Dunkerque (AGUR)
10. The Département du Nord
11. The Département du Pas-de-Calais
12. The Région Nord – Pas-de-Calais
13. The French State

The possibility to involve also UK in the cross-border cooperation around the sea was evocated.

Civil society/private sectors are members of the Assembly of this EGTC (see règlement intérieur), but in general, it remains difficult to involve non-public actors in territorial cooperation.

A missing actor underlined by several interviewees of EGTC is the EU, which should be more involved in the cooperation itself. Also, on a more long term view, cooperation with other EGTCs should develop.

The territorial cooperation which has now been institutionalised throughout the area covered (EGTC LIKOTO , and EGTC Côte d'Opale etc ...) has certainly improved **working relations** between actors and organisations, which are now taking place in very stable, organised and frequent manner. The creation of EGTC has also allowed the involvement of all relevant level of authorities in the cooperation, to allow real operationality of the cooperation. But all actors also underline the importance of keeping flexibility.

Nevertheless, the cooperation was already taking place, and good relations were existing since quite a long time in this area, where daily life of citizen is driving them to permanently crossing border, and where common environmental concern, specifically on water management, is existing since a long time.

## Geographical coverage

### About the geographical coverage:

- There are no physical barriers in this area
- The territory covered by the EGTCs is already quite extended, and Belgian partners do not want to extend more.
- On the French side, in LIKOTO EGTC, the question about the inclusion of the area of 'Bassin minier' which was always left aside in international territorial cooperation, but is part of the functional area of Lille, and should be included in LMCU strategy for future, is still pending.
- In the area around Dunkerque, the territory seems to be convenient and agreed, but a possibility to extend cooperation toward UK has been evocated by French partners (crossborder aspects of maritime issues).

The question of the area covered with an 'institutionalised' cooperation is a key issue. Each cooperation should have the possibility to be at 'géographie variable', and an agreed balance between functional and political aspects has to be found.

At this stage, in both EGTCs, it is always intended to face two challenges: (i) how to support a better daily life for inhabitant of the territory, with proximity objectives, and (ii) how to support a strategy on a larger perspective, on an extended territory. Therefore, as with multilevel governance, the cooperation needs to be 'multiscalar', and have the potential to adapt depending on thematics, and objectives:

- if the objective is international competition, then even the Eurométropole is not always the convenient territory: what is needed is cooperation with a high-level pole of excellence to be found on a larger scale of territory,
- if it is about positioning a functional area (work and density of population) then the Bassin minier should be included in the LMCU;

- on the other hand, the importance of being in a physical proximity is still important: cooperation within NWE is mainly oriented towards exchange of experience; joint project on common territory is not possible here.

The territory of the cooperation now in place, mainly institutionalised through EGTC, is the result of a long history and maturation, as well as political negotiation and balance; it can still evolve, but now the efforts are concentrated on deepening the actual existing territorial cooperation.

## 2 Driving forces and domains of co-operation

### Main motivations and drivers

**The main motivations and drivers** for territorial cooperation in the area were synthesised from the interviews as follow:

A strong political will, at local and regional level, for national, EU and international positioning,

A concrete need for practical day-to-day cooperation on a cross-border territory related to citizen needs in this territory, as well as environmental concern (water management mainly, floods) – so not so much linked to 'functional' (linked to employment flows) territory, which is only slightly existing, as was underlined in the introduction, see supra -,

A common feeling that border territory are at the - forgotten – periphery of their respective country, and the cooperation changes this position, creating a new centrality and focus, Eventually, it is also a potential to be in a better position when facing external actors, including the EU.

In synthesis, **shared (development) concerns, from practical daily need to larger strategy, and involvement of political actors.**

### Domains of cooperation

**Domains of cooperation** in this area have since around 30 years been quite extended:

- **Services for citizens, a o Healthcare, security (emergency services)**
- **Water and environment (river basin, canals management)**
- **Tourism**
- **Spatial planning**
- **Cultural contacts**
- Cross-border employment, employment market with some results, but difficult to evaluate)
- Mobility and transport
- Economic exchange (hardly any integration)

The actual 6 thematic workgroups in the EGCT LIKOTO are: economic development, cultural development, accessibility/mobility, tourism, public services (social, education, health) and territorial strategy (European positioning and territorial coherence). The target thematic of EGTC Flandres/Côte d'Opale are health, spatial planning, crossborder employment, mobility/transport, water and environment , tourism, Sustainable management of the rural character, economy and culture.

So in synthesis, **economy, culture, tourism, mobility, public services** are included in both, with a focus on **territorial strategy** in LIKOTO and a focus on **environmental** (water) management in Flandres Côte d'Opale cooperation.

Furthermore, the Forum of Eurométropole LIKOTO has identified two major thematics: medicosocial and culture (including language). More will be defined for next year, with the new President, and the future Forum Assemblée.

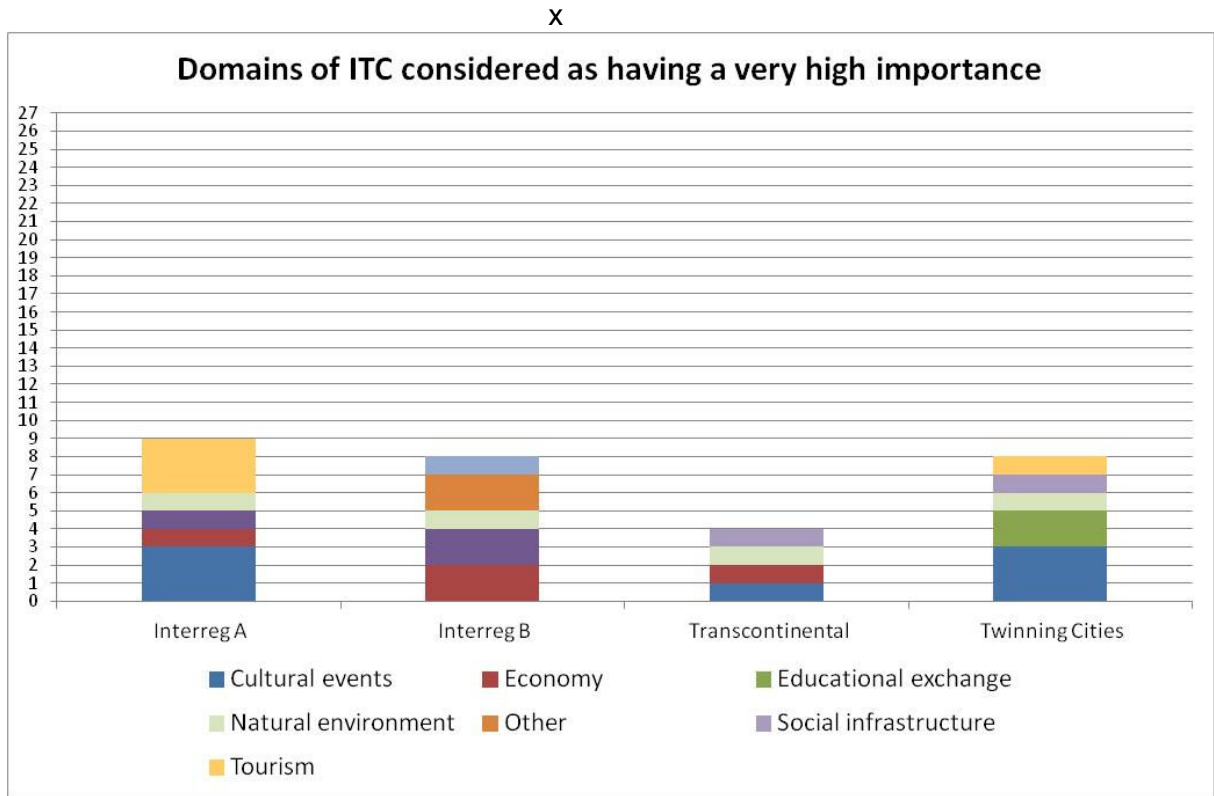


Figure 49 : From CAWI - Domains of ITC considered as having a very high importance

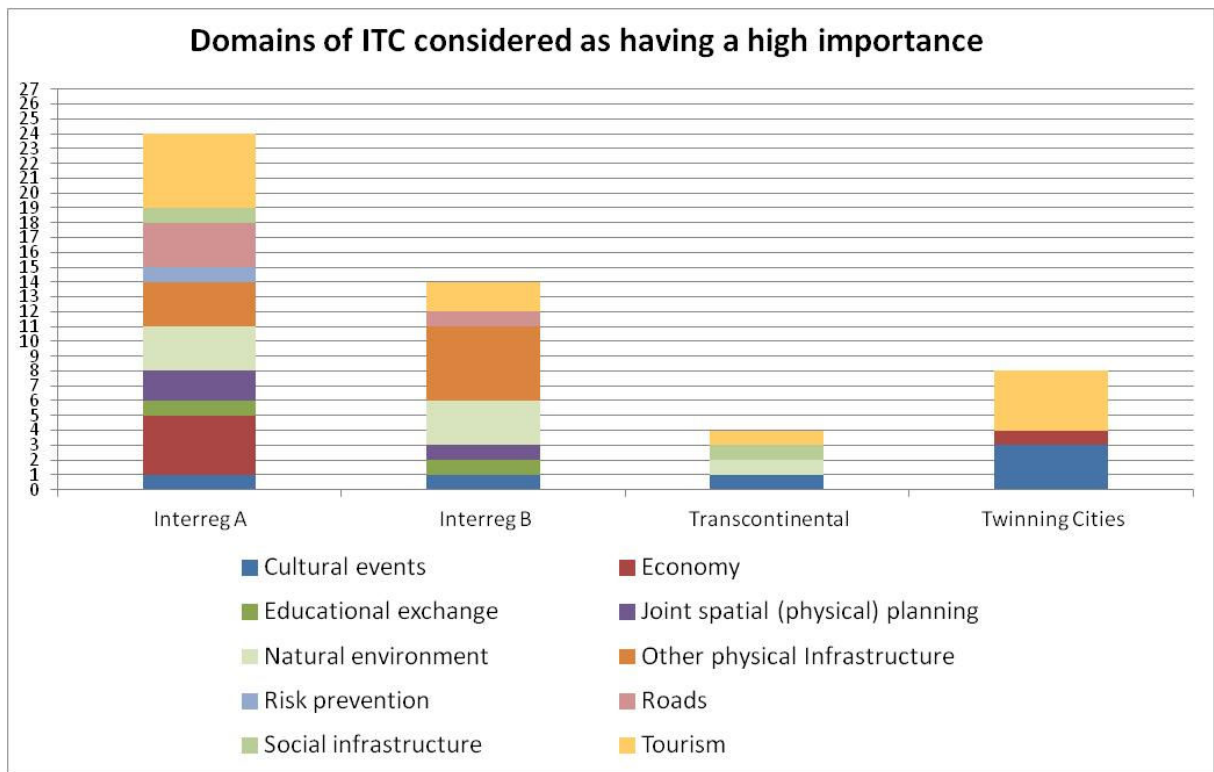


Figure 50 : From CAWI - Domains of ITC considered as having a high importance

## Relevant type of cooperation, best suited domains

It is important to underline the common general answers to the question ‘is there a more **relevant type of cooperation** for specific domains’: the answer is that there is no such type. In general for all interviewees, territorial cooperation can cover all fields, there is no specific domain best suited for some type of cooperation, it all depends on the **objectives** (see also point 1 on geographical coverage, cf supra).

As an example, let us take the domains of education and health;  
education: if the objective is that all pupils can attend a good primary school and are able to attend the most convenient school in the area, then it is about cross-border proximity territory. If the objective is to organise a curriculum at international level to position the territory as a ‘knowledge’ territory, then the cooperation has to be realised with Universities in Brussels, Ghent, etc ...;  
health: cross-border proximity cooperation is needed for citizen daily life and emergency services, but when it comes to nurse education, a larger transnational cooperation is needed.

Therefore, if we try to synthesise which type of cooperation could be best suited for different objective, let us remind that in part 1 on physical aspect, the favourite type of cooperation was underlined as the cross-border cooperation, for daily life issues. For (inter)national positioning, it can be cross-border organisation (complementarity), or network (universities) or transnational (through projects in Interreg IV B, cf e.g. project on excellence on sustainable cities).

In this view, **the types of activities** which would be most beneficially supported by Territorial Co-operation in this area were presented as:

- Meeting citizen needs (security–emergency services, health, ...)
- Environmental concerns (floods, biological corridors, ...)
- Fluvial/harbour strategy
- Metropolitan positioning
- Cultural/patrimonial exchange

The real constraint for operationalisation of cooperation is linked to the fact that several domains of interest are outside the field of competence of the actors involved in the cross-border cooperation, but even this could be overcome e.g. with the implementation of EGTC involving all the requested competent authority (as it was done in the 2 EGTCs on this territory). This could be an interesting and concrete implementation and evolution of the **subsidiarity principle**.

Concerning the specific domain of **infrastructure**, the territory here is already quite well covered, but is not a typical case: often cross-border territories are ‘peripheric’, badly connected.

Once again, the answer concerning the relevance of EU funds for infrastructure is multiscale:

if the project is of EU dimension (e.g. missing link in EU corridor) then it should be supported by EU. If it is of local importance, EU should not intervene, except if there is a common transborder project, with a real EU value added, e.g. helping a territory to become more polycentric around a border.

A further dimension is included in a global reflexion about international positioning: if the EU wants to have a strong position e.g. in harbour infrastructure, to counterbalance Asia, USA... But until now, there is no common strategy in this matter.

Eventually, infrastructure implementing innovative technology could also be supported, particularly in relation to the objective of EU2020 about 'smart development'.

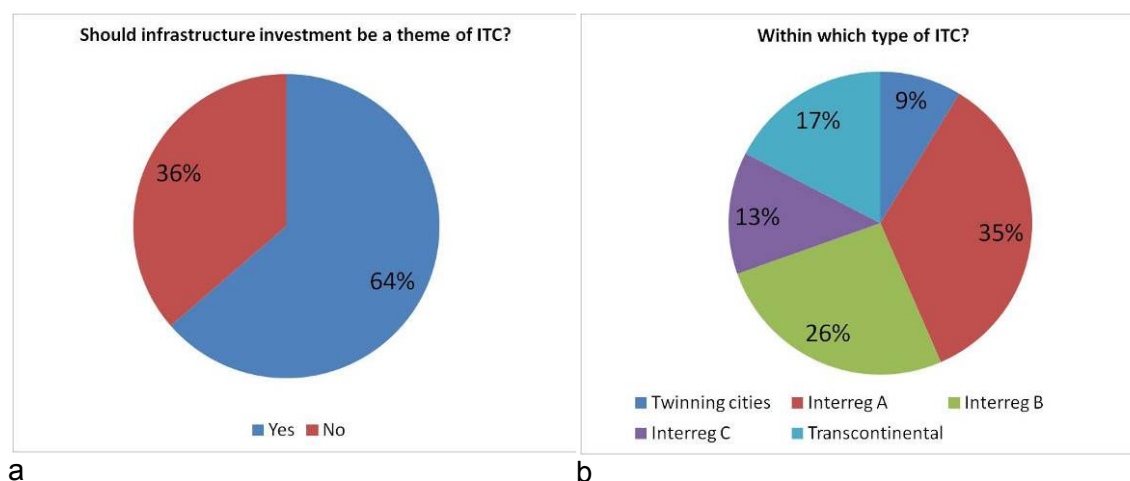


Figure 51 (a and b): From CAWI - Infrastructure investment in ITC

## Potential synergies

To enhance **synergies** in this area, coordination and platforms of consultation between several actors (COPIT, plateforme littoral) have existed for a long time. Since a few years now, a jump forward has been made with the creation of EGTC (cf subtak 2 6), in which frequent meetings, working group, consultation, coordination, and information and involvement of all level of authority competent in the area are taking place.

Interreg is also a possibility to create synergies, and a question on the agenda – also in the Committee of the Regions - CoR - is the future role of EGTC in INTERREG program, and if synergies could be enhanced through this tool. As a first step, strategies of collective interest from EGTC LIKOTO (Eurometropole) should be integrated in the next operational program (see TERCO, WP 2 6).

In general, synergies come from everyday citizen needs, from a larger reflexion on development, on necessary consultation and coordination if international positioning is at stake (metropolis, fluvial strategy). It has also to be present when different type of cooperation are necessary on a territory, e. g the North Sea: some issues are treated as crossborder (daily linkage, exchange on coastal management, ...) but other issues have to be adressed in supranational cooperation.

Eventually, synergies should be investigated with the private sector initiatives, but the objectives can be different, if not contradictory, so a common ground has to be found, where private interest can join public collective objective, in a win/ win situation. This potential contradictions of interest is not only related to private /public discrepancies: public partners from both sides of the borders can – and are - also face conflictual situation (cf title 4, obstacles and facilitators).

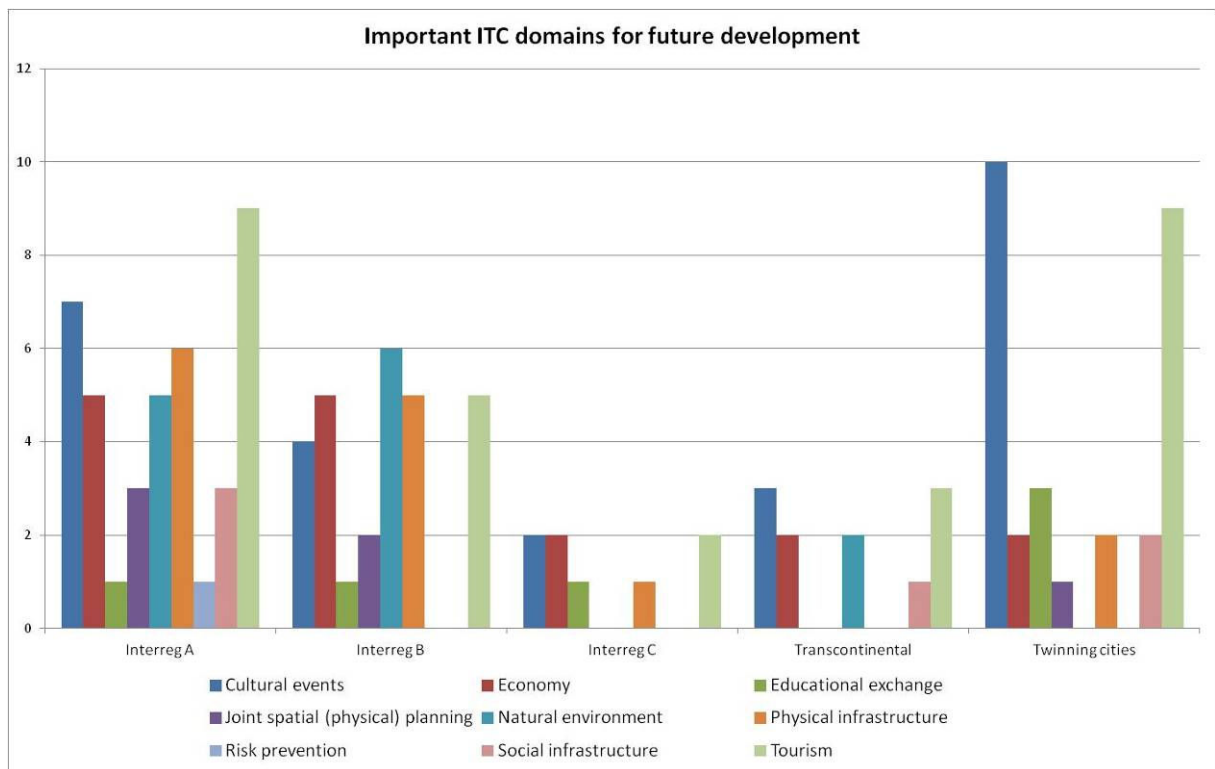


Figure 52 : From CAWI - Important ITC domains for future development



### 3 Territorial structures and specific border co-operation

#### Relevant territorial structures, external cooperation

**Relevant structures** to be supported by territorial cooperation were mainly identified as (cross-border) metropolitan area, river/fluviol basins, natural (cross-border) areas, but also more differentiated, and less delimited, areas, where a mix of coastal and rural areas or urban networks of secondary cities are existing. But what was strongly underlined is that the cooperation is based on and fed from the will and wish of its members, not on specific territorial structures.

In the same view, **cooperation with external** non EU countries is seen as a plus, as it helps not closing doors to the rest of the world, and permits exchange of know-how and experience.

#### Territorial cooperation, competitiveness and quality of life

Territorial cooperation is improving daily life, quality of life, and possibly competitiveness on its territory, as was already presented explained in title 2 (physical structures). It is considered to be a major tool to reach result that could not be obtained by each partner on its own, and to allow to reach a threshold of 'masse critique' necessary for some major investments.

Nevertheless, if impact on quality of life can be identified by concrete realisation (meeting citizens needs, improvement of environmental issues, concerted spatial planning ..), it is more difficult to identify what is the impact of territorial cooperation on competitiveness, and what is 'just' the development of the territory.

What can be identified as a territorial cooperation input in relation to improvement of competitiveness are e.g the fact that it was a positive and dynamic way not to be considered – and/or forgotten – as a 'peripheric area', but as a European pole, a laboratory for MLG and integration. It was also giving the possibility to add all inputs from the diverse partners, and to present the territory towards external investors with a much more complete range of possibilities. Nevertheless, concrete impacts of those aspects still remains to be assessed.

#### Facilitators and obstacles for International Territorial Co-operation

We already identified what specific elements were positive in favour of cross-border, with physical proximity, cooperation (see title 2 supra). We also presented the major motivations for the territorial cooperation in the area (see title 3 supra). Nevertheless, even with those motivations, and those clear needs and opportunities for cooperation, problem arise from the fact;

- that even if close, territories can be very different (dense and urban, rural, richer or poorer)

- the concerns are not necessarily the same
- even if the concerns are common, there is still a reaction of localism, cooperation is accepted when it suits or is at the very least a zero sum game for all partners
- interests can be conflictual
- the actors which are in close proximity do not have all the competence involved, and in most case share their decision making power with, and depend on, higher level of authority, which can have different objectives.

We also investigated more thoroughly on this question, with an extended questionnaire on drivers and hindrances. In the questionnaire, a distinction was made between Drivers (real motor of cooperation) and Facilitators (they help the cooperation, but are not a motor; nevertheless, their absence can be a real obstacle to the cooperation). Main barriers could be real Hindrances, or mere Obstacles, for which solutions could be found.

### 3.1.1 Drivers and facilitators

- A main driver is political will, mainly at local and regional level
- A clear policy initiative to promote cooperation: the political will is needed as a driver, and the policy to implement it is also a driver, but it can come a bit later in the process, a be constructed together, in a negotiated way
- Institutional commitment and resources at regional/local level: is definitely a main driver
- Shared development concerns: as already underlined, this is a major driver and motor, you need common OR complementary concerns in order to give cooperation a concrete motivation.
- Good interpersonal relations: is mainly considered as a driver. In the LIKOTO cooperation, it was certainly one of the roots. In other case it is more a facilitator, but a major one, as what is underlined by all interviewees is that whatever the structure in place, and the administrative solutions imagined, at the end of the day it relies mainly on human relation and involvement if the cooperation is working and developing or not (see governance, infra).
- Physical proximity: it strongly depends on thematic. As presented in point 1 (physical structure), when there is physical proximity, even more on a densely inhabited area, citizen's daily needs are a major driver for cross-border cooperation, as well as environmental issues in specific thematic (e.g. water management).
- Others: several interviewees were insisting on the **main drivers** on their area:
  - Population needs
  - Physical proximity
  - Shared concerns in territorial development issues
- Availability of financial resources: is mainly considered as a **facilitator**
- A clear EU policy initiative to promote cooperation: is an extremely important facilitator, but should not be a driver
- Institutional commitment and resources at national level: is a facilitator without which the ter coop at infra level is extremely difficult, not to say impossible, or any case extremely constrained

- Shared cultural/historical links is mainly a facilitator
- Existing institutional links/relationships: not really important, it can be developed afterwards
- Men and women involved in cooperation, and convinced by its value

### In summary

Drivers	Facilitators
Political will, mainly at local and regional level	Availability of financial resources
A clear policy initiative to promote cooperation	A clear EU policy initiative to promote cooperation
Institutional commitment and resources at regional/local level	Institutional commitment and resources at national level
Shared development concerns	Shared cultural/historical links
Good interpersonal relations	Good interpersonal relations
Physical proximity	Men and women on the ground
Population needs	Languages facilities

**Table 30 : ITC drivers and facilitators**

**Investments in human or physical capital** which could facilitate International Territorial Co-operation are e.g.:

- Language training courses (learning the other partners languages), but also clarifications of concepts, and better communication of EU in relation to EU objectives, mainly EU 2020;
- Common building infrastructures for cross-border training, courses... or as a meeting place for all actors involved in cooperation..

### 3.1.2 Hindrances and obstacles

- Lack of political interest/support: is a **major hindrance**, as well as lack of institutional resources, organisational/institutional barriers: can be real hindrances
- Another hindrance is the lack of solidarity between partners. Some decision which have an important negative impact on the other partners are taken by one of the partner, without any consultation, or one partner is able to manage more lobbying to get decision going in its direction. There are often not enough 'shared development concerns'
- Lack of financial resources can be an obstacle, but was not in this particular area

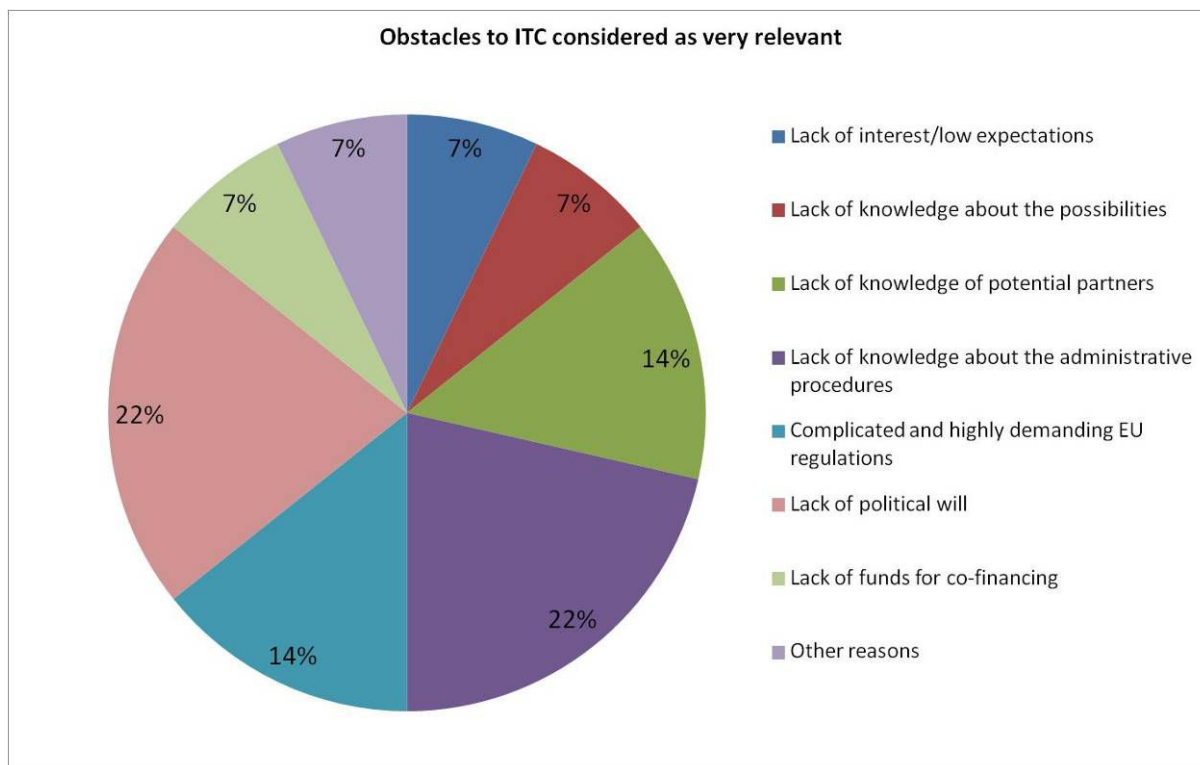
- Cultural/linguistic differences: can be an obstacle, but can be overcome through better knowledge. This is also a territorial cooperation objective.
- Lack of existing institutional links/relationships: obstacle, can be overcome
- Physical barriers: NO, if cooperation extended towards UK, physical obstacles is more an opportunity for cooperation than an obstacle, and it is also a good example on how technology can help to reduce physical frontier (the tunnel under the sea, or Chunnel)
- Other: the difficulty to identify the relevant actors for the different thematic at stake, to have the relevant actors, for technical competence and political decision making around the table.
- Eventually comes the issue of organisational barriers: this is no news, but different national legislations are extremely complicated to deal with. Also, the different political agendas of partners or stakeholders (other level of authority involved).

### In summary

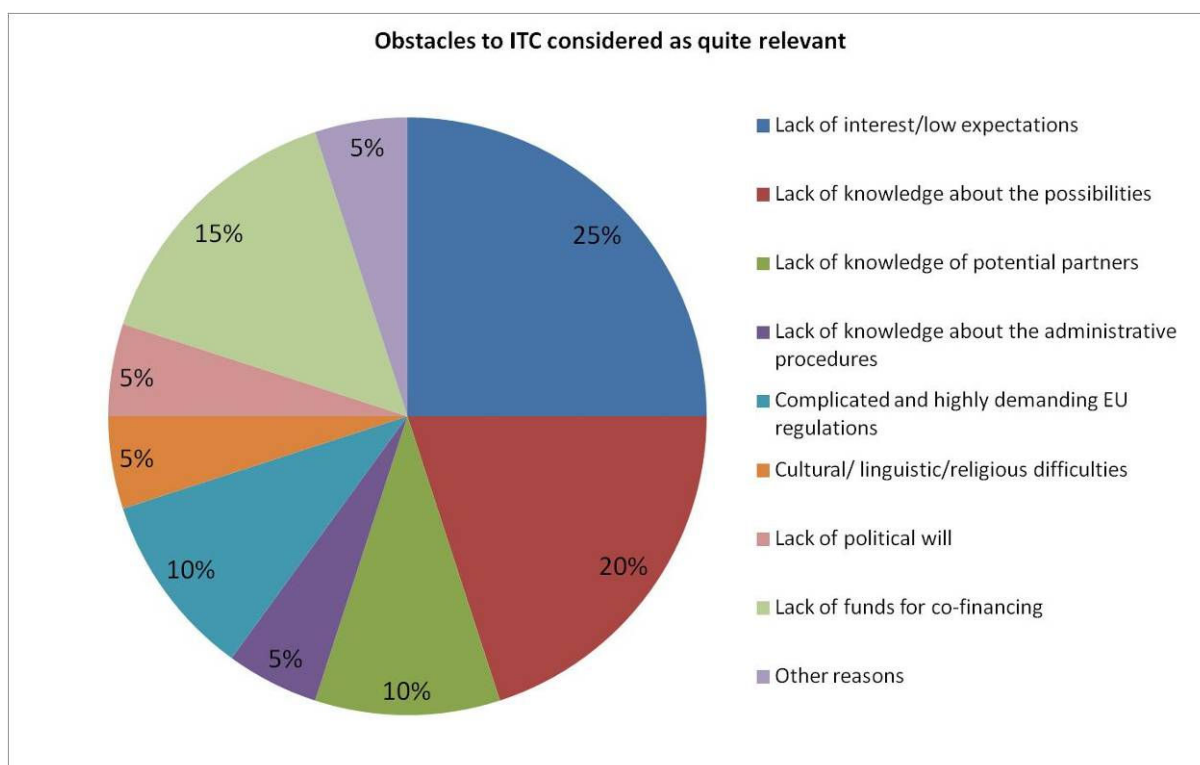
Hindrances	Obstacles (can be overcome)
lack of political interest/support	Lack of financial resources
lack of institutional resources	cultural/linguistic differences
organisational/institutional barriers	organisational/institutional barriers
lack of solidarity between partners	difficulty to identify the relevant actors
No shared development concerns	Different political agenda (elections)
Administrative burden	Administrative burden

**Table 31 : ITC hindrances and obstacles**

**From CAWI:** Actors answering that they were not involved in cooperation (10 answers) were asked why:



**Figure 53 : From CAWI - Obstacles to ITC considered as very relevant (actors not involved in ITC)**



**Figure 54 : From CAWI - Obstacles to ITC considered as quite relevant (actors not involved in ITC)**

Actors participating in cooperation (27 answers):

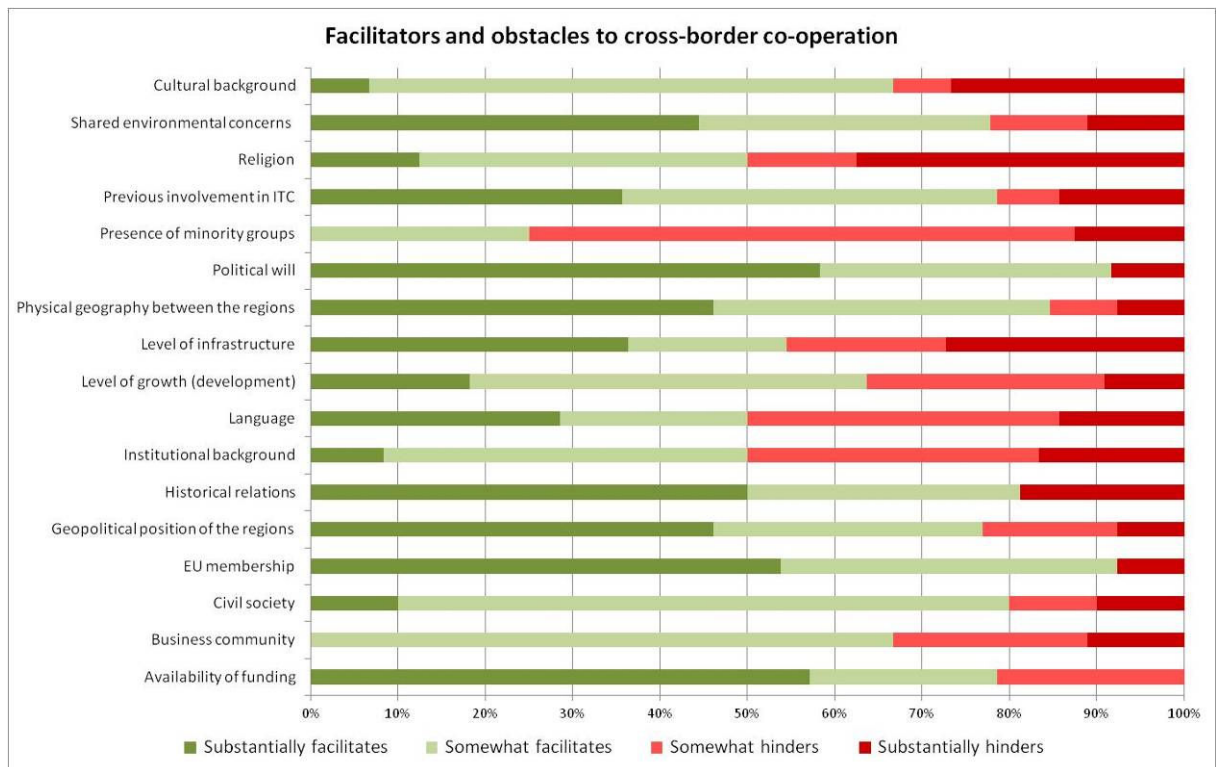


Figure 55 : From CAWI - Facilitators and obstacles to cross-border co-operation

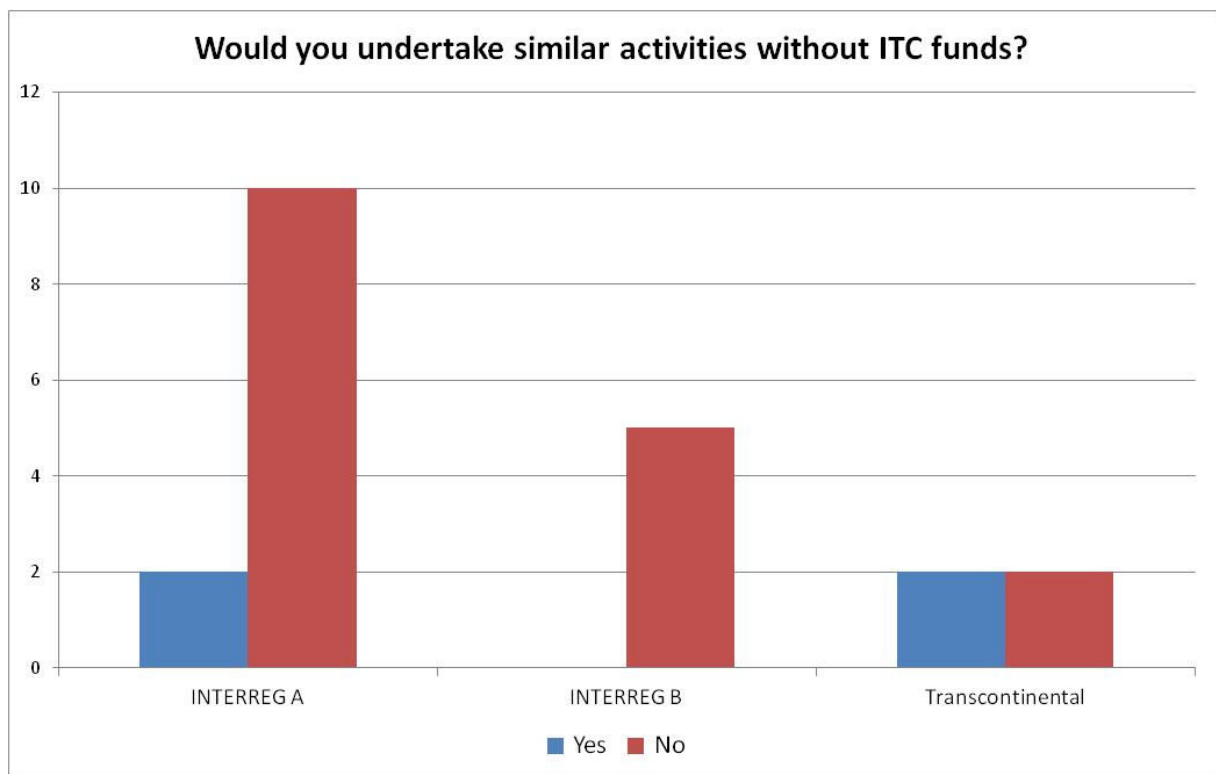


Figure 56 : From CAWI - Necessity of ITC funds





## 4 Governance structures and implementation of co-operation

### Key actors

The key partners mobilising the territorial cooperation on the area are supramunicipalities authorities (IDETA, IEG, WVI, Leiedal Intercommunales in Belgium, LMCU, CUD, AGUR, Pays in France).

There was also a strong political support and motor from high level political actors, which were involved at both national and regional or supramunicipal levels: Pierre Mauroy, ex Mayor of Lille, ex president LMCU and ex Prime Minister of Miterrand, M Aubry, Mayor of Lille, president LMCU, ex French Minister as well, M Delebarre, President of CU Dunkerke, ex President EU Committee of the Regions, R Demotte, Région Wallonne Prime minister, S De Clerck, Vlaamse Gemeenschap Prime minister, ...

Local partners meet quite regularly, more or less every week, at several levels (working group, technical seminar, political assembly, decision making bureau....), plenary Assembly with all national and regional actors is taking place between 2 to 4 times a year (cf statutes).

Meetings in synthesis : At technical level (+/- every week), Working group level,(1/2 per month), Political level ( monthly), Decision making level (3/4 per years).

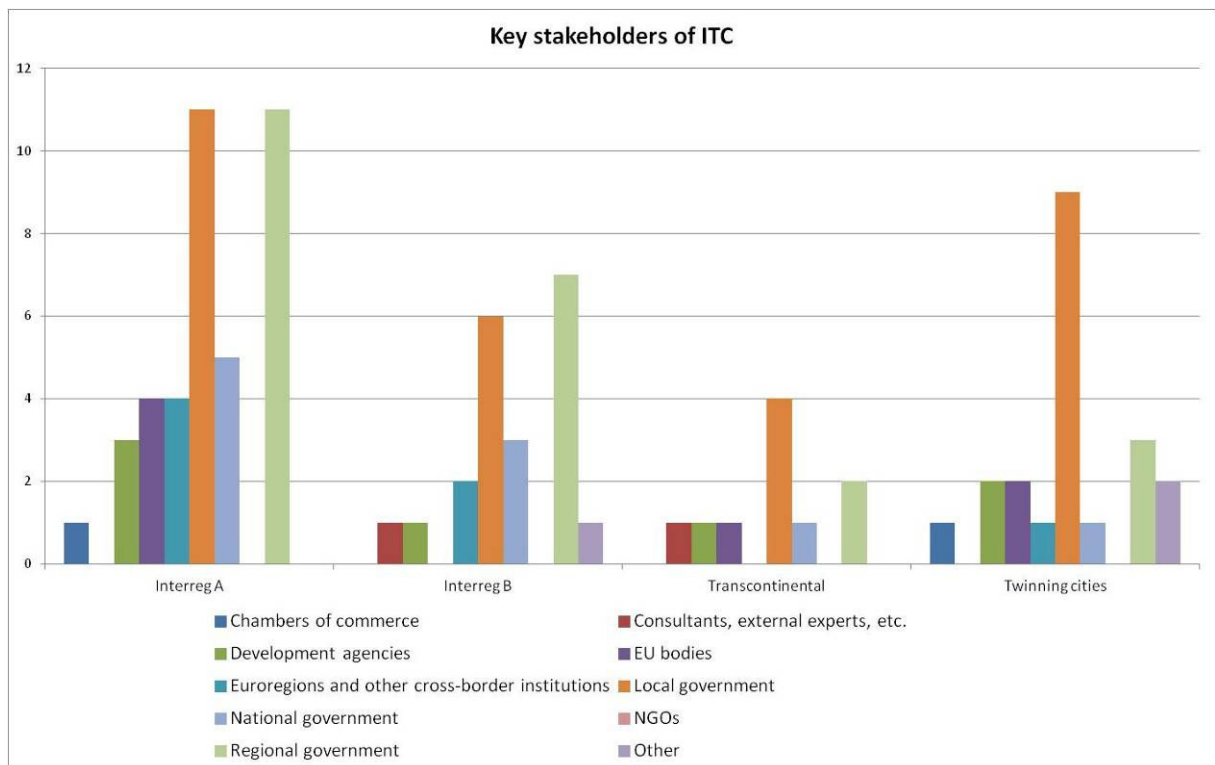


Figure 57 : From CAWI - Key stakeholders of ITC

## Territorial Co-operation governance

According to our interviewees, which are all supramunicipal actors, involved mainly in cross-border cooperation, governance of territorial cooperation should be bottom up, locally driven (at supramunicipal level), with narrow involvement of targeted key actors, but involving also the necessary actors to be able to implement project and actions (broad partnership), and should also keep a larger view on longer term and larger scale, with associated ad hoc partners.

Organisation depends from moment in time: maturation time is needed from informal towards institutionalised cooperation. It is important to jump at some point from informal structuring to more structured, more visible and more stable framework, but it does not mean that it should become too constraining or rigid, or centrally driven. In any case, it should always remain open and flexible: cooperation depends on will and agreement of partners, and doors should not be closed for evolution.

This is also why an institutional framework and daily formal-informal practices are both part of the game: the daily practices are testing, experimenting, on very practical grounds. They have to be 'creative' when administrative and/or legislative aspects are driving the implementation of cooperation to a dead end, and from this propose new alternatives for the larger institutional framework.

This larger, more constraining, framework is necessary, as it gives stable rules of the game, but it is evolutive also, and suggestions coming from the 'laboratory' of EU integration, as crossborder cooperation could present themselves, are valuable input for this evolution. This 'dynamic' interrelation between institutional framework and daily practices is also important as territorial cooperation is developing, facing new problems, but therefore searching for new solutions, and also giving more perspectives and extension to this cooperation.

A good example of this dynamics is the new EU regulation on EGTC, which will be investigated in the subtask 2 6 of this project.

Governance aspects will also be developed more in detail in TERCo WP 2 6, but in summary, on the basis of our interviews we can say that an ideal cooperation implementation should be able to tackle the challenges of:

- Multiscalar (geographical scale)
- Multilevel (public authorities)
- Multichannel (different types of actors)

And to have the possibility to evolve between and/or to adapt to those 'multi' possibilities, and to adapt its type of governance

- On a time scale
- Related to objectives.

This means that there is not one ‘ideal’ organisation with its specific instrument, an issue which is shared with political studies on governance. Current crossborder territorial cooperation has at least to find a balance between a need for flexibility and adaption, and the need for stability and accepted common rules. In the area we cover, the current path is to have a ‘reference territory’, already well structured though EGTC, with possible adaptation following projects needs, as well as a larger strategy reflexion.

### **Good practices, changes needed and recommendations for further territorial cooperation governance**

Good practices: some examples were given

- Common involvement in certification for quality label: to avoid competition by cheap no quality product
- Elaboration of transborder Atlas, better knowledge of territory
- Civil society Forum
- Platform for information, discussion, exchange, building common knowledge of (future) partners
- Identifying a person as the ‘entrance door’ in the daedalus of services and administrations of partners
- Elaborating a strategy: importance of the PROCESS itself
- Not to block the cooperation process on specific, conflictual issues: to go on where paths are open

Changes needed

Even if all interviewees are reluctant to top down constraints, they nevertheless all call for a unique stable common framework for all programs, with a similar implementation and rules of the games in all countries (e.g. the eligible expenses are different from countries to countries, which seems quite absurd). The actual Commission proposal for legislative package on different EU funds seems to go in this direction (see MEMO /11/663, 6 October 2011, website [europea.eu/rapid/pressreleaseactions](http://europea.eu/rapid/pressreleaseactions)).

The same major requirement was underlined during the Open day session on the EGTC (October 2011) and the actual proposal for revision of this regulation: even if improvement are welcome, it still gives the possibility to Members States to implement this regulation on a particularly national basis, hence creating again

national differences, when the idea was to facilitate the cooperation process by providing a common framework. We will develop this aspect in chapter 2.6.

Linked to those aspects, to alleviate the administrative burden is a major objective, and would allow to spend more time on the actual implementation of cooperation.

### Recommendations

To invest in resources to facilitate TTC (in specific border situation): language learning, possibility of study travels to other partner territory, human resource training and availability, EU more 'pedagogic' documents, concept clarifications, and more involvement on the ground from the EU

To leave the cooperation the possibility to mature: the history around this FR BE border is a good example of the time needed for maturation, and the different steps through which it can go: key partners were evolving from informal cooperation (interpersonal relations), towards more formal cooperation (platform, COPIT), and choosing to create an MLG EGTC in the last three years. This evolution was possible also because some high level policymakers were strongly involved and supporting, even driving forces at some point (see chapter 2.6 on governance).

In general it was underlined that cooperation has to be built on a NEED, and that all partners have to be respected, no one using cooperation to impose power. This is reflected in the very sensitive issue of symbols, as can be the name and logo of the cooperation, even more when a structured organisation is implemented.

If a minority would promote a kind of 'cross-border parliament' where decision could be taken for the cross-border area, a majority underline that in fact cross-border cooperations are facing a dilemma which cannot be resolved at their level: the integration of the EU territory.

Cross-border territory should not create a new frontier around a new structure (e.g. EGTC), but they are certainly the perfect place to identify the contradictions of the EU construction, between national prerogatives and values, and the need for a EU without (internal) borders, a need of particular relevance in specific cross-border situation, with daily crossing of the border, and permanent interactions e.g. in environmental issues. So, definitely, their experience and demands should be taken into account for EU integration, and their work should be supported.

It was also underlined that one should not forget the reason for cooperating on borders: the wish to build a unified and peaceful Europe, without borders. In this respect, the cooperation on culture is seen as a domain of major importance, as in this can be build the bridges between different nations and languages. The current proposal from the Commission for the next territorial cooperation framework seems in this respect to be too much linked to EU 2020

economical objectives, and will be quite constraining<sup>51</sup> (see Com (2011) 611 final, 2011/0273 (COD))

If a demand for concentration on priorities can be understood, the identification of those priorities should be left to local and regional actors, in particular when a structure for cooperation exists, and is providing such an analysis, with common agreement from all partners.

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<sup>51</sup> Crossborder cooperation will have to concentrate on up to 4 thematic objectives identified in relation with EU 2020, and ERDF will particularly support 4 thematics:

employment/labour mobility,

social inclusion./combating poverty,

skills/education /long time learning,

institutional capacity

cf Com (2011) 611 final)

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**List of interviewees**

<b>Institution</b>	<b>Name</b>	<b>Position</b>	<b>Type</b>
Lille Métropole Communauté Urbaine – Development and Urban Planning Agency	T. Baert	Directeur d'Etudes	Long face-to-face interview
Eurometropole LIKOTO Agency (EGCT)	S. Vande Meulebroucke	Directeur général	Long face-to-face interview
Eurometropole LIKOTO Agency (EGCT)	W. De Jaeger	Chargé de mission (spatial planning, mobility, economy, Eurométropole strategy)	Long face-to-face interview
Eurometropole LIKOTO Agency (EGCT)	G. Noe	Chargé de mission (enseignement, relations avec l'Europe)	Long face-to-face interview
West-Vlaamse Intercommunale (WVI) (Main actors in EGTC Littoral and EGTC LIKOTO)	K. De Fruyt	In charge of territorial cooperation Co-director EGTC Littoral	Long face-to-face interview
West-Vlaamse Intercommunale (WVI)	E. Huyghe	In charge of Interreg IV B projects	Long face-to-face interview
IDETA	F. Seynhaeve	In charge of territorial development unit, (including governance) project management in territorial cooperation	Long face-to-face interview
IEG, intercommunale	M. Franceus	Président IEG Echevin de la Ville de Mouscron (RI et Culture)	Long face-to-face interview
Leiedal, intercommunale	K Debaere	Directeur Co directeur EGCT Eurométropole, 2008-	Long face-to-face interview

		2009	
COPIT (pre EGTC organisation including IEG, WVI, IDETA, LEIEDAL and CUL) and EGTC	P. Got	Co directeur EGTC in 2008-2009 Previously expert in territorial development and cooperation in IDETA, and member of COPIT	Long face-to-face interview
Wallonie –Bruxelles International	A. Colard	Interreg B contact point and representant	Long face-to-face interview
Wallonie –Bruxelles International	C. Leton	Interreg C contact point and representant	Long face-to-face interview
IEG	D.-A. Falys	Secrétaire générale	Phone interview
Agence d'urbanisme et de développement Dunkerke (AGUR)	J. Florent	En charge de la coopération transfrontalière	Phone interview
CC Flandres	B. Devienne	Agent de développent économique	Phone interview
Communauté urbaine de Dunkerque	S. Verbèke	Chargée de mission - Coopérations transfrontalières et nord-européennes Mission Relations Internationales	Phone interview
Eurometropole LIKOTO agency	F. Goarin	En charge Forum Eurométropole	Phone interview
CCI Grand Lille	J.-P. Pruvot	En charge coopération transfrontalière	Phone interview
CA de Valenciennes Métropole	F. Fiems	Chargé de Recherche Financière pour les Projets d'Investissement	Phone interview
CC du Pays de Pévèle	A. Decottignies	Chargée de l'environnement (not. Projet Interreg)	Phone interview
CC du Pays des Weppes	E. Caloin	Directrice Générale des Services	Phone interview
Pays Coeur de Flandre	S. Wiplié	Assistante Coordination du Projet Pays	Phone interview

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## Annex 1

NUTS 2	NUTS 3 and « NUTS 4 » for France	Area (sq.km)	Population, in thousands (2009, est. for France)	Average rate of growth of the population (1999-2009)	GDP PPS/inhab. (2008) EU27 = 100	GDP PPS/inhab. (2008) National averages = 100	GDP/inhab. (2008) Studied area = 100
Studied area		19315	6491	0,1%	88	...	100
Nord-Pas-de-Calais (FR30)		12414	4026	0,1%	86	81	98
	<b>Nord (FR301)</b>	<b>5743</b>	<b>2564</b>	<b>0,0%</b>	<b>94</b>	<b>88</b>	<b>107</b>
	Avesnes	1408	234	- 0,2%	73	68	83
	Cambrai	902	160	0,1%	80	75	91
	Douai	477	248	0,0%	74	69	84
	Dunkerque	1443	376	- 0,1%	86	80	98
	Lille	879	1199	0,2%	111	104	127
	Valenciennes	635	349	0,0%	79	73	89
	<b>Pas-de-Calais (FR302)</b>	<b>6671</b>	<b>1462</b>	<b>0,1%</b>	<b>75</b>	<b>70</b>	<b>85</b>
	Arras	2519	260	0,4%	70	66	80
	Béthune	674	284	0,2%	72	68	82
	Boulogne-sur-Mer	640	163	- 0,0%	74	69	84
	Calais	310	118	- 0,0%	97	91	111
	Lens	278	362	- 0,2%	72	68	82
	Montreuil	1160	113	0,6%	78	73	89
	Saint-Omer	1090	160	0,4%	72	67	82
Belgian side		6901	2465	0,2%	90	79	103
Hainaut (BE32)		3775	1307	0,2%	76	66	86
	Ath (BE321)	486	83	0,5%	63	55	72
	Charleroi (BE322)	555	425	0,1%	88	77	100
	Mons (BE323)	581	251	0,1%	72	63	82
	Mouscron (BE324)	101	72	0,3%	91	79	104
	Soignies (BE325)	517	183	0,6%	67	58	76
	Thuin (BE326)	929	149	0,2%	49	43	56
	Tournai (BE327)	607	144	0,2%	87	76	99
West-Vlaanderen (BE25)		3126	1157	0,3%	108	94	123
	Brugge (BE251)	648	276	0,2%	115	100	131
	Diksmuide (BE252)	361	50	0,3%	76	66	86
	Ieper (BE253)	549	106	0,2%	92	80	105
	Kortrijk (BE254)	402	281	0,1%	117	102	133
	Oostende (BE255)	291	151	0,6%	89	77	101
	Roeselaere (BE256)	272	145	0,3%	119	103	135
	Tielt (BE257)	330	90	0,3%	117	102	133
	Veurne (BE258)	274	60	0,7%	105	91	119

Table 33 : Area, population and GDP of the administrative divisions of the studied area





## Annex 2

	FUA's population (thousands) (a) (2008)	MUA's population (b) (thousands) (2008)	Aggregate score (c)	Weight of manufacturing in the GDP (d)	Weight of financial and advanced services in the GDP (e)	Weight of non-market and personal services in the GDP (e)
Nord-Pas-de-Calais						
Lille	1271	953	4,2	18 %	29 %	28 %
Douai-Lens	634	350	0,4	18 %	26 %	28 %
Valenciennes	359	155	0,3	...	...	...
Dunkerque	270	159	0,3	...	...	...
Béthune	200	59	0,1	...	...	...
West Vlaanderen						
Brugge	267	117	2,4	15 %	26 %	28 %
Kortrijk	208	151	0,3	27 %	25 %	19 %
Hainaut						
Charleroi	522	314	0,7	23 %	25 %	27 %
Mons-Borinage	261	193	1,2	13 %	26 %	36 %
Brussels	2709	1509	37,8	13 %	36 %	23 %
<i>Paris</i>	<i>12055</i>	<i>9591</i>	<i>90,4</i>	<i>11 %</i>	<i>43 %</i>	<i>23 %</i>
<i>Lyon</i>	<i>1873</i>	<i>1175</i>	<i>7,8</i>	<i>17 %</i>	<i>35 %</i>	<i>22 %</i>
<i>Marseille-Aix</i>	<i>1737</i>	<i>862</i>	<i>5,4</i>	<i>14 %</i>	<i>30 %</i>	<i>30 %</i>
<i>Toulouse</i>	<i>1219</i>	<i>682</i>	<i>6,0</i>	<i>16 %</i>	<i>34 %</i>	<i>25 %</i>
<i>Bordeaux</i>	<i>1112</i>	<i>652</i>	<i>4,2</i>	<i>12 %</i>	<i>32 %</i>	<i>27 %</i>
<i>Nice-Cannes</i>	<i>1029</i>	<i>472</i>	<i>6,2</i>	<i>8 %</i>	<i>39 %</i>	<i>25 %</i>
<i>Nantes</i>	<i>877</i>	<i>536</i>	<i>3,2</i>	<i>16 %</i>	<i>33 %</i>	<i>23 %</i>
<i>Strasbourg</i>	<i>849</i>	<i>417</i>	<i>7,9</i>	<i>21 %</i>	<i>30 %</i>	<i>22 %</i>

(a) ESPON methodology. The FUA is the functional urban region, corresponding to the employment basin.

(b) ESPON methodology. The MUA is the central morphological urban area of the FUA.

(c) An aggregate global indicator of the influence of the FUA, in the fields of its economic, cultural, touristic, scientific and political influence., computed for the DATAR.

(d) Estimation based on the NUTS 3 data, c,d and e classes of the EUROSTAT disaggregation of the GDP.

(e) Estimation based on the NUTS 3 data, j and k classes of the EUROSTAT disaggregation of the GDP.

(f) Estimation based on the NUTS 3 data, l, m, n, o and p classes of the EUROSTAT disaggregation of the GDP.

**Table 34 : Some characteristics of the biggest FUAs of the TERCO area (more than 200,000 inhab.), and comparisons with Brussels and the main French FUAs/**

## **2.6 Case Study on Greece – Bulgaria – Turkey**

DPRD, University of Thessaly



## Summary

- Physical areas of territorial cooperation;

**Strengths:** Even though the INTERREG A projects do not contribute to competitiveness in a clear-cut manner, they, usually, offer the grounds for “best practices” and have a great impact on the actual area by addressing common cross-border problems. The INTERREG C offers opportunities for networking and knowledge sharing actions within a broader partnership and, thus, has a great impact on the regions’ competitiveness. Overall, the ITC constitutes a good opportunity for creation of various synergies and common strategies.

**Weaknesses:** The funds available for such programs are not enough to expand the ITC geographically since there are many interested partners and the competition is very high. Many of the ITC projects didn’t manage to activate a wide range of stakeholders at local level. Conversely, large scale ITC projects are, usually, not easily managed. In addition, a great heterogeneity among competencies of local actors does not allow an effective tackling of common issues.

**Future:** Due to economic crisis in Europe, chances are that some of the available funds for ITC may be further reduced. However, the Turkish accession to the EU is expected to give an impetus to ITC, especially in the CS area. Also, great potential has been pointed out by involving new partners from the Mediterranean, Balkan, Middle East, African and Asian countries. Clear and common goals constitute very crucial success factors for the future.

- Driving Forces and domains of co-operation;

**Strengths:** The ITC projects are identified as an opportunity to transfer knowledge and innovation to decision makers at local level. The networking can help the provision of new ideas, promoting entrepreneurship and sustainable social and economic development. The notable number of Euroregions reflects an existing background shaping a “culture of cooperation” on each side of the actual area. A broad variety of domains have been developed in the actual area along a wide acknowledgement of the contribution of ITC in preserving the natural environment, enhancing local economies and improving the cultural and social aspects of the region.

**Weaknesses:** The local authorities face limitations in the allocation of scarce assets (financial and social) for ITC due to economic crisis. Lack of experienced and skilled staff and visa restrictions (in the Turkish part of the CS) are considered to be obstacles for successful co-operation. Also, many difficulties are recorded in building an efficient ITC partnership due to the lack of knowledge of potential

partners' profile from the other side in terms of skills, experience and competencies. The "Soft" projects do not seem to have substantial impact on local societies.

**Future:** The economic crisis should work as an incentive for the local actors to expand their field of cooperation. Well prepared promotion activities such as info days could facilitate the ITC in the future. ITC projects should support also infrastructure investments. However, it should be taken into consideration that tendering procedures for infrastructure are long-term projects, whilst the ITC projects have very limited implementation timeframes. Nevertheless, the focus should be primarily placed on the development of networks and initiatives aiming at establishing know-how transfer mechanisms. In the future, the ITC should be directed into fields like innovation and environment within the context of a more strategic type of projects.

- Territorial structures and specific border co-operation

**Strengths:** The protected areas (e.g. NATURA 2000 network), the river basins (e.g. Evros or Nestos), the Sea basin (e.g. Black Sea) and the major transport networks (e.g. Egnatia motorway or EU-Corridors) appear to be the most desirable territorial structures. The evidence suggests that the local actors are more effective in overcoming antagonistic interests at international level, functioning in a more pragmatic manner. The interaction between the actors of the participating countries has been intensified in several fields at institutional level over the last years.

**Weaknesses:** Usually the ITC actions stop at the moment the project ends, with small follow-up value added and with no further perspective. Despite the fact that cooperation has been intensified, so far these ITC initiatives haven't resulted in joint actions or common strategies. ITC does not seem to have a clear impact on "external" relations since the emphasis of State agencies of "national interests" eliminates the local actors' flexibility. Moreover, influential "external" relations are very limited because most of the ITC projects are designed and prepared by consultants without a "real" involvement of the local governments' staff.

**Future:** The critical question is how all the ITC initiatives can create stable synergies and networks with a long-term perspective. The procedures for participating and implementing an ITC project should be simplified. Capacity building actions for local institutions, consultancy of government and an efficient top-down communication and dissemination strategy could increase the competitiveness of the cooperating regions. The main challenge for the ITC in the future is to

create common approaches for all the domains, adapted to the needs and characteristics of each area.

- Governance structure and implementation of co-operation

**Strengths:** The European Grouping for Territorial Cooperation (EGTC) is perceived as an instrument designed to facilitate and promote ITC. This instrument could enable the local authorities and other public bodies to set up cooperation groupings with a legal entity. In general, the framework for the ITC is identified as sufficient, despite some “inconveniences” caused by institutional factors.

**Weaknesses:** Bureaucracy, centralization and complicated rules are proved to be the main obstacles in ITC Governance. Moreover, the legal instruments for the ITC are perceived as too complicated and most of the times they constitute barriers to cooperation since the relative provisions have not been planned according to its individual participation country. The main institutional problem is the wide range of legal rules and principles which currently apply to Europe's various borders. A great number of small projects copy each other, with very low added value and impact on development. Very often the participating partners' competencies are not taken into consideration as central selection criteria during the selection process.

**Future:** A more flexible institutional framework, adapted to the characteristics of each region along with the standardization of regulations in different countries, could facilitate the ITC in the future. The ITC should involve new methods and strategies and should focus on projects aimed at narrowing the gap between the EU' countries. Cooperation, strong partnerships, good planning and more funds are the keys to success.

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## Abbreviations

<b>CADSES</b>	Central Adriatic Danubian South-Eastern European Space
<b>CBC</b>	Cross-border Cooperation
<b>CS</b>	Case Study
<b>DG</b>	Directorate General
<b>EC</b>	European Commission
<b>EEC</b>	European Economic Community
<b>ENP</b>	European Neighbourhood Policy
<b>ENPI</b>	European Neighbourhood and Partnership Instrument
<b>ERDF</b>	European Regional Development Fund
<b>ESPON</b>	European Observation Network for Territorial Development and Cohesion
<b>ETC</b>	European Territorial Cooperation
<b>EU</b>	European Union
<b>GVA</b>	Gross Value Added
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>ITC</b>	International Territorial Cooperation
<b>LAU</b>	Local Authority Units
<b>NUTS</b>	Nomenclature of Territorial Units for Statistics
<b>OP</b>	Operational Programme
<b>PHARE</b>	Poland and Hungary: Assistance for Reconstructing their Economies
<b>TTC</b>	Transnational Territorial Cooperation



## Introduction

### 0.1 Background Information about the Case Study Area

The Greece-Bulgaria-Turkey case study (hereinafter: GBT CS) comprises an area (“the GBT triangle”) consisting of places that have a long common history, which on the one hand creates a certain extent of common regional identity, while on the other hand, perhaps, an even greater extent of distrust among the inhabitants (Godfried 2009). The CS area includes 1 old EU member-state (Greece; since 1981), 1 new member-state (Bulgaria; since 2007), and 1 candidate, for EU accession, country (Turkey; since 1999).

#### 0.1.1. Stylized Facts about the Case Study Area

The GBT CS consists of 43 Greek LAU1<sup>52</sup> regions<sup>53</sup> (situated in 7 NUTS3 regions<sup>54</sup>, in 2 NUTS2 regions and in 1 NUTS1 region), 42 Bulgarian LAU1 regions<sup>55</sup> (situated in 4 NUTS3 regions<sup>56</sup>, in 2 NUTS2 regions and 1 NUTS1 region), and 26 Turkish LAU1 regions<sup>57</sup> (situated in 3 NUTS3 regions<sup>58</sup>, in 1 NUTS2 region and in 1 NUTS1 region). Hence, the CS area consists of 111 LAU1 regions, 14 NUTS3 regions, 5 NUTS II regions and 3 NUTS1 regions (see Map 0-2, Table 0-1)<sup>59</sup>.

Starting from January 2011, the administrative structure of Greece is undergoing changes with the aim of further decentralization and strengthening of the local governments’ role<sup>60</sup>. The regions (NUTS2) remain as they are in number, while the prefectures (NUTS3) are revoked and the number of LAU1 is diminished from 1,034 (910 municipalities and 124 communities) to 325 (municipalities). In the CS area, the number of LAU1 was diminished from 127 to 43. The previous LAU1 now became LAU2. With the new architecture of the administrative system, the administrative responsibilities of the prefectures are passed to and shared by the regions and the municipalities. The new regional and local authorities were chosen at the last local elections of November 2010 for a period of five years.

<sup>52</sup> Formerly, NUTS4.

<sup>53</sup> municipalities; dimi; δήμοι

<sup>54</sup> prefectures; nomi; νομοί

<sup>55</sup> municipalities; obshtina; община

<sup>56</sup> prefectures; oblasti; области

<sup>57</sup> districts; ilce; ilçе

<sup>58</sup> prefectures; iller; iller

<sup>59</sup> The prefectures of Thessaloniki and Kavala, even though are not exactly located at Greece’s borderlands, are considered eligible areas in the Cross-Border Cooperation Programmes “Greece-Bulgaria” (periods 2000-2006 and 2007-2013) and the “Black Sea Basin” Cooperation Programme (period 2007-2013).

<sup>60</sup> Law No 3852/2010 on the New Architecture of the Local Authority Units and the Decentralized Governing – Program Kallikratis.

Since 1999, Bulgaria has been divided into 28 prefectures<sup>61</sup> (NUTS3) and 264 municipalities (LAU1). The prefectures take their names from their respective capital cities. Each prefecture is headed by a governor who is proposed by a decision of the Council of Ministers and appointed by the Prime Minister. The Mayors of the municipalities are elected for a period of four years.

Turkey is divided into 81 prefectures NUTS3 level. The provinces are organized into 12 regions (NUTS1) and 26 sub-regions (NUTS2) only for statistical purpose, without representing administrative structures. The provinces, consecutively, are subdivided into 957 districts (LAU1). One district within the province is the central district. The districts, successively, can have municipalities (urban areas) and villages (rural areas). The provinces are administrated by an appointed Governor, the central districts by appointed Vice-Governors, the other districts by appointed Sub-Governors and the Heads of the municipalities and villages are elected locally (Kapucu and Palabiyk 2008).

**Table 0-1:** The GBT CS area, Year 2011

Cod.	Country		
	Greece	Bulgaria	Turkey
<b>NUTS1</b>	<b>1</b> Voreia Ellada (GR1)	<b>1</b> South-Western and South-Eastern Bulgaria (BG4)	<b>1</b> Bati Marmara (TR2)
<b>NUTS2</b>	<b>2</b> Anatoliki Makedonia and Thraki (GR11) Kentriki Makedonia (GR12)	<b>2</b> Yugozapaden (BG41) Yuzhen tsentralen (BG42)	<b>1</b> Tekirdağ (TR21)
<b>NUTS3</b>	<b>7</b> Evros (GR111) Xanthi (GR112) Rodopi (GR113) Drama (GR114) Kavala (GR115) Thessaloniki (GR122) Serres (GR126)	<b>4</b> Blagoevgrad (BG413) Haskovo (BG422) Smolyan (BG424) Kardzhali (BG425)	<b>3</b> Tekirdağ (TR211) Edirne (TR212) Kirklareli (TR213)
<b>LAU1</b>	<b>43</b>	<b>42</b>	<b>26</b>

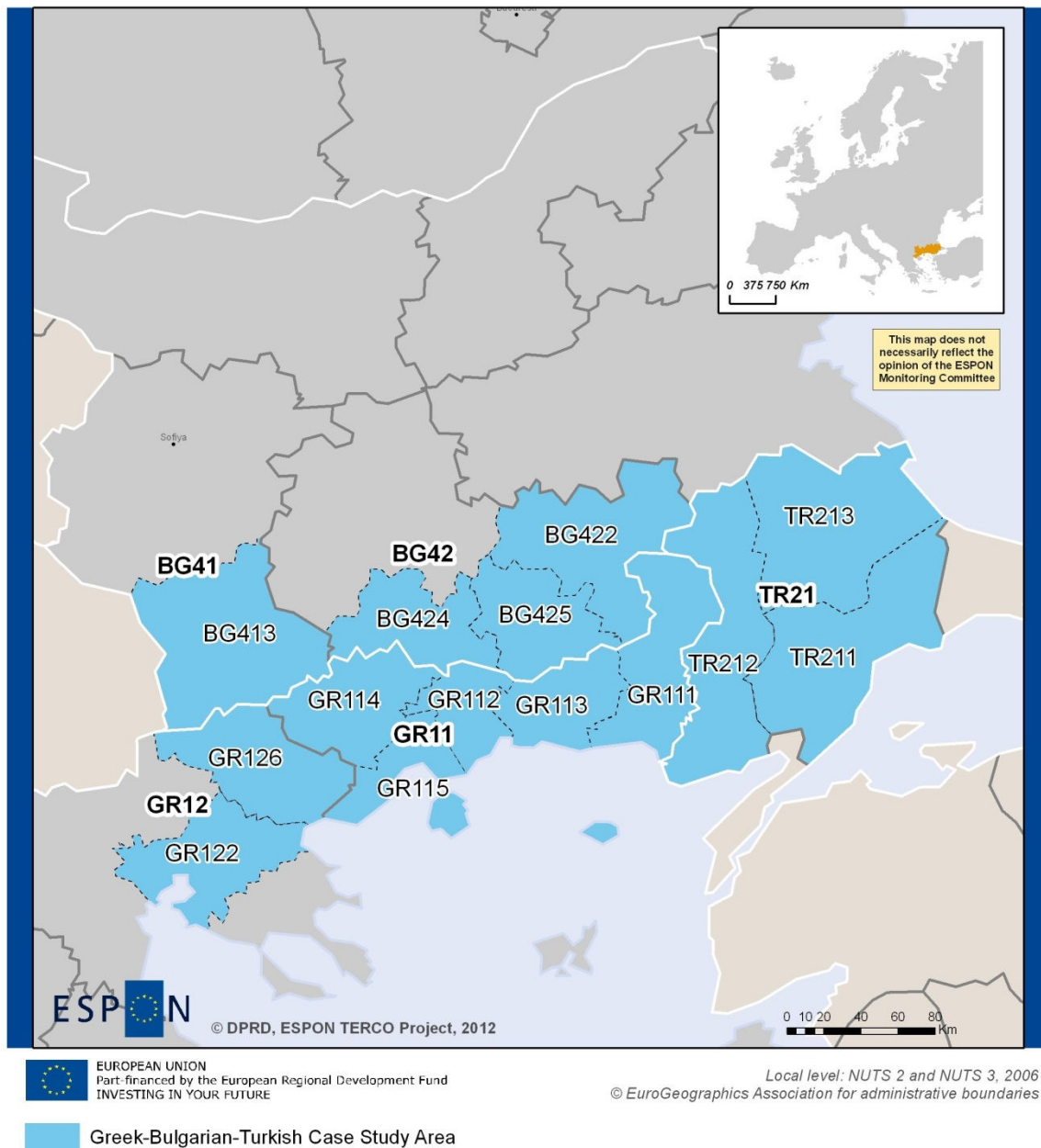
Source: Authors' elaboration

The Greek part of the CS area is located in the north-east part of the country, bordering to the east with the Turkish region Tekirdağ (TR21, NUTS2), to the north with the Bulgarian regions Yuzhen Tsentralen (BG42, NUTS2) and Yugozapaden (BG41, NUTS2), and to the northwest with the prefecture of Jugoistočen (MK004, NUTS3) of the FYROM. The Bulgarian part of the CS area is located in the south part of the country, bordering to the southeast with the Greek region Kentriki Makedonia (GR12, NUTS2), to the south with the Greek region Anatoliki Makedonia and Thraki (GR11, NUTS2) and to the southeast with the Turkish region Tekirdağ (TR21, NUTS2). The Turkish part of the CS area is located in the northwest part of

<sup>61</sup> Bulgarian Administrative Law (1998)

the country, representing a big part of the European Turkey, bordering with both the Greek region Anatoliki Makedonia and Thraki (GR11, NUTS2) and the Bulgarian region Yuzhen Tsentralen (BG42, NUTS2). Hence, the GBT CS area covers one EU internal (Greece-Bulgaria) and 2 EU external border zones (Greece-Turkey, and Bulgaria-Turkey).

**Map 0-1:** The GBT CS area, Year 2011



Source: Authors' elaboration

The GBT CS area covers 58.933 km<sup>2</sup>, 37% being on the Greek territory, 31% being on the Bulgarian territory, and 32% being on the Turkish territory. These areas represent 16.5%, 16.6%, and 2.4%, respectively, of their countries' areas (see Table 0-2). The CS area is

characterized by mountain ranges, like Rila, Pirin, Rhodope and Strandzha, is crossed by big rivers, like Nestos (Mesta), Strymon (Struma), Evros (Maritsa), Ardas (Arda) and Tundzha (the last two being tributaries of Evros), and it has a plethora of lakes. The water sources of the area support fragile ecosystems like Ramsar Wetlands, NATURA 2000 sites, forests of outstanding beauty (some of them listed as natural monuments), important bird-life areas and biogenetic reserves, making the area one of the most ecologically sensitive in the Mediterranean.

**Table 0-2:** Size of the NUTS3 regions of the CS area, Year 2009

Cod.	Name	Population, 2009 (km <sup>2</sup> )	Share of the case study area (%)	Share of the Country (%)
GR	GREECE	131,957	-	-
GR111	Evros	4,242	7.2%	3.2%
GR112	Xanthi	1,793	3.0%	1.4%
GR113	Rodopi	2,543	4.3%	1.9%
GR114	Drama	3,468	5.9%	2.6%
GR115	Kavala	2,111	3.6%	1.6%
GR122	Thessaloniki	3,683	6.2%	2.8%
GR126	Serres	3,968	6.7%	3.0%
	<b>Greek Part</b>	<b>21,808</b>	<b>37.0%</b>	<b>16.5%</b>
BG	BULGARIA	111,002	-	-
BG413	Blagoevgrad	6,450	10.9%	5.8%
BG422	Haskovo	5,533	9.4%	5.0%
BG424	Smolyan	3,193	5.4%	2.9%
BG425	Kardzhali	3,209	5.4%	2.9%
	<b>Bulgarian Part</b>	<b>18,385</b>	<b>31.2%</b>	<b>16.6%</b>
TR	TURKEY	783,562	-	-
TR211	Tekirdağ	6,342	10.8%	0.8%
TR212	Edirne	6,098	10.3%	0.8%
TR213	Kirklareli	6,300	10.7%	0.8%
	<b>Turkish Part</b>	<b>18,740</b>	<b>31.8%</b>	<b>2.4%</b>
	<b>TOTAL Case Study Area</b>	<b>58,933</b>		

Source: EUROSTAT

The transport infrastructure of the CS area is reasonably developed (see Table 0-3, Map 0-2). In particular, on the Greek territory there is Egnatia motorway which crosses the north part of Greece from the far West point (Igoumenitsa) to the far East one (Kipi). This highway passes through the entire Greek part of the CS area, thus connecting 5 of the 7 prefectural capitals.

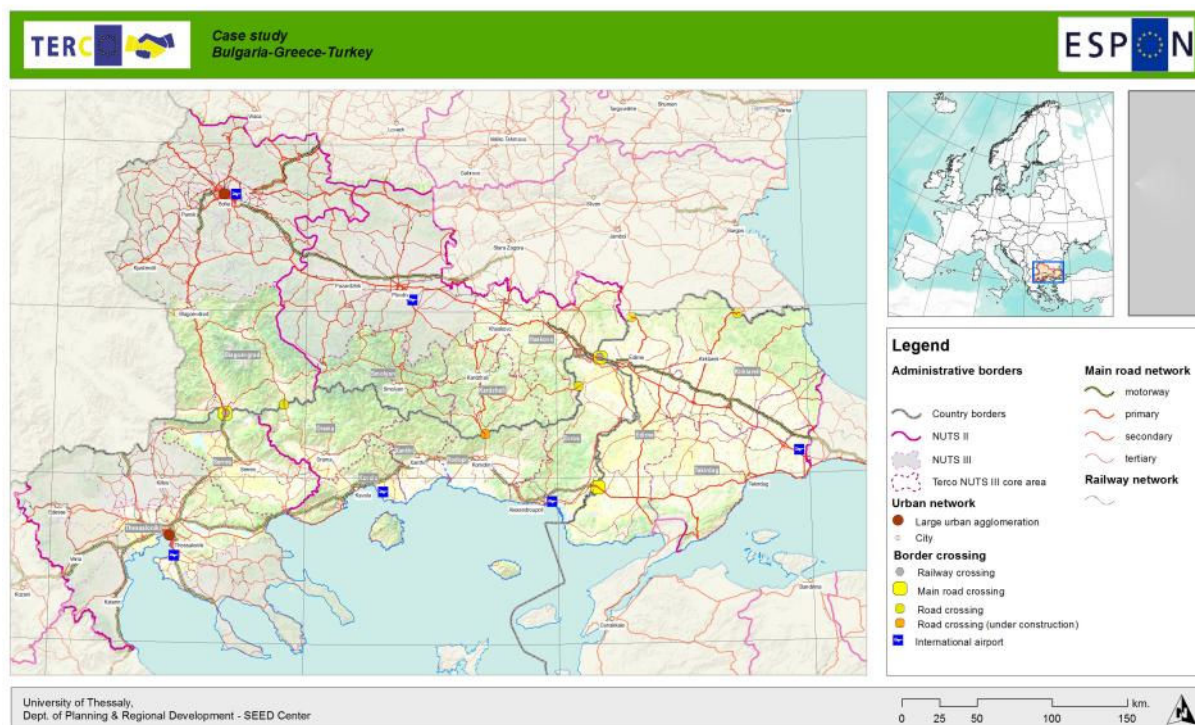
This part of the highway has also 3 vertical axes, which connect the Greek road network with the Bulgarian one. In particular, 2 vertical axes of the highway connect it with southwest Bulgaria and the Pan-European Corridor IV (Thessaloniki-Serres-Promachonas (border checkpoint)-Blagoevgrad-Sofia) and (Drama-Exochi (border checkpoint)-Gotse Delchev), while 1 connects it with southeast Bulgaria and the Pan-European Corridor IX

(Alexandroupoli-Ormenio (border checkpoint)-Svilengrad). Furthermore, 2 more vertical axes are being constructed to connect Egnatia motorway with the south Bulgaria and the Pan-European Corridor IX (Komotini-Nimfea-Kardzhali -border checkpoint under construction) and (Xanthi-Echinos-Smoljan -road connection under design). With so many vertical axes the accessibility, from the Greek side, to the Bulgarian borders (and by extension, to the principal cities of the CS area) has become high and quick. The east division of the Egnatia motorway is also a part of the European Transport Corridor Thessaloniki (GR) – Istanbul (TR) that passes by Alexandroupoli, Kipi (border checkpoint), on the Greek territory, and Ipsala, Tekirdağ and Kinali, on the Turkish territory. Also, the Pan-European Corridor IX connects Istanbul (TR) with Dimitrovgrad (BG) and Sofia (BG).

**Table 0-3:** Transportations Border crossing, Airports and Seaports in the CS area

Name	Type	State	NUTS3	Notes
Promahonas/Kulata	Motorway	Greece/Bulgaria	GR125 Serres/ BG413 Blagoevgrad	Major gate
Kipi/Ipsala	Motorway	Greece/Turkey	GR111 Evros / TR212 Edirne	Major gate
Kapikule/ Kapitan Andreevo	Motorway	Turkey/Bulgaria	TR212 Edirne / BG422 Haskovo	Major gate
Eksohi/Ilidien	Roadway	Greece/Bulgaria	GR114 Drama / BG413 Blagoevgrad	
Ormenio/Svilengrad	Roadway	Greece/Bulgaria	GR111 Evros / BG422 Haskovo	
Kyprinos/Ivaylograd	Roadway	Greece/Bulgaria	GR111 Evros / BG422 Haskovo	New
Nymfea/Makaza	Roadway	Greece/Bulgaria	GR113 Rodopi / BG425 Karzdali	Under construction
Hamzabeyli/Lesovo	Roadway	Turkey/Bulgaria	TR212 Edirne / [BG422 Haskovo]	BG part slightly not in Core CS Area
Derekoy/Malko Tarnovo	Roadway	Turkey/Bulgaria	TR213 Kirklareli / BG	BG part not in CS Area
Promahonas/Kulata	Railway	Greece/Bulgaria	GR125 Serres/ BG413 Blagoevgrad	
Ormenio/Svilengrad	Railway	Greece/Bulgaria	GR111 Evros / BG422 Haskovo	
Pythio/Uzunkoprout	Railway	Greece/Turkey	GR111 Evros / TR212 Edirne	
Kapikule/ Kapitan Andreevo	Railway	Turkey/Bulgaria	TR212 Edirne / BG422 Haskovo	
Dimokritos Airport	Airport	Greece	GR111 Evros	
Megas Alexandros	Airport	Greece	GR115 Kavala	
Sofia Airport (Vrazhdebna)	Airport	Bulgaria	BG411 Sofia	not in Core CS Area
Plovdiv Airport (Krumovo)	Airport	Bulgaria	BG421 Plovdiv	not in Core CS Area
Corlu Airport	Airport	Turkey	TR211 Terkidag	
Makedonia Airport	Airport	Greece	GR122 Thessalonki	
Alexandroupoli	Seaport	Greece	GR111 Evros	
Kavala	Seaport	Greece	GR115 Kavala	
Thessaloniki	Seaport	Greece	GR122 Thessalonki	
Terkidag	Seaport	Turkey	TR211 Terkidag	

Source: Authors' elaboration

**Map 0-2:** The transport infrastructure of the CS area and the border checkpoints

Source: Authors' elaboration

The CS area has also 3 international airports (Thessaloniki, Kavala and Alexandroupoli, in Greece), one domestic airport (Tekirdağ, in Turkey) and 4 big maritime ports (Thessaloniki, Kavala and Alexandroupoli, in Greece, and Tekirdağ, in Turkey). There is also a good connection in terms of railway. On the Greek territory, there is the line which connects Thessaloniki to Alexandroupoli passing through or near most major cities of the area (i.e. Serres, Drama, Xanthi, Komotini). At Strymon, the line connects with another northbound line along Strymon River Valley to Promachon (border checkpoint with Bulgaria), which then joins the Bulgarian network at Kulata (BG). From Alexandroupoli, the line continues north, running along the Evros River, up to Pythio (GR), a conjunction from where a line continues east to Istanbul. From Pythio, a line continues to north joining the Bulgarian network at Svilengrad, a town located at the borders with Turkey and Greece.

Besides the transport infrastructure network, the CS area presents also a rich social infrastructure (see Table Ap-0-1). The CS area has 11 universities and colleges; out of them, 5 are located in Greece, 3 in Bulgaria, and 3 in Turkey. The fact that there are 5 institutions in Greece could be explained by the fact that the Greek part of the CS area comprises 7 prefectures, while the Bulgarian part has 4, and the Turkish part has 3. This could, also, be explained by the fact that Thessaloniki is the second largest city of Greece, in terms of population, and, as such, has many educational institutions. In addition, the social infrastructure of the CS area comprises a number of hospitals. In particular, every prefecture of the CS area has a general state hospital. In addition to these public hospitals there are

private clinics and centers. Thessaloniki has 13 hospitals out of which 7 are for general diseases and 6 are for specific diseases.

The CS area has a population of 4,320,055 inhabitants (2009), made up by 45% of Greeks, 20% of Bulgarians and 35% of Turks. These proportions represent 17.3%, 11.4% and 2.1%, respectively, of their countries' population. The population density differs among the prefectures of the CS area, the average, being at 73 inhabitants per km<sup>2</sup> (2009). In particular, the smallest population density is recorded in Drama Prefecture (29 inhabitants per km<sup>2</sup>), while the highest in Thessaloniki Prefecture (313 inhabitants per km<sup>2</sup>). The Bulgarian part of the CS area recorded an average population density of 47 inhabitants per km<sup>2</sup>, being, thus, far below the CS average, while the Turkish part, with 80 inhabitants per km<sup>2</sup>, and the Greek part of the CS area, with 89 inhabitants per km<sup>2</sup>, are both above the CS average. During the period 2001-2009, the population of the CS area increased by 1.15%. The biggest positive change (25.2%) is recorded by Kırklareli Province, while the biggest negative change is recorded by Kardzhali Province (-22.5%). Overall, the population of the Turkish provinces of the CS area seems to have increased by 20.3%, the population of the Bulgarian provinces decreased by 12.5%, while the population of the Greek prefectures of the CS area remained more or less stable (+0.4%) (see Table 0-4). For a more comprehensive view of the spatial structure of the demographic dynamics in the CS area, there were enclosed 2 maps at the appendix (Map Ap-0-1 & Map Ap-0-2).

**Table 0-4:** Demographic stylized facts for the NUTS3 regions of the CS area, Years 2001 and 2009

Cod.	Area	Population, 2009 (inh.)	Share of the case study population (%)	Share of the Country (%)	Population Change, 2001-2009 (%)	Population Density, 2009 (inh./km <sup>2</sup> )
GR	GREECE	11,260,402	-	-	3.0	85
GR111	Evros	148,625	3.4	1.3	-0.4	35
GR112	Xanthi	107,117	2.5	1.0	4.0	60
GR113	Rodopi	111,114	2.6	1.0	-0.1	44
GR114	Drama	99,997	2.3	0.9	-2.1	29
GR115	Kavala	139,769	3.2	1.2	-1.2	66
GR122	Thessaloniki	1,153,959	26.7	10.2	6.5	313
GR126	Serres	186,782	4.3	1.7	-3.9	47
	<b>Greek Part</b>	<b>1,947,363</b>	<b>45.1</b>	<b>17.3</b>	<b>0.4</b>	<b>89</b>
BG	BULGARIA	7,606,551	-	-	-6.7	69
BG413	Blagoevgrad	328,783	7.6	4.3	-4.4	51
BG422	Haskovo	259,007	6.0	3.4	-10.6	47
BG424	Smolyan	126,536	2.9	1.7	-12.5	40
BG425	Kardzhali	156,008	3.6	2.1	-22.5	49
	<b>Bulgarian Part</b>	<b>870,334</b>	<b>20.1</b>	<b>11.4</b>	<b>-12.5</b>	<b>47</b>
TR	TURKEY	71,517,100	-	-	5.3	91
TR211	Tekirdağ	770,772	17.8	1.1	21.8	122
TR212	Edirne	394,644	9.1	0.6	16.3	65
TR213	Kırklareli	336,942	7.8	0.5	22.7	53
	<b>Turkish Part</b>	<b>1,502,358</b>	<b>34.8</b>	<b>2.1</b>	<b>20.3</b>	<b>80</b>

<b>TOTAL Case Study Area</b>	<b>4,320,055</b>	<b>-</b>	<b>-</b>	<b>1.15</b>	<b>73</b>
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Source: EUROSTAT

The CS area has one extremely important characteristic, which is related to ethnic and religious aspects. In particular, on the Greek side of the CS area there are circa 30,000 Pomaks<sup>62</sup>, who were ethnically Slavic, Bulgarian-speaking Christians that adopted Islam (Ghodsee 2010). Historically, the Pomaks were concentrated in the Rhodope Mountains (of which 83% is located in the southern Bulgaria and the remainder in Greece). The Pomaks are part of the wider Muslim society of Greece, which in the CS area accounts for circa 120,000 people, 50% of whom is considered to be of Turkish origins, 35% are Pomaks and 15% are Roma. Each group has its own language and traditions, mosques, imams, cemeteries and schools. This population was an exception to the Treaty of Lausanne (1923) which was stating that all Muslims of Greece were to resettle in Turkey and all Christian Orthodox of Turkey to resettle in Greece. The same structure of the Muslim society can be seen also in Bulgaria which is among the EU countries with the largest Muslim population. Unlike the Muslim population elsewhere in Europe, but similarly to the case of Greece, the Bulgaria's Muslim Pomaks, Turks and Roma have professed Islam for centuries. According to the Pew Forum on Religion and Public Life, the Muslim population of Bulgaria is estimated to be roughly 1,000,000 people (2010), representing 13.4% of the total population.

The GVA of all the goods and services produced in the CS area accounts for approximately €45,000,000,000 (2008) (see Table 0-5). From this amount, 67.9% is produced in the Greek part of the CS area, 27.1% in the Turkish part, and 5% in the Bulgarian part. The GVA per capita in the CS area is at €9,432 per inhabitant (2008). The figures for the Greek, the Bulgarian, and the Turkish part of the CS area are (2008) €13,507 per inhabitant, €3,864 per inhabitant, and €8,356 per inhabitant, respectively. The total GVA in the CS area exhibited an increase of 77%, (2000-2008). In particular, in the Greek part it was increased by 72.1%, in the Bulgarian part by 140.3% and in the Turkish part<sup>63</sup> by 61.1%. Concerning the structural allocation of production in the CS area (2008), 10.7% was produced by the primary sector, 25.6% by the secondary sector, and 63.4% by the tertiary sector.

**Table 0-5:** Economic stylized facts for the NUTS 3 regions of the CS area, Years 2000 and 2008

Cod.	Name	GVA			GVA in primary sector		GVA in secondary sector		GVA in tertiary sector	
		2008 (ln. euros)	change (2000-2008) (%)	per capita 2008 (euros)	2008 (% of total)	change (2000-2008) (% points)	2008 (% of total)	change (2000-2008) (% points)	2008 (% of total)	change (2000-2008) (% points)
GR	GREECE	09,662	72.1	8,697	1	-3,4	18.1	-2,8	78.7	6,2
GR111	Evros	097	48.5	4,099	0	-7,0	20.2	-2,1	73.8	9,1
GR112	Xanthi	401	61.1	3,141	3	-7,1	29.0	-1,9	65.8	9
GR113	Rodopi	340	66.3	2,050	9	-12,5	19.7	-1,0	73.4	13,5

<sup>62</sup> Greek Helsinki Monitor, *The Pomaks*, Report

<sup>63</sup> The GVA of Turkey is provided for the period 2004-2008 as there is no available data for the previous years



GR114	Drama	276	59.6	2,730	8	-4,9	17.0	-1,4	75.2	6,3
GR115	Kavala	898	63.3	3,566	8	-4,8	23.7	0,0	70.5	4,8
GR122	Thessaloniki	0,477	67.6	7,899	4	-1,1	19.3	-5,5	79.3	6,6
GR126	Serres	078	45.8	1,063	6	-12,6	18.5	1,0	71.9	11,6
	<b>Greek part</b>	<b>0,567</b>	<b>6.9</b>	<b>3,507</b>	<b>1</b>	<b>-7.2</b>	<b>21.1</b>	<b>-1.5</b>	<b>72.8</b>	<b>8,7</b>
BG	BULGARIA	9,519	140.3	864	9	-6,7	30.4	4,5	62.7	2,1
BG413	Blagoevgrad	72	122.9	648	5,5	-0,8	35.7	5,3	48.8	-4,5
BG422	Haskovo	26	92.0	392	3,5	-6,9	32.1	9,0	54.3	-2,1
BG424	Smolyan	79	132.8	956	4,2	-3,6	37.9	19,5	47.9	-15,9
BG425	Kardzhali	59	89.6	292	1,7	5,4	21.7	4,2	46.6	-9,6
	<b>Bulgarian part</b>	<b>236</b>	<b>109.2</b>	<b>572</b>	<b>3.7</b>	<b>-1.5</b>	<b>31.9</b>	<b>9.5</b>	<b>49.4</b>	<b>8.0</b>
TR	TURKEY	48,272	61.0	351	5	-2,2	27.2	-0,8	64.3	3
TR21	Tekirdağ	2,184	74.6	356	1,5	-4,9	35.6	2,7	52.9	2,2
TR211	Tekirdağ	:	:	:	:	:	:	:	:	:
TR212	Edirne	:	:	:	:	:	:	:	:	:
TR213	Kirklareli	:	:	:	:	:	:	:	:	:
	<b>Turkish part</b>	<b>2,184</b>	<b>7.6</b>	<b>356</b>	<b>1.5</b>	<b>-4.9</b>	<b>35.6</b>	<b>2.7</b>	<b>52.9</b>	<b>2.2</b>
	<b>Total Case Study Area</b>	<b>4,987</b>	<b>7.0</b>	<b>432</b>	<b>0.7</b>	<b>-4.5</b>	<b>25.9</b>	<b>3.6</b>	<b>63.4</b>	<b>0.9</b>

Source: EUROSTAT

The sectoral allocation of GVA in the CS area didn't change much (2000-2008) since the primary sector has decreased only by 4.5 percentage points, the secondary sector has increased by 3.6 percentage points, and the tertiary sector has increased by 0.9 percentage points. In particular, the GVA share of the primary sector in the Greek part of the CS area is 6.1% (2008), almost twice as much as the national average. This share, however, has decreased (2000-2008) by 7.2 percentage points. The respective share in the Bulgarian part of the CS area is 18.7% (2008), about 2.7 times as much as the national average. This share has decreased (2000-2008) by 1.5 percentage points. The respective share in the Turkish part of the CS area is 11.5% (2008), quite above the national level. This share has decreased (2004-2008) by 4.9 percentage points. The GVA share of the secondary sector in the Greek part of the CS area is 21.1% (2008), quite above the national average. This share has decreased (2000-2008) by 1.5 percentage points. The respective share in the Bulgarian part of the CS area is 31.9% (2008), quite close to the national average. This share has increased (2000-2008) by 9.5 percentage points. The respective share in the Turkish part of the CS area is 35.6% (2008), high above the national average. This share has increased (2004-2008) by 2.7 percentage points. The GVA share of the tertiary sector in the Greek part of the CS area is 72.8% (2008), quite below the national average. This share has increased (2000-2008) by 8.7 percentage points. The respective share in the Bulgarian part of the CS area is 49.4% (2008), far below the national average. This share has decreased (2000-2008) by 8 percentage points. The respective share in the Turkish part of the CS area is 52.9% (2008), quite below the national average. This share has increased (2004-2008) by 2.2 percentage points. Hence, the primary sector is more intensively present in the Bulgarian

part of the CS area, the secondary sector is more intensively present in the Turkish part, while the tertiary sector is more intensively present in the Greek part of the CS area.

The active population in the CS area accounts for about 43.24% of the total population (2008) (see Table 0-6). The highest ratio can be recorded in the Bulgarian part of the CS area and reaches the level of 46.56%, while the respective ratios for the Greek and the Turkish part reach the ratios of 42.48% and 40.76%, respectively, being below the CS area average. Comparing to national averages, the Greek part of the CS area is slightly below by 1.5 percentage points, while the Bulgarian and Turkish part are above by 4.6 and 7.7 percentage points respectively. The active population of the CS area has increased (2003-2008) by 2.5 percentage points<sup>64</sup>. The highest increase is recorded in the Bulgarian part of the CS area and reaches the level of 3.8 percentage points. The Turkish and the Greek part follow with increases that reach the level of 3.2 percentage points and 1.6 percentage points, respectively. At the municipal/provincial level, Evros (GR111) and Kardzhali (BG425) are the only spatial units that exhibited decrease, at the levels of 6.7 percentage points and 3.7 percentage points, respectively.

Concerning the level of unemployment, the CS area has approximately 150,700 unemployed people (this corresponds to a 7.5% unemployment rate) (2008). In particular, the Greek part of the CS area has 72,300 unemployed people (or an unemployment rate of 8.5%), the Bulgarian part has 19,100 unemployed people (or an unemployment rate of 5.2%) and the Turkish part has 59,300 unemployed people (or an unemployment rate of 9.8%). The number of unemployed people in the CS area has been decreased (2003-2008)<sup>65</sup> by approximately 19,700 (this corresponds to 2.99 percentage points). In the Greek part of the CS area, the number of unemployed people has been decreased by approximately 12,200 (this corresponds to 2 percentage points). In the Bulgarian part of the CS area, the number of unemployed people has been decreased by approximately 52,900 (this corresponds to 5.55 percentage points). In contrast, in the Turkish part of the CS area, the number of unemployed people has been increased by approximately 60,300 (this corresponds to 8.4 percentage points).

**Table 0-6:** Labor market stylized facts for the NUTS3 regions of the CS area, Years 2003 and 2008

Cod.	Name	Active Population (% of population)		Unemployment (in thousands)		Unemployment (% of active population)	
		2008	Change (2003-2008) (%)	2008	Change (2003-2008) (%)	2008	Change (2003-2008) (%)
GR	GREECE	43.94	1.0	377.9	-17.8	7.7	-2.0
GR111	Evros	42.84	-6.7	5.1	-25.0	8.0	-1.3
GR112	Xanthi	43.78	1.0	3.1	-35.4	6.6	-4.3
GR113	Rodopi	48.47	0.1	3.3	43.5	6.2	1.8
GR114	Drama	35.96	5.9	5.6	14.3	15.5	-0.3

<sup>64</sup> For Turkey the period of analysis is 2006-2010 as no previous data about active population is available.

<sup>65</sup> For Turkey the period of analysis is 2004-2008 as no previous data about unemployment is available.

GR115	Kavala	41.34	1.6	5.3	-36.1	9.2	-5.7
GR122	Thessaloniki	47.43	3.9	46.4	-3.1	8.5	-1.4
GR126	Serres	32.09	4.8	3.5	-43.5	5.8	-4.1
	<b>Greek part</b>	<b>42.48</b>	<b>1.6</b>	<b>72.3</b>	<b>-12.2</b>	<b>8.5</b>	<b>-2.0</b>
BG	BULGARIA	41.97	4.7	199.7	-55.5	5.6	-8.1
BG413	Blagoevgrad	50.00	4.9	3.0	-75.4	1.8	-6.2
BG422	Haskovo	45.74	7.3	7.7	-21.4	6.4	-3.0
BG424	Smolyan	53.85	6.9	7.5	-42.7	10.9	-9.6
BG425	Kardzhali	36.66	-3.7	0.9	-2719	1.5	-3.4
	<b>Bulgarian part</b>	<b>46.56</b>	<b>3.8</b>	<b>19.1</b>	<b>-52.9</b>	<b>5.15</b>	<b>-5.55</b>
TR	TURKEY	31.28	3.6	2,695.7	-4.5	10.7	2.0
TR21	Tekirdağ <sup>66</sup>	42.48	3.2	54.2	60.3	8.4	1.6
TR211	Tekirdağ	:	:	:	:	:	:
TR212	Edirne	:	:	:	:	:	:
TR213	Kirklareli	:	:	:	:	:	:
	<b>Turkish part</b>	<b>42.48</b>	<b>3.2</b>	<b>54.2</b>	<b>60.3</b>	<b>8.4</b>	<b>2.0</b>
	<b>TOTAL Case Study Area</b>	<b>43.39</b>	<b>2.5</b>	<b>145.6</b>	<b>-19.7</b>	<b>8.11</b>	<b>-2.99</b>

Source: EUROSTAT

Concerning the labor force distribution among the different sectors of the economy in the CS area, the picture (2008) is quite different comparing to that formed by the respective GVA figures (see Table 0-7). The 25% of the employed people in the CS area are employed in the primary sector, the 24.5% in the secondary sector, and the 50.5% in the tertiary sector. The respective figures for GVA are 10.7%, 25.9%, and 63.4%. In the Greek part of the CS area, 22.5% of the employed people are employed in the primary sector, 19.1% in the secondary sector, and 58.4% in the tertiary sector. The respective figures for the Bulgarian part of the CS area are 30%, 32.1%, and 37.9%, whereas the respective figures for the Turkish part are 22%, 33%, and 45%. Hence, the primary sector absorbs the larger part of the labor force in the Bulgarian part of the CS, reaching the level of 30%, the secondary sector absorbs the larger part of the labor force in the Turkish part, reaching the level of 33%, and the tertiary sector absorbs the larger part of the labor force in the Greek part, reaching the level of 58.4%.

**Table 0-7:** Sectoral allocation of employment in the NUTS3 regions of the CS area, Year 2008

Cod.	Area	Employment in sectors 2008 (% of employees)					
		agriculture, forestry, fishing	industry (exc. construction)	construction	Wholesale and retail trade; hotels and restaurants; transport	Financial intermediation; and real estate	public administration and community services; activities of households
GR	GREECE	11.3	11.6	8.0	32.3	10.1	26.7

<sup>66</sup> The data for the Turkish part of the CS area refer to Active population change 2006-2010 and Unemployment Change 2004-2008 as no data are available for previous years

GR111	Evros	19.6	7.7	6.7	21.6	6.6	37.8
GR112	Xanthi	28.4	12.6	6.3	21.7	6.1	24.9
GR113	Rodopi	44.9	10.6	5.3	19.9	3.7	15.6
GR114	Drama	15	14.3	8.8	23.8	6.8	31.3
GR115	Kavala	15.8	9.6	7.6	36.4	6.1	24.5
GR122	Thessaloniki	2.8	15.3	7.4	34.4	11.5	28.6
GR126	Serres	31.5	14.6	6.9	23	5.2	18.8
	<b>Greek part</b>	<b>22.5</b>	<b>12.1</b>	<b>7.0</b>	<b>25.9</b>	<b>6.6</b>	<b>25.9</b>
BG	BULGARIA	19.42	21.49	7.7	24.39	7.55	19.45
BG413	Blagoevgrad	22.3	32.2	8.5	17.8	2.7	16.5
BG422	Haskovo	32.7	21.2	5.8	20.8	2.4	17.1
BG424	Smolyan	28.7	23.3	10.1	18.2	1.9	17.8
BG425	Kardzhali	36.4	22.7	4.2	15.8	1.6	19.3
	<b>Bulgarian part</b>	<b>30.0</b>	<b>24.9</b>	<b>7.2</b>	<b>18.2</b>	<b>2.1</b>	<b>17.6</b>
TR	TURKEY	23.1	19.3	6.2	25.6	6.4	19.4
TR21	Tekirdağ	22.0	28.9	4.1	24.6	4.9	15.5
TR211	Tekirdağ	:	:	:	:	:	:
TR212	Edirne	:	:	:	:	:	:
TR213	Kirklareli	:	:	:	:	:	:
	<b>Turkish part</b>	<b>22.0</b>	<b>28.9</b>	<b>4.1</b>	<b>24.6</b>	<b>4.9</b>	<b>15.5</b>
	<b>Total Case Study Area</b>	<b>25.0</b>	<b>17.7</b>	<b>6.8</b>	<b>23.2</b>	<b>5.0</b>	<b>22.3</b>

Source: EUROSTAT

### 0.1.2 Cross-Border Interaction (People Mobility Flows) in the Case Study Area

The gradual abolition of border impediments in the GBT CS area has released dynamics and brought to surface a new mix of opportunities – and threats – together with a new political, social and economic map. It is widely accepted that borders act as barriers of cross-border interaction, with a discrete spatial dimension, distorting the (economic) market and affecting cross-border (economic) relations (Kaman 1993, Ratti 1993). The crossing of borders in order to conduct trade and FDI activities, to perform tourism and leisure activities, and to immigrate, is by nature a phenomenon, which cannot be analyzed and interpreted, solely in economic terms (Kallioras *et al.* 2009).

However, the people's mobility across border checkpoints (exit and entrance gates) constitutes an indicative proxy for the intensity of cross-border interaction. Concerning the CS area, TURKSTAT provides high-quality data concerning people mobility through Turkish checkpoints (see Table 0-8). Unfortunately, finding, analogous-quality, data for Bulgarian and Greek checkpoints proved to be unattainable).

**Table 0-8:** Mobility through the Turkish border checkpoints, Years 2000, 2005, and 2010

Border name	Transport mode	Number		Column (%)				Row (%)			
		Arriving	Departing	Arriving				Arriving			
		Total		Foreign visitors		Citizens		Foreign visitors		Citizens	
				Total	GR	BG	TR	Total	GR	BG	TR
<b>Turkey 2010</b>		<b>39,553,631</b>	<b>39,511,669</b>					<b>72.39</b>	<b>1.69</b>	<b>3.63</b>	<b>27.61</b>
	<b>Total</b>	<b>3,547,929</b>	<b>3,516,045</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>74.66</b>	<b>13.27</b>	<b>32.39</b>	<b>25.34</b>
CS Area	Airway	8,956	7,710	0.28	0.00	0.00	0.17	82.49	0.01	0.08	17.51
	Excursion	18,385	18,385	0.69	0.07	0.01		100.00	1.81	0.90	
	Railway	37,087	38,164	1.12	0.80	0.22	0.84	79.75	10.20	6.96	20.25
	Roadway	3,478,809	3,447,634	97.88	99.12	99.76	98.56	74.53	13.41	32.96	25.47
	Seaway	4,692	4,152	0.03	0.00	0.00	0.43	17.07	0.38	0.55	82.93
Edime ,Kapıkule	Railway	25,040	26,447	0.74	0.02	0.22	0.59	78.73	0.29	10.10	21.27
Edime ,Uzunköprü	Railway	12,047	11,717	0.37	0.79	0.00	0.24	81.88	30.80	0.44	18.12
Edime ,Hamzabeyli	Roadway	383,812	341,900	11.24	0.04	18.15	9.57	77.58	0.05	54.36	22.42
Edime ,İpsala	Roadway	901,352	865,227	25.15	71.38	1.89	26.17	73.91	37.28	2.41	26.09
Edime ,Kapıkule	Roadway	2,029,070	2,068,555	55.97	0.88	78.74	60.80	73.07	0.20	44.60	26.93
Edime ,Pazarkule	Roadway	164,575	171,952	5.53	26.82	0.98	2.02	88.95	76.74	6.83	11.05
Tekirdağ ,Çorlu	Airway	8,956	7,710	0.28	0.00	0.00	0.17	82.49	0.01	0.08	17.51
Tekirdağ ,Merkez	Excursion	18,385	18,385	0.69	0.07	0.01		100.00	1.81	0.90	
Tekirdağ ,Merkez	Seaway	4,692	4,152	0.03	0.00	0.00	0.43	17.07	0.38	0.55	82.93
<b>Turkey 2005</b>		<b>29,169,971</b>	<b>28,768,677</b>					<b>72.42</b>	<b>2.00</b>	<b>5.56</b>	<b>27.58</b>
	<b>Total</b>	<b>3,554,594</b>	<b>3,408,292</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>72.71</b>	<b>10.86</b>	<b>38.84</b>	<b>27.29</b>
CS Area	Airway	9,913	10,593	0.37	0.01	0.00	0.05	95.56	0.23	0.01	4.44
	Excursion	8,701	8,701	0.34	0.01	0.01		100.00	0.33	1.71	0.00
	Railway	69,592	56,887	2.10	1.44	1.60	1.58	78.01	7.97	31.73	21.99
	Roadway	3,462,095	3,327,922	97.19	98.55	98.39	97.96	72.55	10.99	39.23	27.45
	Seaway	4,293	4,189	0.01	0.00	0.00	0.41	6.73	0.00	0.21	93.27
Edime ,Kapıkule	Railway	55,193	43,364	1.64	0.04	1.60	1.33	76.56	0.26	39.94	23.44
Edime ,Uzunköprü	Railway	14,399	13,523	0.47	1.40	0.00	0.24	83.54	37.51	0.27	16.46
Edime ,Hamzabeyli	Roadway	50,740	97,244	1.38	0.03	1.98	1.56	70.20	0.21	53.82	29.80
Edime ,İpsala	Roadway	777,308	664,195	18.04	68.31	0.20	32.06	59.98	33.93	0.35	40.02
Edime ,Kapıkule	Roadway	2,494,436	2,421,075	73.04	0.59	96.09	62.54	75.68	0.09	53.18	24.32
Edime ,Pazarkule	Roadway	139,611	145,408	4.73	29.63	0.12	1.80	87.47	81.94	1.22	12.53
Tekirdağ ,Çorlu	Airway	9,913	10,593	0.37	0.01	0.00	0.05	95.56	0.23	0.01	4.44
Tekirdağ ,Merkez	Excursion	8,701	8,701	0.34	0.01	0.01		100.00	0.33	1.71	0.00
Tekirdağ ,Merkez	Seaway	4,293	4,189	0.01	0.00	0.00	0.41	6.73	0.00	0.21	93.27
<b>Turkey 2000</b>		<b>15,743,037</b>	<b>15,270,103</b>					<b>66.24</b>	<b>1.39</b>	<b>2.42</b>	<b>33.76</b>
	<b>Total</b>	<b>1,816,039</b>	<b>1,769,675</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>58.78</b>	<b>7.41</b>	<b>17.92</b>	<b>41.22</b>
CS Area	Airway	47,091	47,494	4.16	0.01	0.00	0.36	94.33	0.03	0.01	5.67
	Excursion	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Railway	62,914	66,916	3.70	0.82	4.08	3.13	62.72	1.75	21.13	37.28
	Roadway	1,691,434	1,640,932	91.00	99.05	95.85	96.19	57.43	7.88	18.44	42.57
	Seaway	14,600	14,333	1.14	0.12	0.07	0.32	83.46	1.08	1.50	16.54
Edime ,Kapıkule	Railway	56,210	59,339	3.15	0.00	4.08	3.01	59.90	0.00	23.65	40.10
Edime ,Uzunköprü	Railway	6,704	7,577	0.54	0.82	0.00	0.12	86.31	16.45	0.00	13.69
Edime ,Hamzabeyli	Roadway										
Edime ,İpsala	Roadway	412,536	361,458	16.26	91.95	0.02	31.93	42.06	29.98	0.02	57.94
Edime ,Kapıkule	Roadway	1,269,070	1,271,892	73.90	0.97	95.82	64.15	62.16	0.10	24.57	37.84
Edime ,Pazarkule	Roadway	9,828	7,582	0.84	6.14	0.00	0.11	91.69	83.97	0.04	8.31
Tekirdağ ,Çorlu	Airway	47,091	47,494	4.16	0.01	0.00	0.36	94.33	0.03	0.01	5.67
Tekirdağ ,Merkez	Excursion	n/a	n/a	n/a	n/a	n/a		n/a	n/a	n/a	
Tekirdağ ,Merkez	Seaway	14,600	14,333	1.14	0.12	0.07	0.32	83.46	1.08	1.50	16.54

Source: TURKSTAT

Mobility across the Turkish exit/entrance gates (checkpoints) exhibited a remarkable increase during the '00s. The number of people arriving in Turkey has increased from 15,743,037 (2000), to 29,169,971 (2005), and to 39,553,631 (2010). The number of people departing from Turkey has been from 15,270,103 (2000), to 28,768,677 (2005), and to 39,511,669 (2010). The vast majority of mobility concerns foreign visitors (the corresponding ratios fluctuate between approximately 65% to approximately 73%, depending on the direction of mobility and the year under consideration). Concerning the checkpoints that belong to the CS area, the number of people arriving has increased from 1,816,039 (2000), to 3,554,594 (2005), and then decreased slightly to 3,547,929 (2010). The number of people departing has increased from 1,769,675 (2000), to 3,408,292 (2005), and then increased slightly to 3,516,045 (2010). It is evident that mobility through the CS area checkpoints exhibited a noteworthy increase in the first half of the decade, and then, in the second half, remained rather stable. The vast majority of mobility concerns foreign visitors. The respective ratios fluctuate from approximately 60% (2000), to approximately 73% (2005), and to approximately 75% (2010). It is evident that the ratio of the foreigners to the locals, exhibited an increase in the first half of the decade, and then, in the second half, remained rather stable.

Out of the total number of people that pass through the border checkpoints in the Turkish part of the CS area, the majority, concerning the foreign nationalities of the CS area that correspond to the aforementioned part, are Bulgarians. The relative ratios fluctuate from approximately 18% (2000), to approximately 41% (2005), and to approximately 33% (2010). These ratios are higher than the corresponding ratios for the Turkish people in the second half of the decade. The decreasing ratios of Bulgarian people in the aforementioned period can be attributed both to the decrease, in absolute number, of Bulgarian people that crossed the border gates, and to the corresponding increase, in absolute number, of the rest of the foreign people. The corresponding ratios for the Greek people that passed through the border checkpoints in the CS area fluctuate from approximately 8% (2000), to approximately 11% (2005), and to approximately 13% (2010). These ratios, despite the increasing trend that exhibit over time, are lower than the corresponding ratios for the Turkish people.

Concerning the type of mobility, the vast majority – the relative ratios reach the level of 99% – concerns roadway and railway mobility. Based on the nationalities of the people that are moving across the borders in the CS area, it is not surprising the fact that the vast majority of mobility concerns, on aggregate, Hamzabeyli and Kapikule checkpoints<sup>67</sup>. In contrast, mobility that concerns Pazarkule, Uzunköprü, and İpsala checkpoints<sup>68</sup> is, on aggregate, much lower. The relative aggregate ratio of Hamzabeyli and Kapikule checkpoints to the total checkpoints located in the CS area<sup>69</sup> fluctuates from approximately 77% (2000), to

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<sup>67</sup> These checkpoints are located at the Turkish borderlands with Bulgaria.

<sup>68</sup> These checkpoints are located at the Turkish borderlands with Greece.

<sup>69</sup> All checkpoints that concern roadway and railway mobility are located in the province of Tekirdağ. There is, also, the Dereköy checkpoint, in the province of Kırklareli. However, this checkpoint is “marginally” out of the CS area.

approximately 78% (2005), and to approximately 69% (2010). The checkpoint of Hamzabeyli seems to, diachronically, gain importance over the checkpoint of Kapikule. However, the latter remains the most important checkpoint in the CS area. Among the other checkpoints that belong to the CS area, the checkpoint of İpsala seems, also, to, diachronically, increase its importance. The reason for this is the Egnatia motorway and its vertical axes, which contribute to the increase of the accessibility of the aforementioned checkpoint. Important parts of Egnatia motorway started to function in 2004 (by the completion of the Kastania bypass) and put into full function in June 2009 with the completion of the entire 670 km route. At the same period, some important vertical axes, which connect this zone with the northern neighbouring countries and the European transport corridors, were constructed.

This drastic improvement of the road infrastructure in the CS area diminished considerably the traditional remoteness and bad accessibility of this zone, long being one of the most structural characteristics of the spatial infrastructure. Hence, this infrastructure affected considerably the trans-border connectivity, as it shortened by far the time distances between the border countries and regions. Moreover, of special interest is the fact that a large share of the cross-border mobility concern trans-border regions and cities, mostly taking place within distances of up to 50 km where some kind of networks can be traced (Fourkas *et al.* 2010).

### **0.1.3 Cooperation History in the Case Study Area, among the Countries involved**

The European Territorial Cooperation (ETC) is one of the three objectives of the EU Cohesion Policy for the funding period 2007-2013 with a total designed budget of €8.7 billion. The purpose of this objective is to encourage regions and cities from different EU member-states to work together and learn from each other through joint programmes, projects and networks which are primarily financed by the ERDF. In addition, the Instrument for Pre-Accession Assistance (IPA)<sup>70</sup> and the European Neighborhood and Partnership Instrument (ENPI)<sup>71</sup> finance also the cooperation of the member-states with the candidate countries, the potential candidate countries and the neighbors of Europe.

The ETC objective comes as the continuation of the former INTERREG Community Initiative and, thus, covers three types of programmes:

- 52 cross-border co-operation programmes (INTERREG IV A) along internal EU borders with an ERDF contribution of €5.6 billion, or more than 70% of the total budget.
- 13 transnational co-operation programmes (INTERREG IV-B) covering larger areas of co-operation such as the Baltic Sea, Alpine and Mediterranean regions with an ERDF contribution of €1.8 billion, or more than 25% of the total budget.

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<sup>70</sup> IPA offers assistance to countries engaged in the accession to the EU process.

<sup>71</sup> ENPI is the instrument for the implementation of the ENP which has the objective of avoiding the emergence of new dividing lines between the enlarged EU and its neighbors, strengthening, instead, the prosperity, stability and security of all.

- 1 interregional co-operation programme (INTERREG IV-C ) and 3 networking programmes (URBACT II, INTERACT II and ESPON) covering all 27 member-states of the EU plus Iceland (ESPON), Lichtenstein (ESPON), Norway (ESPON, URBACT, INTERACT) and Switzerland (ESPON, URBACT, INTERACT). These programmes provide a framework for exchanging experience between regional and local authorities in different countries with an ERDF contribution of €445 million, or less than 5% of the total budget.

From the 52 cross-border cooperation programmes mentioned above, there are 2 Operational Programmes (OP) in which the countries under consideration (i.e. Greece, Bulgaria and Turkey) participate on a bilateral level. These are the OP “Greece – Bulgaria”, and the OP “Bulgaria-Turkey”.

The OP “Greece – Bulgaria” provides funding for:

- Greece in 7 NUTS3 areas: Evros, Xanthi, Rodopi, Drama, Thessaloniki, Serres and Kavala)
- Bulgaria in 4 NUTS3 areas: Blagoevgrad, Smolyan, Kardzhali and Haskovo.

The OP “Bulgaria – Turkey” provides funding for:

- Bulgaria in 3 NUTS3 areas: Burgas, Yambol and Haskovo.
- Turkey in 2 NUTS3 areas: Edirne and Kirklareli.

From the 13 transnational co-operation programmes, Bulgaria and Greece participate (as entire countries) only in the South East Europe Transnational Cooperation Programme.

In the Interregional Cooperation Programme “INTERREG IV-C”, all the regions of Greece and Bulgaria can participate. This stands for the networking programs, too.

There is also the ENPI which, as key priority, aims at reinforcing cooperation between EU member-states and partner countries along the external border of the EU. For the period 2007-2013, there have been established 15 CBC Programmes along the Eastern and Southern EU external borders and they are as follows:

- 9 Land Borders Programmes,
- 3 Sea Crossing Programmes,
- 3 Sea Basin Programmes.

Of particular interest for the present report are the Black Sea Programme and the Mediterranean Sea Programme from the sea basin programmes since the first one involves Bulgaria, Greece and Turkey and the second one involves Greece and Turkey.

Specifically, in the Black Sea Basin Joint Cooperation Programme (Black Sea JCP) can participate:

- Greece with 2 NUTS II regions which are at the borders with Bulgaria and Turkey:
  - Kentriki Makedonia (with its 7 NUTS3 areas: Imathia, Thessaloniki, Kilkis, Pella, Pieria, Serres, Chalkidiki), and
  - Anatoliki Makedonia and Thraki (with its 5 NUTS3 areas: Drama, Evros, Xanthi, Kavala and Rodopi);
- Bulgaria with 2 NUTS2 regions:
  - Yugostoichen (with its 4 NUTS3 areas: Burgas, Sliven, Yambol and Stara Zagora)
  - Severoiztoichen (with its 4 NUTS3 areas: Varna, Dobrich, Shumen and Turgovishte)
- Turkey with 7 NUTS II regions:
  - Tekirdağ (with its 3 NUTS3 areas: Tekirdağ, Edirne and Kirklareli),



- Istanbul (with its sole NUTS3 area, Istanbul),
- Kocaeli (with its 5 NUTS3 areas: Kocaeli, Sakaria, Duzce, Bolu and Yalova),
- Zonguldak (with its 3 NUTS3 areas: Zonguldak, Karabuk and Bartin),
- Kastamonu (with its 3 NUTS3 areas: Kastamonu, Cankiri and Sinop),
- Samsun (with its 4 NUTS3 areas: Samsun, Tokat, Corum and Amasya)
- Trabzon (with its 6 NUTS3 areas: Trabzon, Ordu, Giresun, Rize, Artvin and Gumushane).

Specifically, in the Mediterranean Sea Basin Programme (ENPI CBC Med) can participate:

- Greece with 12 NUTS2 areas, that is almost the entire country, without the NUTS2 region of Dytiki Makedonia;
- Turkey with 7 NUTS2 areas (Tekirdağ, Balıkesir, Izmir, Aydın, Antalya, Adana, Hatay).

However, Turkey has requested not to be included anymore in the list of eligible territories, being in a pre-accession, to the EU, phase.

The territorial cooperation started to be officially co-funded and provided with a legal and an institutional framework by the European Economic Community (EEC) in 1989, when the first INTERREG was launched<sup>72</sup>. The EEC could use part of the budget of the Structural Funds to carry out measures of significant interest to the Community, and thus it initiated this programme as a complement to the Community Support Frameworks (CSF). The aim of this initiative was to prepare the border area for the opening of the Single Market with an eye on the economic and social cohesion of the European Community.

Hence, INTERREG I was implemented during the period 1989-1993. INTERREG II followed in the period 1994-1999, succeeded by the INTERREG III in the period 2000-2006. Currently, in the period 2007-2013, the fourth phase of the INTERREG is being implemented, under the ETC Objective.

The co-operation history (experience) in the CS area indicates that both catalysts and barriers exist. Concerning cross-border cooperation between Greece and Bulgaria (see Table Ap-0-2) and between Bulgaria and Turkey (see Table Ap-0-3) catalysts seems to prevail. Unfortunately, this does not stand for cross-border cooperation between Greece and Turkey.

## **Cross-Border Cooperation between Greece and Bulgaria**

### **Programming Period 2007-2013**

The Greece-Bulgaria Cross-Border Cooperation Programme 2007-2013 is among the 52 cross-border cooperation programmes of the INTERREG IV A. This programme is the most important and significant one in the CS area, in terms of cross-border cooperation between these two countries. It focuses at *“strengthening the networks and the cooperation in the fields of border security, natural resources’ management, business and research networks, in order to provide viable solutions for unhindered communication via modern infrastructure”*.

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<sup>72</sup> Adopted on 25<sup>th</sup> of July 1990, under Article 11 of Regulation (EEC) No 4253/88 and Article 3, § 2 of Regulation (EEC) No 4254/88

The amount that corresponds to this programme and for this period is €130 million from which €110 million (85%) are from the ERDF.

From the 13 transnational cooperation programmes of INTERREG IV-B, Bulgaria and Greece participate (as entire countries) only in the Transnational Cooperation Programme “South East Europe”. The programme’s global objective is *“the improvement of the territorial, economic and social integration process and contribution to cohesion, stability and competitiveness through the development of transnational partnerships and joint actions on matters of strategic importance”*.

In the Interregional Cooperation Programme “INTERREG IV-C ” all the regions of Greece and Bulgaria can participate. The overall objective of the programme is “to improve the effectiveness of regional policies and instruments”.

The aim of the Black Sea CBC Programme, in which both Greece and Bulgaria participate, is to contribute to *“a stronger and sustainable economic and social development of the regions of the Black Sea Basin”*. However, the program considers eligible only 2 NUTS2 regions of Greece (Kentriki Makedonia and Anatoliki Makedonia, Thraki), and only 2 NUTS2 regions of Bulgaria (Severoiztochen (BG33) and Yugostochochen (BG34)). The Bulgarian regions eligible do not belong to CS area.

### ***Programming Period 2000-2006***

From INTERREG III A, of particular interest for the report is the Greece-Bulgaria Cross-Border Cooperation Programme 2000-2006. The general objective of the programme was “the region’s development into a centre and focal point for peace, sustainable development and expansion of the European Economic Area in the hinterland of the Balkans, the Black Sea zone and the Eastern Mediterranean Sea”. The eligible area was the same as it is currently in the Programme Greece-Bulgaria CBC 2007-2013. The programme allocated an amount of €420 million, of which €269 million (64%) refer to the Greek INTERREG III A Programme and €151 million (36%) are for PHARE CBC Programme.

Hence, the CBC Programme Greece-Bulgaria 2000-2006 had 5 Priorities and 11 Measures. The Priorities had the thematic fields of Transport Infrastructure (to which it allocated 57.6% of total funds), Economic Development and Employment (with 19.9% of total funds), Quality of Life (with 18.3%), Special Aid for Areas Bordering with Candidate Countries (with 2.7%), and Technical Assistance (with 1.5% of total funds).

From INTERREG III-B , of particular interest for the report is the programme CADSES (Central Adriatic Danubian South-Eastern European Space) in which the whole territory of both Greece and Bulgaria were eligible. The primary objective of the CADSES Programme was “to achieve higher territorial and economic integration within the co-operation area, promoting more balanced and harmonious development of the European space”.

From INTERREG III-C, of particular interest for the report is the East Zone. This part of the programme promoted interregional co-operation between regional and other public authorities across the entire EU territory and neighbouring countries. It allowed regions

without joint borders to work together in common projects and develop networks of co-operation. The programme allowed the participation of third countries as widely as possible, especially the EU candidate countries (at that time) (Bulgaria, Romania, and Turkey), Norway, Switzerland and the MEDA countries (i.e. Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Territory, Syria, and Tunisia).

### ***Programming Period 1994-1999***

The INTERREG II A Greece-External Borders (Bulgaria) constituted the first important opportunity for Greece and Bulgaria to cooperate in an institutionalized framework with the aim of researching, joint decision-making and interventions in the whole area of their joint borders, which was characterized by low development, important socio-economic disparities and low cooperation in the business and research areas as well as in the areas of transport, environment, health and culture<sup>73</sup>. The Greece/external borders programme invested about €192 million of structural funds in interventions aimed at eliminating bottlenecks and missing links. The projects supported improved large-scale road networks, connected border entry points with terminating points (ports) in northern Greece (e.g. through direct road axes) and upgraded rail interconnections. Approximately 180 km of existing transport infrastructure was upgraded and 88.81 km of new roads were built. Also, there were implemented some railway upgrading projects on the two main lines connecting Greece with Bulgaria. In addition, a number of other projects resulted in the upgrading of 17 heliports on the Greek islands. The investment support for expanding/upgrading road axes and for improving the railroad network, ports and border crossing points has achieved a speedier transport of people and goods by different modes of transport, reducing the isolation of the Greek border regions benefiting the approximately 3 million inhabitants in the programme area and other users of cross-border transport connections.

## **Cross-Border Cooperation between Bulgaria and Turkey**

### ***Programming Period 2007-2013***

The Bulgaria-Turkey Cross Border Cooperation Programme 2007-2013 is the current scheme of cross border cooperation between Bulgaria and Turkey. The Overall Strategic Goal of the programme for this period is “to achieve balanced sustainable development build upon the key strengths of the Bulgaria-Turkey cross-border co-operation area in contribution to stronger European co-operation and integrity”<sup>74</sup>. The covered area comprises the Bulgarian NUTS3 regions of Burgas (BG341), Yambol (BG343) and Haskovo (BG422), and the Turkish NUTS3 regions Edirne (TR212) and Kirklareli (TR213). Bulgaria, as an EU member, is funded from the ERDF, whereas Turkey is currently being financed by the IPA.

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<sup>73</sup> Cross Border Experience, Operational Programme Document Greece-Bulgaria 2000-2006

<sup>74</sup> IPA Cross Border Cooperation Operational Programme Document Bulgaria-Turkey 2007-2013

The total amount allocated to this programme was of €11,814,525 from which the EC Contribution was €10,042,346 and the co-financing was €1,772,179, that is, approximately 85% and 15% respectively. The total amount allocated to the first, second and third priority is at the proportions of 40%, 50% and 10%, respectively.

### ***Programming Period 2000-2006***

The Bulgaria-Turkey Cross Border Cooperation Programme 2004-2006 was the first scheme of cross-border cooperation between Bulgaria and Turkey and the first cross-border cooperation scheme in which Turkey participates. The objective of the programme was “to contribute to the elimination of any negative effects resulting from living near the border and to create preconditions for an improved quality of life through joint co-operation between the populations of the two sides of the border”<sup>75</sup>. The covered area comprised the Bulgarian and Turkish provinces (NUTS3) located along the border, namely Burgas (BG341), Yambol (BG343) and Haskovo (BG422) in Bulgaria and Edirne (TR212) and Kirklareli (TR213) in Turkey. The financial schemes for the two countries were different since Bulgaria was eligible under the PHARE while the EC aid to Turkey was provided under the Pre-accession Financial Assistance Program<sup>76</sup>

The programme focused on few strategic priorities planned to be achieved through a series of measures and activities, which were intended to help the strengthening of the co-operation between the two countries.

The total amount allocated to this programme was of €40,687,000 from which the EC Contribution was €30,000,000 and the co-financing was €10,687,000, that is, approximately 74% and 26%, respectively. The EC Contribution was divided into two, half being accorded to Bulgaria and half to Turkey. Bulgaria allocated €4,755,000 as co-financing while Turkey allocated €5,931,700, that is, 24% and 28%, respectively, of their total amounts.

Because of the limited size of the programme’s budget and in order to achieve sufficient impact, it was decided to concentrate the bulk of the resources made available under the CBC facility on priorities 1 and 2<sup>77</sup>.

## **Cross-Border Cooperation between Greece and Turkey**

### ***Programming Period 2007-2013***

The Greece-Turkey Cross-Border Cooperation Programme 2007-2013 has been not activated “for political reasons”. In particular, in the Greece-Turkey Cross-Border Cooperation Programme 2007-2013, the border region of Thrace, with regards to the land Greek-Turkish borders was excluded from the program and only the areas of the North and

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<sup>75</sup> IPA Cross Border Cooperation Operational Programme Document Bulgaria-Turkey 2004-2006

<sup>76</sup> Council Regulation (EC) No 2500/2001 of 17 December 2001 concerning pre-accession financial assistance for Turkey

<sup>77</sup> IPA Cross Border Cooperation Operational Programme Document Bulgaria-Turkey 2004-2006

South Aegean were participating, with a budget of €34,088,992. Although INTERREG IV is in force from 2007 until 2013, there was no progress of realization of the program even from the participating regions in the Greek islands with the coastal Turkish areas. The official site of the Greek ministry of Economy and Finance mentions that the actual programme “has been suspended” (Chrisdoulaki 2010).

### ***Programming Period 2000-2006***

The Greek-Turkey cross-border cooperation was supposed to start in 2004 when the Greek Ministry of Economics Mr. N. Christodoulakis, the Ambassador of the Turkish representation at the European Union Mr. M. Demiralp and the Commissioner Mr. M. Barnier co-signed the Programme INTERREG III A. The objective of this programme was the “Upgrading of the infrastructure in cross-border area and the development of cross-border cooperation in social and economic sectors”<sup>78</sup>.

The Greek minister stated at that time that the particular agreement signalled the beginning of a new era in the Greek-Turkish relationship<sup>79</sup>.

This type of cooperation was coming as continuation on to the next level of the previously signed bilateral agreements between Greece and Turkey for cooperation, namely:

- “Agreement between the Hellenic Republic and the Republic of Turkey on Cultural Cooperation” signed in Athens, February 4, 2000, and,
- “Cultural, Educational, Scientific, Mass Media, Youth and Sports Exchange Programme between the Government of the Hellenic Republic and the Government of the Republic of Turkey” signed in Athens, November 8, 2001.

The total allocated budget for the programme was €66,018,843, from which €46,664,004 concerned the Greek side (€34,998,000 (75%) is the participation of ERDF) and €19,354,839 € concerned the Turkish side (€15,000,000 (77.5%) is the participation of the pre-accession financial assistance program).

The programme’s eligibility covered an area of 81.215 km<sup>2</sup> (17.6% and 8.1% of the total area of Greece and Turkey, respectively) and a population of 8.100.753 inhabitants (10.21% and 10.2% of their countries’ total, respectively). The programme’s document didn’t state, however, the eligible NUTS III entities.

### **Cross-Border Cooperation between Greece, Bulgaria and Turkey**

There is not yet a specific designed cross-border cooperation programme that would include all the three border parts of Greece, Bulgaria and Turkey. However, as mentioned before, stakeholders from these areas are eligible for cooperation in other programmes like the bilateral cross-border cooperation, the Black Sea Programme and the South East Europe Programme.

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<sup>78</sup> INTERREG III A Greece-Turkey CBC Operational Programme Document 2003-2006

<sup>79</sup> Greek Ministry of Economy and Finance, Press & Public Relation Office, Press Release (9/2/2004)

In addition, there are sporadic attempts to come together and solve common issues like the case of a single project in the Greece-Bulgaria CBC Programme (2004-2006) where municipalities from Greece, Bulgaria and Turkey cooperated.

Furthermore, in 2003, under the initiative and at the invitation of the Head of the Prefecture of Xanthi, Mr. Pavlidis, the Heads of 6 prefectures from Greece (Evros, Rodopi, Drama, Kavala, Serres and Xanthi), of 4 prefectures from Bulgaria (Blagoevgrad, Haskovo, Kardzhali and Smolyan) and of one prefecture from Turkey (Edirne) met together and decided unanimously the creation of the network of cross-border cooperation between these prefectures that would be named Cross-Border Cooperation Network of Greece-Bulgaria-Turkey Prefectures. This decision took the form of the Agreement of Cooperation between Greece-Bulgaria-Turkey signed on April 16<sup>th</sup>, 2004 in Orestiada, Greece.

## 0.2 Methodological Approach to the Case Study

### 0.2.1 Research Profile

The empirical work in the GBT CS area (see Table 0-9) has been organised around: a) standardised questionnaires, and b) in-depth Interviews. Policies, practises and perceptions have comprised the main focal point of the research framework. The questionnaire was sent automatically, by email, to each municipality of the three border zone areas.

79 standardized questionnaires have been collected in order to assist the empirical analysis, during the period July-November 2011. More specifically, 44 questionnaires were collected from the Greek part of the CS area, 25 from the Turkish part, and 10 from the Bulgarian part. The standardized questionnaire addressed only to municipalities of the CS area (see Map 0-3).

Moreover, during the period August-November 2011, there have been carried out (in the three cross-border zones) 28 in-depth interviews with experts on issues of cross-border cooperation. 13 of these interviews took place in Greece, 6 in Bulgaria, and 9 in Turkey. The in-depth interviews were carried out both via face-to-face meetings and phone calls. Out of the 28 interviews, 11 were conducted in municipalities, 5 in NGOs, 4 in universities, and 8 in other agencies. The basic profile of the sample is a balanced one since it includes respondents from both the public and private sectors.

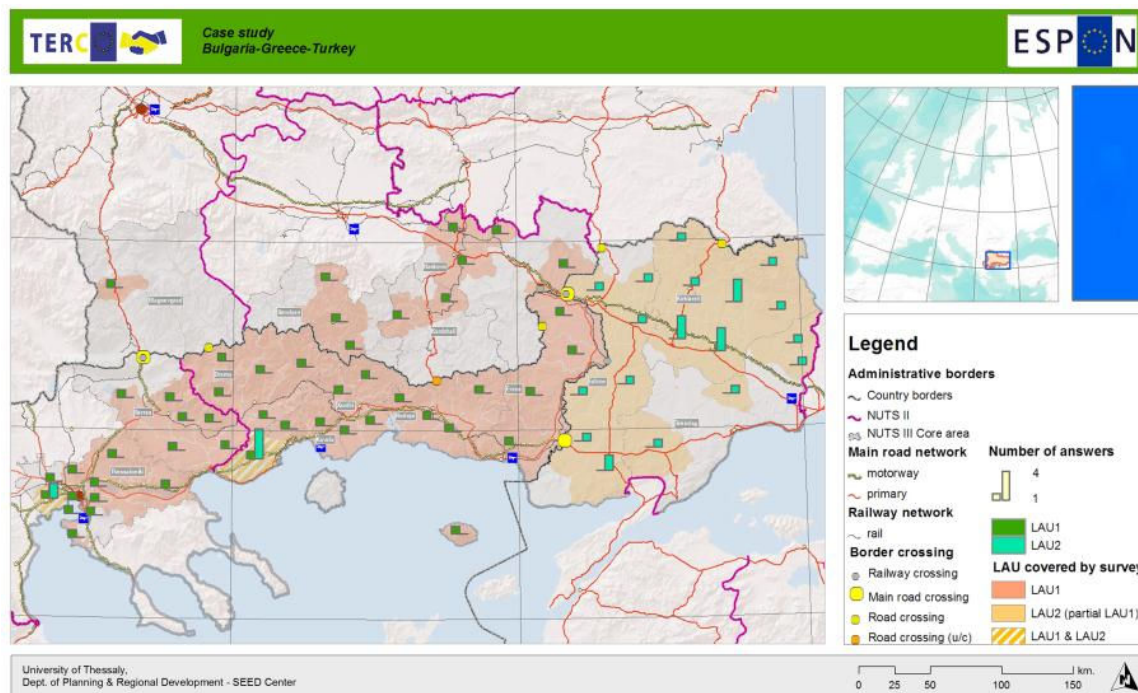
**Table 0-9:** The Research Profile in the Framework of TERCO project, GBT CS area

Country	Type	Questionnaire	In-depth Interview
Greece	All	44	13
Turkey	All	25	9
Bulgaria	All	10	6
<b>Total</b>	All	<b>79</b>	<b>28</b>
	Municipalities	79	11
	Universities		4

	NGO's	5
	Others	8

Source: Authors' elaboration

**Map 0-3:** The Research Profile in the Framework of TERCO project, GBT CS area



Source: Authors' elaboration

## 0.2.2 Problems during the Implementation of the Survey

Of course, during the implementation of the survey many problems can be reported which affected the whole effectiveness of the procedure. Yet, due to the flexibility and experience of the project team these problems were overcome successfully. These problems can be summarized as follows:

- The questionnaire sent by the system was ready in the early July, a period when many of the municipal staff was out of the office for summer holidays.
- Many municipalities reported that the emails sent automatically by the system, were reported as 'spam' and as such most of them could not receive the questionnaire's link.
- Some recipients could not open the provided link due to different specifications set by the security policies followed by some municipalities.
- The new applied administration system for local Authorities in Greece, according to new law (KALLIKRATIS), also caused some trouble. Due to these changes in the structure of municipalities, many employees changed position and it was rather difficult to find the right persons for the questionnaire and interview.
- The elections in Bulgaria which took place in October 2011 also caused difficulties. Many municipalities from Bulgaria reported that their staff is overloaded with the elections, so they had no time to dedicate to questionnaires and interviews.

- The Turkish organizations are not eligible in many ITC programs and as such there is no much experience in this field. Due to this, it was difficult to find people adequate enough to respond to our interview and questionnaire.

To overcome the above mentioned problems, the project team, with the agreement of/under the guidelines of the Lead Partner, undertook the following actions:

- Visits to some municipalities of the area that had difficulties to fill in the questionnaire,
- Frequent contacts with the municipalities in order to follow up the procedure,
- Sending hard copy questionnaires to the municipalities that reported problems with the system and then filling in the questionnaires in the system.

### 0.2.3 Initial Findings from the Survey

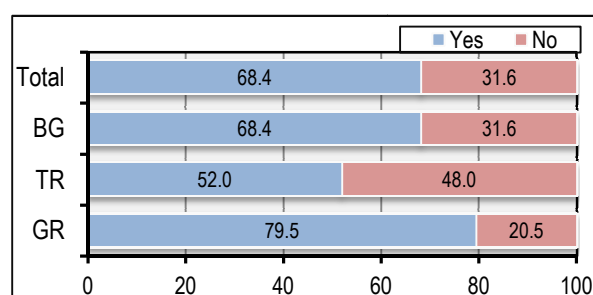
Proceeding to the analysis of the research findings, it should be mentioned that out of the 79 questionnaire respondents, 25 (31.6% of the sample) answered that (i.e. the organization they represent) have no experience in international territorial co-operation projects. While the ratio of “inexperienced” to total respondents is quite high in Bulgaria (40%) and in Turkey (48%), it is rather low in Greece (20.5%) (see Table 0-10, Figure 0-1). This finding is justifiable since Greece is more active, comparing to Bulgaria and Turkey, in the field, possibly because it started earlier to be eligible in different EU territorial cooperation programmes.

**Table 0-10:** Experience in ITC Projects, GBT CS area

Experience in ITC Projects	Country			
	GR	TR	BG	Total
Yes	79.5	52.0	60.0	<b>68.4</b>
No	20.5	48.0	40.0	<b>31.6</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Authors' elaboration

**Figure 0-1:** Experience in ITC Projects, GBT CS area



Concerning the type of cooperation (see Table 0-11, Figure 0-2), most of “experienced” respondents have been involved in INTERREG A activities. Quite high is the respective ratio for Twinning Cities activities, while quite low, in contrast, are the ratios for INTERREG B and INTERREG C activities. The low ratios for INTERREG B and INTERREG C activities can be, at least partially, explained from the fact that Turkey has not been eligible so far in the programmes of INTERREG B and C. Minimal is the respective ratio for transcontinental activities. In particular, most of the Greek “experienced” respondents have been involved in INTERREG A, in Twinning Cities, and in INTERREG C activities. Most of the Bulgarian “experienced” respondents have been involved in INTERREG A, and in Twinning Cities activities. Similarly, most the Turkish “experienced” respondents have been involved in INTERREG A, and in Twinning Cities activities.



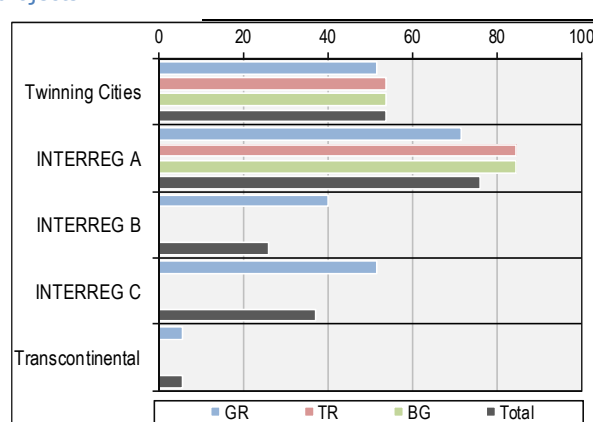
Concerning the period of initial involvement (see Table 0-12, Figure 0-3), it should be mentioned that the Turkish municipalities in the CS area have no involvement in INTERREG B, INTERREG C, and transcontinental programmes. Also, the Bulgarian municipalities have a very low involvement in INTERREG B and INTERREG C programmes even though at national level the picture seems to be quite different. That is, at INTERREG III-B (CADSES, 2000-2006) Bulgaria participated with 65 partners while at INTERREG IV-B (see, 2007-2013) it participated, up until now, with 66 partners. At INTERREG III-C Bulgaria participated with 18 partners, while at INTERREG IV-C with 513 partners. In contrast, the Greek municipalities in the CS area have involvement in all types of ITC programmes.

**Table 0-11:** Type of Cooperation in ITC Projects, GBT CS area, (%) of cases with experience in ITC projects

Type of Cooperation	Country			
	GR	TR	BG	Total
Twinning Cities	51.4	53.8	66.7	<b>53.7</b>
INTERREG A	71.4	84.6	83.3	<b>75.9</b>
INTERREG B	40.0	0.0	0.0	<b>25.9</b>
INTERREG C	51.4	0.0	33.3	<b>37.0</b>
Transcontinental	5.7	0.0	16.7	<b>5.6</b>

Source: Authors' elaboration

**Figure 0-2:** Type of Cooperation in ITC Projects, GBT CS area, (%) of cases with experience in ITC projects



Concerning the Twinning Cities programme, all Bulgarian municipalities first involved in the period 1994-1999. The majority of Turkish municipalities first involved in the periods 2000-2006 and after 2007, whereas no municipality first involved before 1994. In contrast, the corresponding situation is more balanced for the Greek municipalities. As for the INTERREG A programme, all Bulgarian and Turkish municipalities first involved in the periods 2000-2006 and after 2007. In particular, the vast majority of Turkish municipalities first involved in after 2007, whereas half of the Bulgarian municipalities were first involved in the period 2000-2006 and half after 2007. Again, the corresponding situation for the Greek municipalities is more balanced even though in their vast majority they were first involved in the period 2000-2006. As for the INTERREG B and INTERREG C programmes only Greek municipalities were involved. Most of them were first involved in the period 2000-2006. Finally, as for the transcontinental programmes, all the Bulgarian municipalities were first involved in the period 1994-1999, whereas all Greek municipalities were first involved in the period 2000-2006.

A fact that should be mentioned (see Table 0-13, Figure 0-4) is that the majority of Greek and Turkish municipalities in the CS area retain all the same or mostly the same partners concerning the Twinning Cities programme. In contrast, the Bulgarian municipalities have a similar number of old and new partners. The Bulgarian municipalities retain, in their majority,

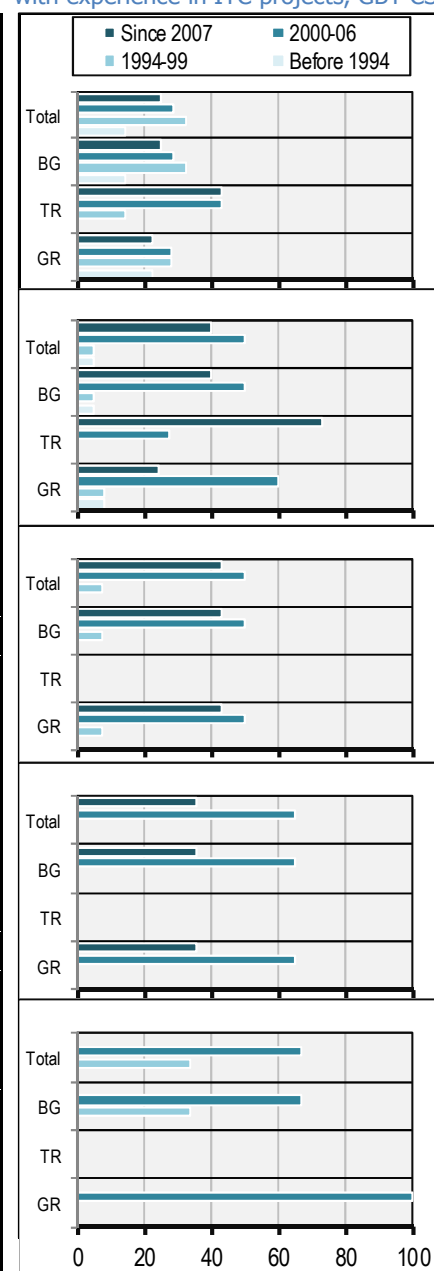
mostly the same partners concerning INTERREG A programme and, again in their majority, mostly new or all new partners concerning INTERREG C programme. The picture is more balanced concerning the mode of partnership of the Turkish and Greek municipalities in INTERREG A programme, and the mode of partnership of the Greek municipalities in INTERREG B and INTERREG C programmes. Concerning transcontinental programmes, the Greek municipalities either retain a similar number of old and new partners or select all new partners.

As for the number of projects or agreements (see Table 0-14, Figure 0-5), the majority of municipalities in the CS area, in case of involvement, are involved in more than 2 projects in the framework of INTERREG A and INTERREG C programmes, since 2007. Involvement, since 2007, is less intense in the framework of INTERREG B programme, since the majority of municipalities in the CS area, in case of involvement, are involved in only 1 project. Of course, the aforementioned municipalities are all Greek municipalities. Concerning Twinning Cities and transcontinental programmes, the situation seems to be more balanced.

**Table 0-12:** Period of Initial Involvement in ITC Projects, (%) of cases with experience in ITC projects, GBT CS area

Type	Period	Country			Total
		GR	TR	BG	
Twinning Cities	Before 1994	22.2	0.0	14.3	<b>14.3</b>
	1994-99	27.8	14.3	32.1	<b>32.1</b>
	2000-06	27.8	42.9	28.6	<b>28.6</b>
	Since 2007	22.2	42.9	25.0	<b>25.0</b>
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>96.6</b>	<b>96.6</b>
	<i>Involvement</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	100.0
INTERREG A	Before 1994	8.0	0.0	5.0	<b>5.0</b>
	1994-99	8.0	0.0	5.0	<b>5.0</b>
	2000-06	60.0	27.3	50.0	<b>50.0</b>
	Since 2007	24.0	72.7	40.0	<b>40.0</b>
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>97.6</b>	<b>97.6</b>
	<i>Involvement</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	100.0
INTERREG B	Before 1994	0.0	0.0	0.0	<b>0.0</b>
	1994-99	7.1	0.0	7.1	<b>7.1</b>
	2000-06	50.0	0.0	50.0	<b>50.0</b>
	Since 2007	42.9	0.0	42.9	<b>42.9</b>
	<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	<i>Involvement</i>	<i>100.0</i>	<i>0.0</i>	<i>100.0</i>	100.0
INTERREG C	Before 1994	0.0	0.0	0.0	<b>0.0</b>
	1994-99	0.0	0.0	0.0	<b>0.0</b>
	2000-06	64.7	0.0	64.7	<b>64.7</b>
	Since 2007	35.3	0.0	35.3	<b>35.3</b>
	<b>Total</b>	<b>94.4</b>	<b>0.0</b>	<b>85.0</b>	<b>85.0</b>
	<i>Involvement</i>	<i>100.0</i>	<i>0.0</i>	<i>100.0</i>	100.0
Transcontinental	Before 1994	0.0	0.0	0.0	<b>0.0</b>
	1994-99	0.0	0.0	33.3	<b>33.3</b>
	2000-06	100.0	0.0	66.7	<b>66.7</b>
	Since 2007	0.0	0.0	0.0	<b>0.0</b>
	<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	<i>Involvement</i>	<i>100.0</i>	<i>0.0</i>	<i>100.0</i>	100.0

**Figure 0-3:** Period of Initial Involvement in ITC Projects, (%) of cases with experience in ITC projects, GBT CS area



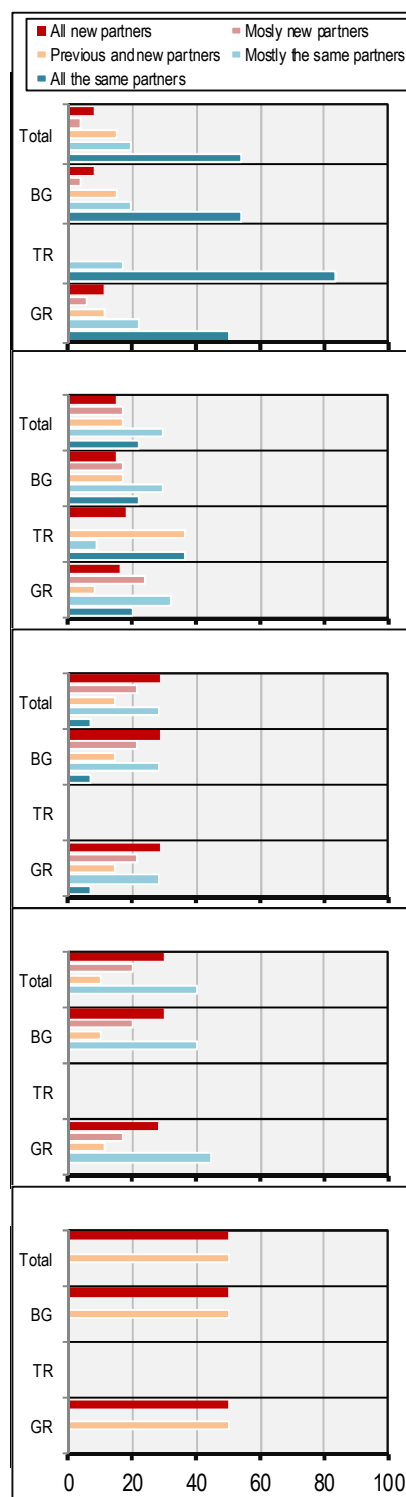
Source: Authors' elaboration

**Table 0-13:** Mode of Partnership in ITC Projects, (%) of cases with experience in ITC projects, GBT CS area

Type	Mode	Country			Total
		GR	TR	BG	
Twinning Cities	All the same partners	50.0	83.3	53.8	<b>53.8</b>
	Mostly the same partners	22.2	16.7	19.2	<b>19.2</b>
	Similar number	11.1	0.0	15.4	<b>15.4</b>
	Mosly new partners	5.6	0.0	3.8	<b>3.8</b>
	All new partners	11.1	0.0	7.7	<b>7.7</b>
	<b>Total</b>	<b>100.0</b>	<b>85.7</b>	<b>89.7</b>	<b>89.7</b>
	<i>Involvement</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
INTERREG A	All the same partners	20.0	36.4	22.0	<b>22.0</b>
	Mostly the same partners	32.0	9.1	29.3	<b>29.3</b>
	Similar number	8.0	36.4	17.1	<b>17.1</b>
	Mosly new partners	24.0	0.0	17.1	<b>17.1</b>
	All new partners	16.0	18.2	14.6	<b>14.6</b>
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<i>Involvement</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
INTERREG B	All the same partners	7.1	0.0	7.1	<b>7.1</b>
	Mostly the same partners	28.6	0.0	28.6	<b>28.6</b>
	Similar number	14.3	0.0	14.3	<b>14.3</b>
	Mosly new partners	21.4	0.0	21.4	<b>21.4</b>
	All new partners	28.6	0.0	28.6	<b>28.6</b>
	<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	<i>Involvement</i>	<i>100.0</i>	<i>0.0</i>	<i>100.0</i>	<i>100.0</i>
INTERREG C	All the same partners	0.0	0.0	0.0	<b>0.0</b>
	Mostly the same partners	44.4	0.0	40.0	<b>40.0</b>
	Similar number	11.1	0.0	10.0	<b>10.0</b>
	Mosly new partners	16.7	0.0	20.0	<b>20.0</b>
	All new partners	27.8	0.0	30.0	<b>30.0</b>
	<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	<i>Involvement</i>	<i>100.0</i>	<i>0.0</i>	<i>100.0</i>	<i>100.0</i>
Transcontinental	All the same partners	0.0	0.0	0.0	<b>0.0</b>
	Mostly the same partners	0.0	0.0	0.0	<b>0.0</b>
	Similar number	50.0	0.0	50.0	<b>50.0</b>
	Mosly new partners	0.0	0.0	0.0	<b>0.0</b>
	All new partners	50.0	0.0	50.0	<b>50.0</b>
	<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>66.7</b>	<b>66.7</b>
	<i>Involvement</i>	<i>100.0</i>	<i>0.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Authors' elaboration

**Figure 0-4:** Mode of Partnership in ITC Projects (%) of cases with experience in ITC projects, GBT CS area

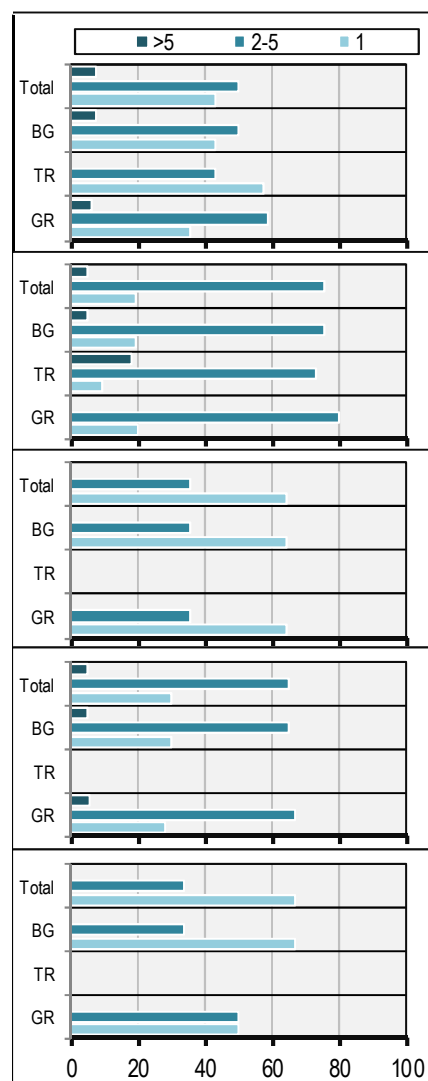


**Table 0-14:** Number of Projects or Agreements in ITC Projects, (%) of cases with experience in ITC projects, GBT CS area

Type	Number of project or agreements	Country			Total
		GR	TR	BG	
Twinning Cities	1	35.3	57.1	42.9	<b>42.9</b>
	2-5	58.8	42.9	50.0	<b>50.0</b>
	>5	5.9	0.0	7.1	<b>7.1</b>
	Total	<b>94.4</b>	<b>100.0</b>	<b>96.6</b>	<b>96.6</b>
	Involvement	100.0	100.0	100.0	100.0
INTERREG A	1	20.0	9.1	19.5	<b>19.5</b>
	2-5	80.0	72.7	75.6	<b>75.6</b>
	>5	0.0	18.2	4.9	<b>4.9</b>
	Total	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Involvement	100.0	100.0	100.0	100.0
INTERREG B	1	64.3	0.0	64.3	<b>64.3</b>
	2-5	35.7	0.0	35.7	<b>35.7</b>
	>5	0.0	0.0	0.0	<b>0.0</b>
	Total	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	Involvement	100.0	0.0	100.0	100.0
INTERREG C	1	27.8	0.0	30.0	<b>30.0</b>
	2-5	66.7	0.0	65.0	<b>65.0</b>
	>5	5.6	0.0	5.0	<b>5.0</b>
	Total	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	Involvement	100.0	0.0	100.0	100.0
Transcontinental	1	50.0	0.0	66.7	<b>66.7</b>
	2-5	50.0	0.0	33.3	<b>33.3</b>
	>5	0.0	0.0	0.0	<b>0.0</b>
	Total	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
	Involvement	100.0	0.0	100.0	100.0

Source: Authors' elaboration

**Figure 0-5:** Number of Projects or Agreements in ITC Projects, (%) of cases with experience in ITC projects, GBT CS area

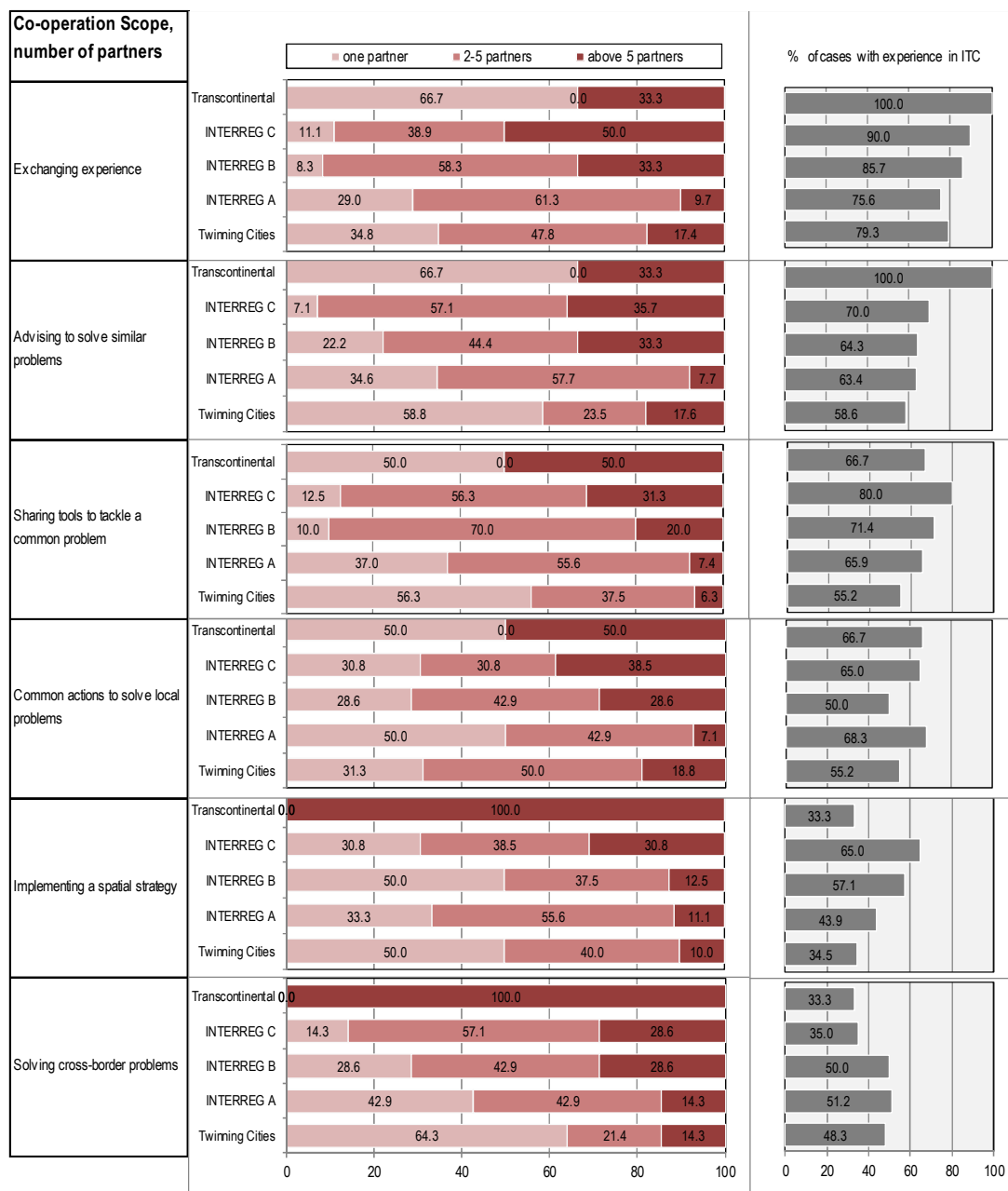


# 1 Physical Areas of Territorial Co-Operation

## 1.1 Cooperation's Scope and Intensity of Partnership in ITC Projects

Attempting to assess the depth and intensity of the ITC and based on the respondents' views (see Figure 1-1), it is evident that the exchange of experience<sup>80</sup> appears to be the prevailing scope of co-operation.

**Figure 1-1:** Cooperation, Scope and Number of Partners in ITC Projects, GBT CS area



Source: Authors' elaboration

<sup>80</sup> In terms of exchange of information on technology and culture without undertaking common actions

Important enough are also the scopes of advising each other on how to solve similar problems<sup>81</sup>, even if the solutions are different, and of sharing tools to tackle a common problem<sup>82</sup>.

In contrast, the scope of jointly solving cross-border problems<sup>83</sup> seems to be of low importance. Of course, this finding accentuates an oxymoron situation since the joint solution of cross-border problems is at the heart of ITC programmes' aims. The scopes of jointly implementing common actions or investments to solve local problems<sup>84</sup> and of jointly implementing a spatial strategy<sup>85</sup> seem also to be of rather low priority. These findings indicate that there is still enough to be done in order to pass from the exchange of experience and knowledge to the joint exploitation of them. That is, to jointly develop actions, solve problems, develop and implement spatial strategies, etc.

Concerning the average number of partners the municipalities of the CS area have dealt with by project, this depends on the type of international territorial cooperation program and the scope of cooperation. In any case, the vast majority of municipalities of the CS area tend to have 2-5 partners in the INTERREG A, INTERREG B, and INTERREG C projects they have participated, 1 partner in the twinning cities, and either 1 or above 5 partners in the transcontinental projects.

## 1.2 Factors of Partnership in ITC Projects

The prevailing number of the CS asked institutions declare that the religion and the historical relations doesn't influence, or has a minor importance on the co-operation of their regions with the foreign neighbors (see Figure 1-2). The presence of the minority groups in the neighboring regions also doesn't influence (or their influence is very small on) the cross-border cooperation.

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<sup>81</sup> In terms of solving a particular problem with the help of the expertise of other partners, or testing foreign approaches in the actual region

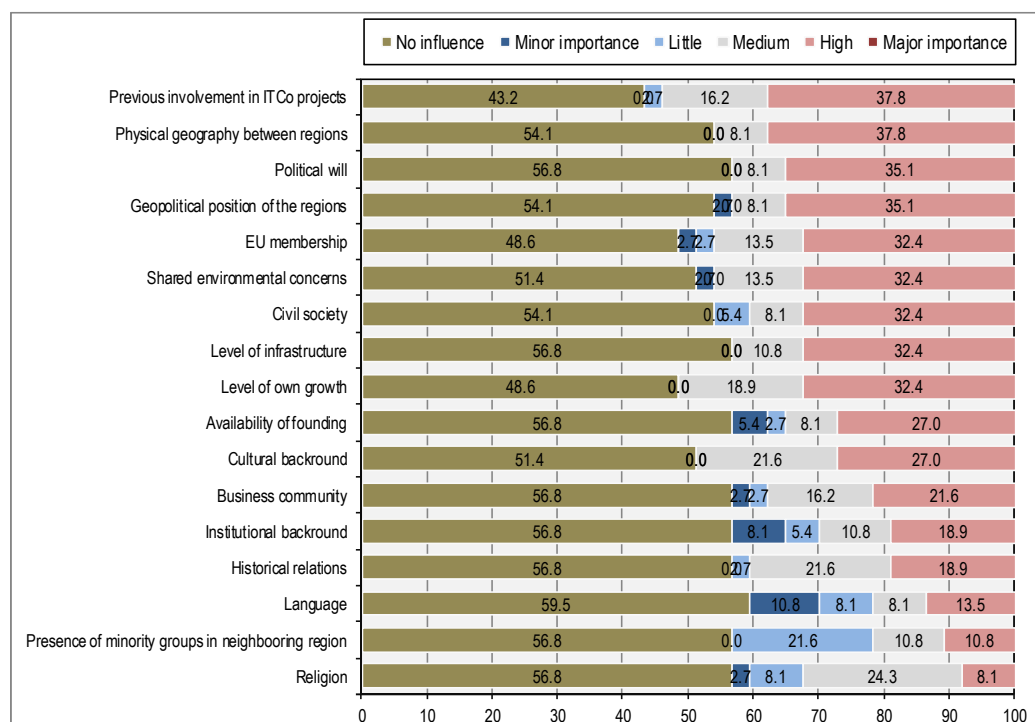
<sup>82</sup> E.g. between partners that have similar problems and solve them the same way

<sup>83</sup> E.g. cross border health care; developing a missing cross-border transport link, retaining water in upstream regions to avoid floods in downstream regions etc...

<sup>84</sup> E.g. joint organization of a cultural festival or building a wastewater treatment plant for border river protection

<sup>85</sup> E.g. developing long-term solutions and implementing them in parallel, in the countries involved

**Figure 1-2:** Factors that facilitate or hinder ITC, GBT CS area (major neighbouring country)



Source: Authors' elaboration

On the other hand, more than half of the asked institutions believe that the previous involvement in the territorial cooperation projects facilitates the further cooperation of their regions with the neighboring ones. Yet, less than half of the respondents believe that the level of infrastructure have medium to high influence on the CBC.

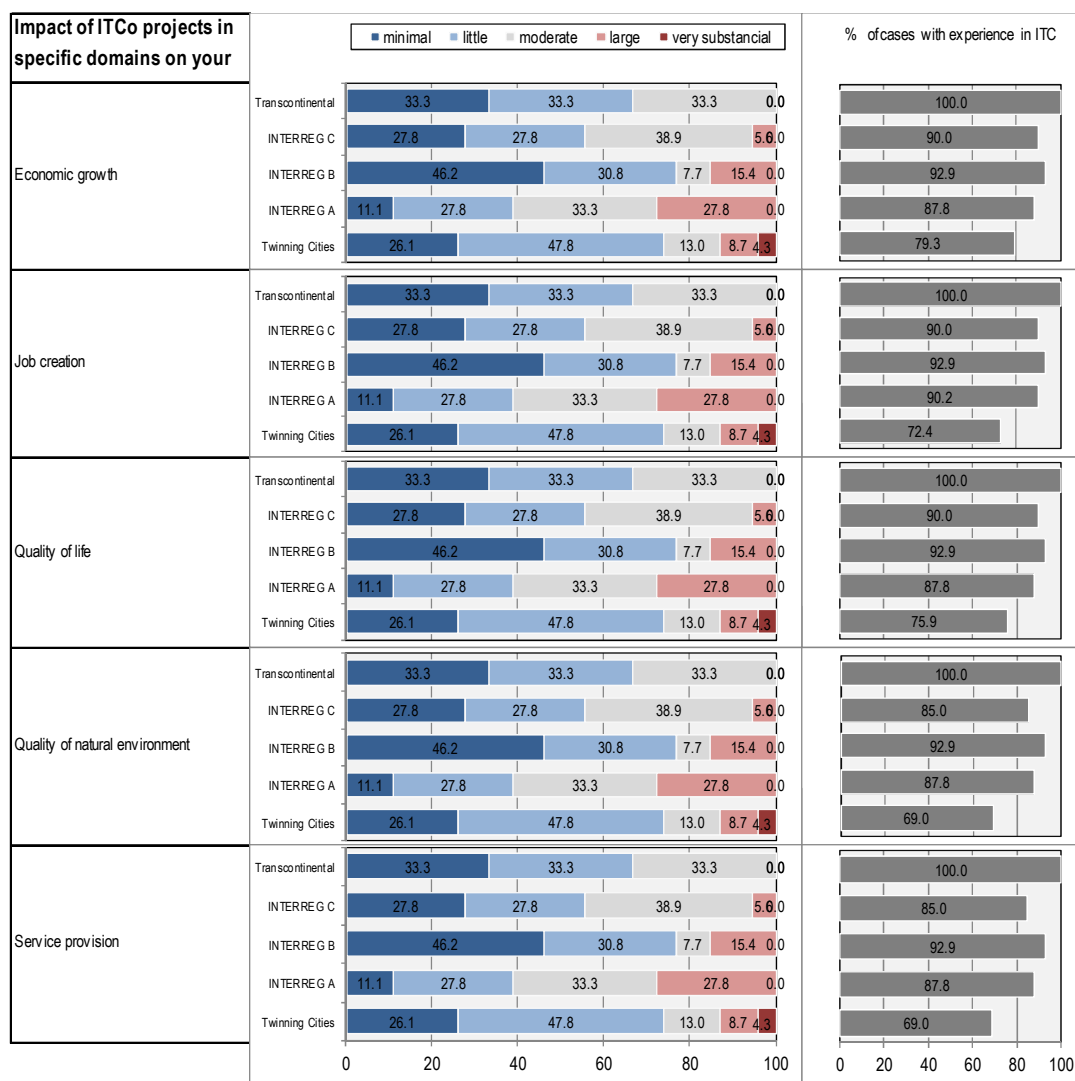
In relation to the parameters EU membership, cultural background, physical geography between regions and the level of own economic growth that could influence the cross-border cooperation, the opinion of the respondents is quite ambiguous. That is, about half of the respondents believe that these parameters do not have or have very small influence on the CBC, while the other half believe that these parameters have medium to high importance. Hence, the interpretation of the result is quite difficult.

### 1.3 Impact of ITC Projects in Specific Domain

A prevailing number of municipalities in the CS area evaluate as moderate to low the international territorial cooperation programmes on the basis of the impact they have on a series of themes such as economic growth and job creation. The impact of ITC on the quality of life, quality of natural environment, and service provision seems to be moderate to large as expressed by the respondents (see Figure 1-3).



**Figure 1-3:** Impact of ITC Projects in Specific Domains, GBT CS area



Source: Authors' elaboration

In particular, the prevailing number of municipalities consider that INTERREG A has a large or a very substantial impact on the quality of natural environment, and service provision. In any other case, a great number of municipalities consider that the impact is minimal, little or moderate. In particular, the highest number of Greek municipalities assess positively only the impact of INTERREG C projects on quality of natural environment, and the most of the Bulgarian municipalities assess positively only the impact of Twinning Cities projects on quality of life. The majority of Turkish municipalities assess positively the impact of INTERREG A projects on quality of life, quality of natural environment, and service provision.

For the interviewees, the INTERREG A projects appear to have a greater impact in the actual area, as they address common problems within a single territory, they perform more concrete results and the partnerships are smaller and thus, more easily manageable. As a result, partners can dedicate more time to the implementation of the actions. This type of projects involves directly partners that know each other since some time, have worked together on such issues, even outside of the EU funding, and they know quite well what is

missing in their region. Moreover, partners in INTERREG A are closer in terms of geographical location and thus more easily accessible. Even though the cross border territorial cooperation does not contribute to the increase of competitiveness in a clear-cut manner, it usually offers the grounds for the “best practices”.

On the other hand, the INTERREG C increases the competitiveness of the local stakeholders because of the broader geographical area it offers and the opportunity to gain experience from partners with different “mentality” and administrative structures. Within this type of ITC, networking and knowledge sharing actions have the greatest impact on the region’s competitiveness. These actions increase the knowledge base of the stakeholders and promote the innovative approach to problem solving exactly because they involve the exchange of experience element. However, the INTERREG C refers to a bigger scale projects and sometime there is indirectness and a great difference among the level of competency of partners which does not allow an in depth examination of the issues under consideration.

#### **1.4 Impact of ITC Projects in Flows/Exchanges**

Concerning a series of flows/exchanges (such as international trade, FDI, commuting for work, tourism, social commuting, migration, and education exchange), the findings (see Figure 1-4) are analogous to the aforementioned ones. Again, most of municipalities in the CS area evaluate moderate to low the international territorial cooperation programmes since they consider that there is no type of international territorial cooperation program with a large or a very substantial impact on the flows/exchanges considered.

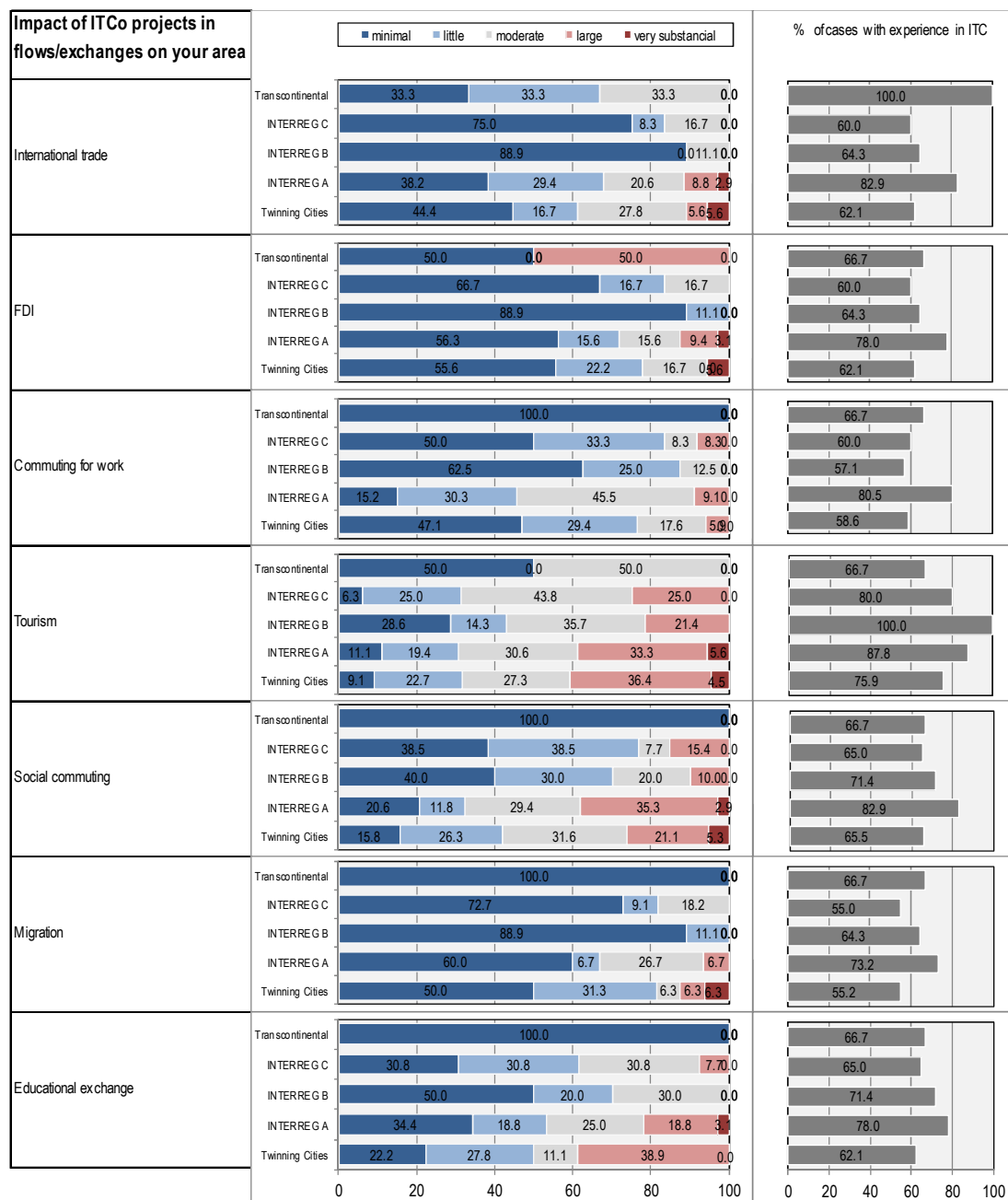
#### **1.5 Impact of ITC Projects in Specific Activities**

Still, there is a lot to be done in order to enrich the impact of international territorial cooperation programmes on the CS area, at least according to the majority of the respondents. However, a large or a very substantial impact can be detected in a number of activities taking place in the CS area (see Figure 1-5).

The highest number of the CS municipalities consider positively the impact of Twinning Cities and INTERREG A projects on building mutual trust and on joint project preparation, the impact of INTERREG B projects on joint project preparation, and the impact of INTERREG C projects on international networking cooperation among firms, and on joint project preparation. In particular, and concerning Twinning Cities projects, the majority of Greek municipalities detect a large or a very substantial impact on building mutual trust, and the majority of Turkish municipalities detect a large or a very substantial impact on networking among NGOs, on building mutual trust, and on joint project preparation. Concerning INTERREG A projects, the prevailing number of Greek municipalities detect a large or a very substantial impact on building mutual trust, and on joint project preparation. Most of Turkish municipalities detect a large or a very substantial impact on networking among NGOs, on building mutual trust, on joint project preparation, and on joint spatial planning. As for the INTERREG B projects, the great number of Greek municipalities detect a large or a very substantial impact on joint project preparation. Finally, as for the

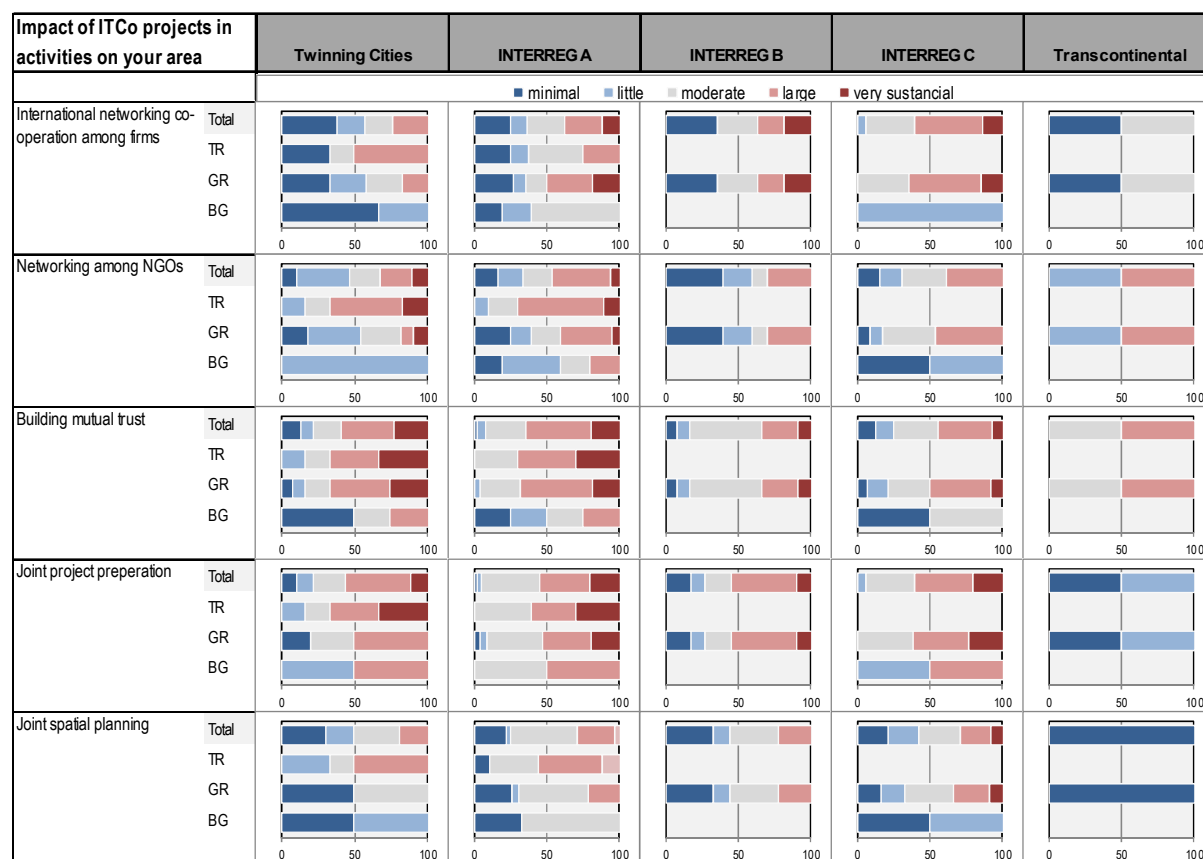
INTERREG C projects, the prevailing number of Greek municipalities detect a large or a very substantial impact on international networking cooperation among firms, and on joint project preparation. It should be noted that the majority of Bulgarian municipalities do not detect any considerable impact of the ITC on the above mentioned activities. Also, it should be noted that the impact of transcontinental projects is not a large or a very substantial one in none of the flows/exchanges considered, according to the majority of respondents.

**Figure 1-4:** Impact of ITC Projects in flows/exchanges, GBT CS area



Source: Authors' elaboration

**Figure 1-5:** Impact of ITC Projects in Specific Activities, GBT CS area



Source: Authors' elaboration

Those ITC projects which involve a wide range of stakeholders activated in one specific field of major importance, i.e. cross-border cooperation among neighboring municipalities on water management, do contribute to the improvement of the working relations between these actors.

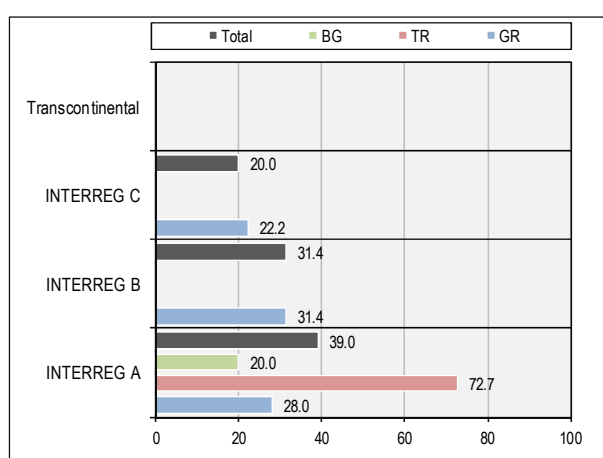
The old relations are always preferred since they offer opportunities for long term working links. In such cases, the ITC offers the grounds for the improvement and intensification of these relationships. Furthermore, it constitutes a good opportunity for the creation of various synergies among the different parties as well as for the promotion of common strategies. Within this frame, motivation of participants, development of the “feeling of ownership”, use of technological achievements for cheaper communication (e-mail, Skype, etc.) could improve the cooperation and working relations.

The recent financial and economic crisis has as result the creation of problems, for the Greek partners in particular, in maturing their studies, projects, etc. Through the ITC programmes and the good planning, the local authorities can expand the range of activities' implementation and can finance projects in the framework of these initiatives.

### 1.5.1 Willingness to Undertake Similar Activities

Going a step further, if international territorial cooperation funds were unavailable, the prevailing number of “experienced” municipalities in the CS area responded that they would not undertake similar activities (see Figure 1-6). This finding can be interpreted either as a lack of trust about the effectiveness of the international territorial cooperation programmes, or/and as a sign of inability to undertake similar projects with domestic funds only. The only exception to this general rule is the response from most of the Turkish municipalities for the case of INTERREG A programme. It indicates that the Turkish municipalities assess more positively their experience in the INTERREG A framework.

**Figure 1-6:** Willingness to undertake Similar Projects if ITC Funds were unavailable, GBT CS area



Source: Authors' elaboration

The highest number of municipalities that would undertake similar activities, even without the international territorial cooperation funds, responded that in terms of time, these activities would be rather faster or much faster, in terms of scale, these activities would be rather larger or much larger, in terms of budget, these activities would be rather larger or much larger, and in terms of domains, these activities would be either in very different/quite different or similar/same ones (see Figure 1-7). In spite of not being the majority, these municipalities (i.e. the municipalities that responded that they would undertake similar activities, even without the international territorial cooperation funds) seem to be determined to involve even more actively in the field of international territorial cooperation projects. Hence, a dualistic picture seems to be emerging ...

It seems that the ITC, apart from twinning cities, is substantially funded driven in all the countries since it is strongly affected by the formulated EU projects.

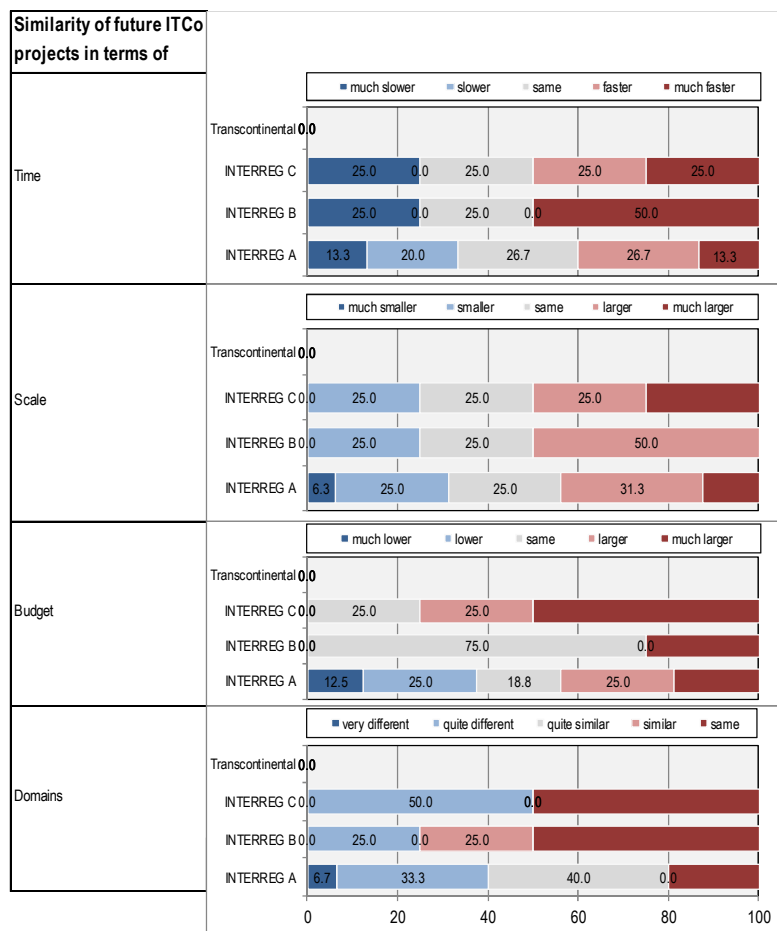
The new partners can offer their scientific background as well as practices and success stories that can be adopted in sectors as tourism, culture, environment, joint spatial planning etc. The new partners can be from both the private and public sectors. The private partners can help in the improvement of the entrepreneurship and quality management, while the public partners - in the implementation of social driven projects.

However, the funds available for such programs seems to be not enough to expand the ITC geographically since many partners show increased interest and the competition is very high. Moreover, due to the financial and economic crisis in Europe, chances are that some of these available funds will be further reduced. Nevertheless, it looks like the organizations that have the capacity and are eligible are already involved in such activities.

Finally, the ITC projects that increase the competitiveness of the participating regions are the ones that achieve the active involvement of local people, enterprises, institutions and organizations within the context of Joint Spatial Planning. The participation of Universities and NGOs in ITC will increase the competitiveness of cooperating areas because of their expertise and rooted relationships in the past. It is very important to utilize local potential in such activities. Programs that are applied and managed only by regional or local public administrative authorities are not usually effective. Clear and common goals are also very crucial success factors.

Also, the regions and areas which have particular characteristics in common can increase their competitiveness easier. For instance, areas which have more or less the same landscape, produce the same agricultural product, have developed the same industry are usually able to share experiences, knowledge and good practices. If they share ex-ante their common experiences, they already have a common “communication code” and interests. The ITC makes stronger the already existing good relations among the communities, on the basis of the common interests and problems for solution. It also gives the opportunity to the participating organizations to develop common methodologies in order to tackle with common issues.

**Figure 1-7:** Similarity of Activities in Case of Willingness to undertake Similar Projects if ITC Funds were unavailable, GBT CS area



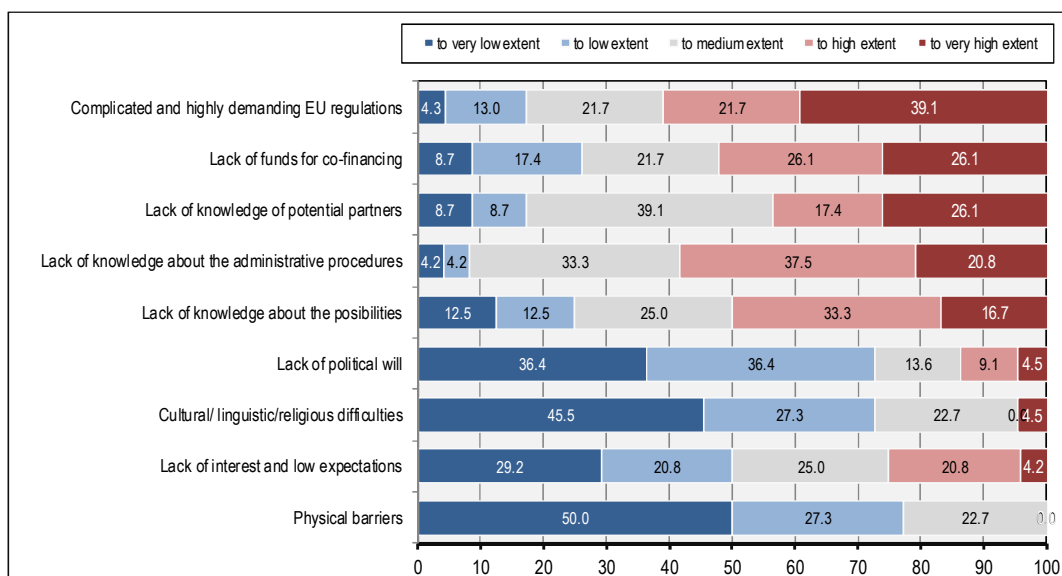
Source: Authors' elaboration

## 2. Driving Forces and Domains of Co-Operation

### 2.1 Determinants and Obstacles to ITC

In an attempt to address the deterrents of participation in ITC, a range of factors are detected that seem to inhibit the active involvement of the local governments (see Figure 2-1). More specifically, the actual causes primarily involve lack of knowledge about the possibilities of ITC projects, about potential partners, about the administrative procedures, but also complicated and highly demanding EU regulations and lack of co-financing. Although these responses represent only a small proportion of the respondents, they do indicate that there is still a number of things that need to be done towards the removal of the aforementioned hindrances. On the other hand, empirical evidence suggests that there is a fertile ground for the ITC on the base of political will, very low physical, cultural and linguistic barriers, and a sense of high expectations.

Figure 2-1: Obstacles to ITC, GBT CS area



Source: Authors' elaboration

As a major challenge for the local stakeholders participating in ITC projects it appears to be the transfer of knowledge and innovation to the decision makers and the local authorities in order for them to implement policies according to the new trends. Furthermore, the ITC projects are perceived as a good opportunity to ameliorate the relationships with the foreign actors and to facilitate the communication between the local stakeholders. The setting up of networks can bring forward new ideas, promote entrepreneurship, stimulate sustainable social & economic development, and motivate local stakeholders for innovative actions. In other words, the more actors (private and public) in each area are involved, the more integrated the plan/ project/ act is.

For the interviews, the physical barriers do not constitute an obstacle for cross border cooperation. On the contrary, they present good opportunities for further cooperation among actors in several fields related to this physical particularity (e.g., a joint management plan for



fisheries in the broader river basins). The technological tools of our era like email, Skype, internet eliminate all the kinds of such obstacles. Moreover, the big issues can be solved at the classical project partners' meetings.

The majority of interviewees indicate the demand for development and growth of the regions involved as a principal reason for their participation in ITC activities. Similarly, the peripheral location of some regions is another major ITC driver. Also, there is a common perception that the ITC influences the improvement in the standard of living, the reduction of unemployment (especially among vulnerable groups) and the creation of incentives for local entrepreneurship.

The recent economic situation stands as a two-fold parameter for the ITC: both as an obstacle and as facilitator. On the one hand, the local governments face strict limitations to allocate scarce assets (financial and human) for ITC, while at the same time the actual economic crisis works as an incentive for the local actors to expand their fields of operation.

The notable number of Euroregions, established along the actual area, reflects an already existing background which shapes a "culture of cooperation" among players on every side of the CS area. These organizations emerged to meet the need for development and improvement of the cross border relations within the Greek-Bulgarian-Turkish triangle, under the auspices of local authorities and other institutions. The activation and operation of these Euroregions in the particular area is interpreted by the majority of interviewees as a comparative advantage that facilitates ITC initiatives in the area under consideration.

Promotional activities involving info days, friendly user websites, and personnel meetings could substantially facilitate the ITC. Well organized and proper communicative activities for each type of ITC could offer the opportunities to acquire a better picture of the type of potential partners existing on the other side in terms of skills, experience and competencies.

For the interview respondents from the Bulgarian part of the CS, the language is considered as an obstacle for successful cooperation, whilst in the Turkish part, visa restrictions as well as the lack of skilled staff are recorded as being the major obstacles to ITC. The lack of skilled staff in local governments applies in the Greek part, too.

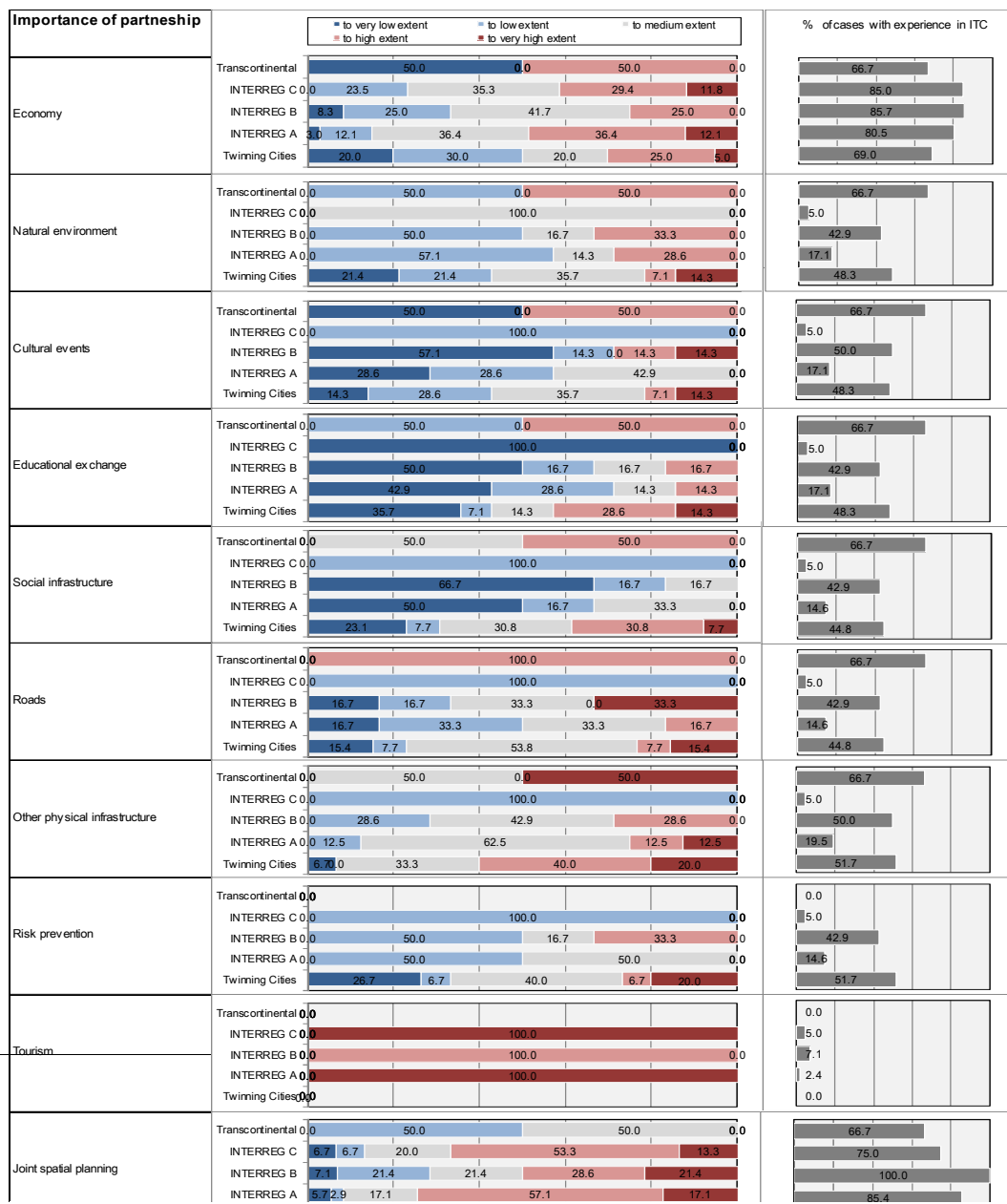
A broad variety of domains have been developed in the actual area. However, environment, tourism and culture seem to be the most important ones. Taking into account the respective implemented actions so far, it becomes apparent that the main focus of the ITC lies on pillars that would boost development and entrepreneurship in the broader area. At the same time, they should aim at the utilization of its natural and cultural assets. Those pillars include, inter alia, the following: business cooperation and innovation, water management, increase of tourism through the promotion of alternative forms, and enhancement of common cultural heritage through the promotion of archaeological monuments. The success of each venture depends on the desire and determination of participating actors to proceed to a more extroverted cooperation.

The interviewees from all sides of the CS acknowledge the contribution of ITC in preserving the natural environment, enhancing local economies and improving the cultural and social aspect of the region. Some of them, in the Bulgarian part in particular, stress the impact of environmental and sports projects on other domains – e.g. protection of forests or sporting activities can create attractive settings for tourism and leisure. On the other hand, environmental protection and poverty alleviation appear to be very interesting issues in Turkish part of the CS.

## 2.2 Important Domains for ITC Projects

Nevertheless, it is interesting that the prevailing number of the questionnaires' respondents consider that economy, natural environment, cultural events, educational exchange, social infrastructure, and risk prevention contribute from a low to a very low extent to development. On the other hand, roads, (transcontinental program), other physical infrastructure, (Twinning Cities), tourism, (INTERREG A, INTERREG B, and INTERREG C), and joint spatial planning (INTERREG A) contribute from a high to a very high extent of development (see Figure 2-2).

**Figure 2-2: Importance of Domains of ITC according to the Type of International Territorial Cooperation, GBT CS area**



Source: Authors' elaboration

Findings indicate that the social and cultural domains are better adapted by local governments at a local level while economic domains of entrepreneurship, competitiveness and innovation are better suited to the regional level. Collaboration with many stakeholders can create synergies among domains and sectors. Such synergies involve:

- Natural environment protection, culture, tourism and education.
- Risk prevention, disaster management and education.
- Social infrastructure and Social Entrepreneurship.

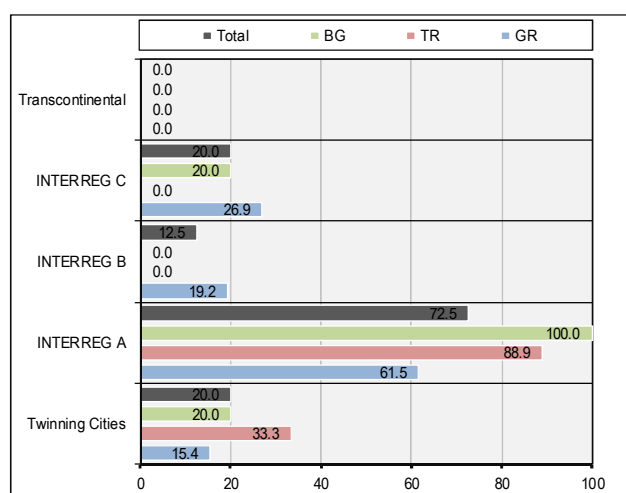
Infrastructure investment should be supported by ITC projects since problems (mostly environmental) spread across large areas, covering different countries and regions with common borders. Additionally, the transport & communication infrastructure (telecoms, roads, railways) promotes relationships between bordering areas, thus limiting the isolation. Such infrastructure can certainly help the transfer of information-methodology and innovation. INTERREG A should support mainly physical (i.e. roads), environmental (i.e. joint waste management) and social (i.e. health facilities) infrastructure.

Overall, it is perceived that infrastructure is strongly associated with development, thus a large amount of long term funding should be provided. However, it should be taken into consideration that tendering procedures for infrastructure are long term procedures whilst the ITC projects have quite a limited implementation timeframe. Moreover, and in practice, there are a number of legal obstacles.

### 2.2.1 Joint Infrastructure Investments in ITC Projects

Despite the low level of implementation of the above activities, the great majority of the respondents stated that infrastructure investment should constitute a theme for ITC programmes (see Figure 2-3). This is especially true for INTERREG A programme, a fact that indicates the success of the previous implemented ITC programmes.

**Figure 2-3:** Infrastructure Investments as a Subject of ITC Programmes, GBT CS area

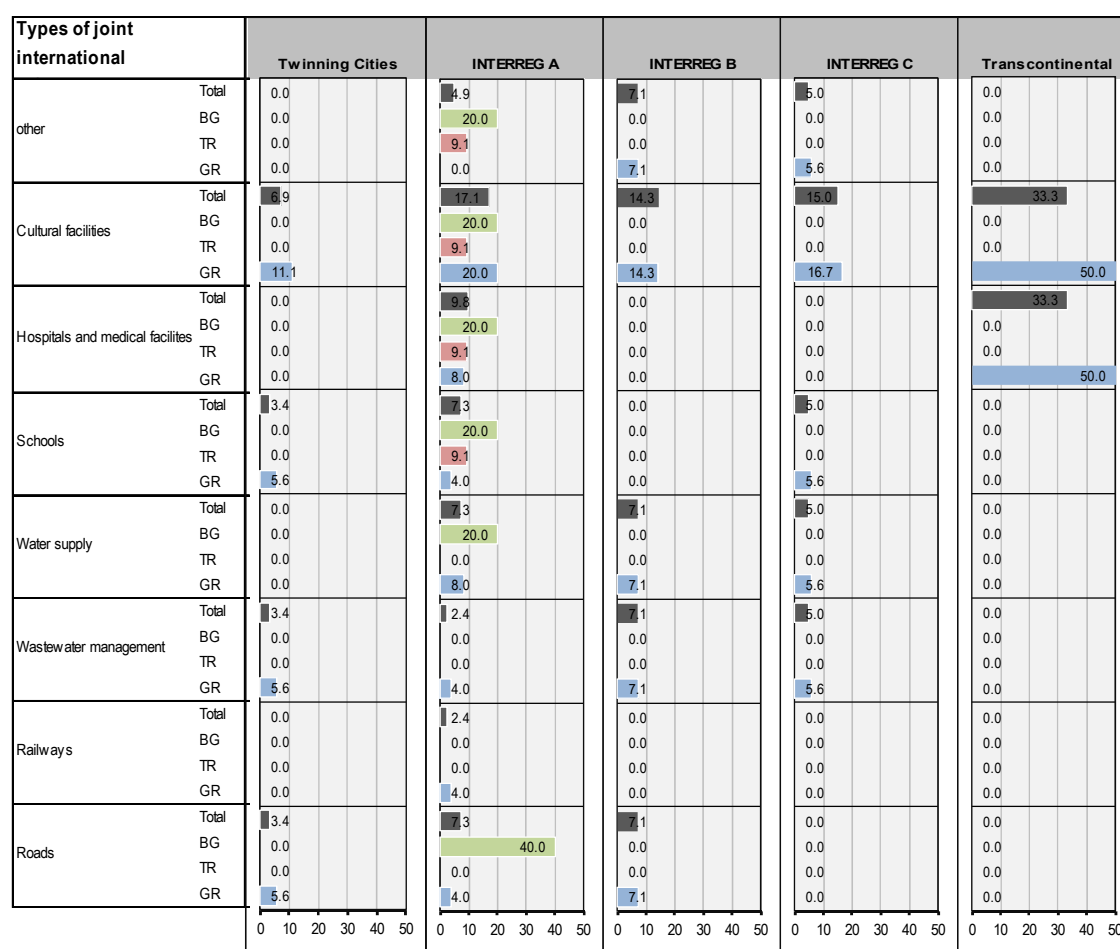


Source: Authors' elaboration

For the questionnaires' respondents and concerning the types of joint international infrastructure investments (i.e. roads, railways, wastewater management, water supply, schools, hospitals and medical facilities, and cultural facilities), the level of involvement is rather low (see Figure 2-4). This indicates the reluctance of the CS area municipalities to undertake joint actions. In particular, cultural facilities, which are a “low political” issue, prevail in every type of ITC program. Apart from the aforementioned type of investment, noteworthy is the level of implementation of health treatment facilities in the framework of INTERREG A. It should be mentioned at this point, that the municipalities of the CS area have been involved in every type of joint international infrastructure investment only in the framework of INTERREG A programme.

It is commonly accepted that “soft” projects, in general, do not seem to have a substantial or tangible impact on local societies. However, respondents in all the three parts of the CS point out that any effective action should have the form of soft interventions, rather than that of huge infrastructure schemes. After all, the aim behind the ITC programmes should be to boost territorial cooperation and develop synergies among actors in order to deal with common challenges. Therefore, the focus must primarily be placed on the development of networks and initiatives aiming to establish know-how transfer mechanisms.

**Figure 2-4:** Types of Joint International Infrastructure Investments, GBT CS area



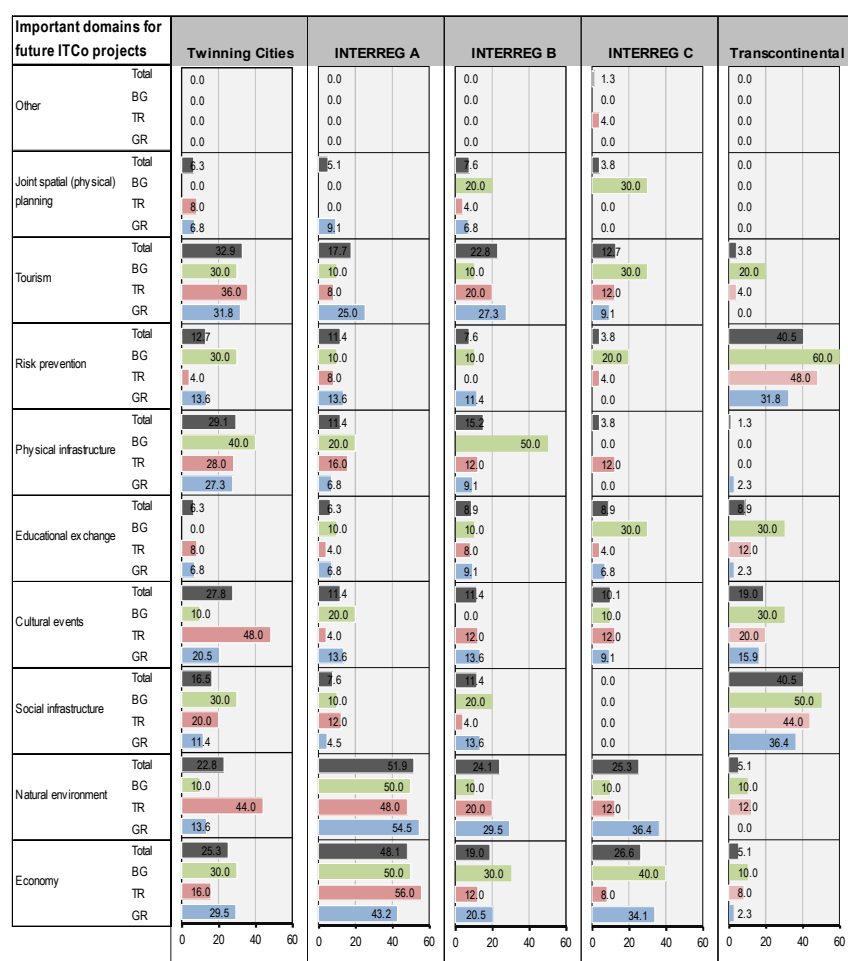
Source: Authors' elaboration

### 2.3 Domains for Future ITC Projects

According to the respondents, there are a lot of domains which are important for future development (see Figure 2-5). Tourism, physical infrastructure, and cultural events are the most important domains in the framework of Twinning Cities programme. Within the context of INTERREG A, INTERREG B, and INTERREG C programmes the corresponding answers focus, in different proportions, on natural environment, economy, and tourism. The diversity that characterizes the responses of the CS area indicates the necessity of all types of international territorial cooperation programmes and, of course, the need for stronger involvement on their behalf.

Undoubtedly, ITC should be focused on the fields of innovation within the context of a more strategic type of projects in the future. Environmental initiatives such as risk, disaster and waste management could be the new focus point as well. Along the same line, the respondents and interviewees as well foresee a potential for development of ITC beyond the current domains such as education and research project.

**Figure 2-5:** Important Domains for Future ITC Projects, GBT CS area



Source: Authors' elaboration

### 3. Territorial Structures and Specific Cross-Border Co-Operation

#### 3.1 Territorial Structures

In tracing the most desirable territorial structure for the ITC, the specific structural characteristics of each area, in terms of geography and economy should be taken into account. The empirical evidence in the actual CS area suggests mainly four different types of such territorial structures:

- I. First, it is the protected networking areas (i.e. NATURA 2000, or national parks). Within this territorial context, it is noted that a series of joint initiatives could be developed in the environmental sphere in order to solve common problems in one of the most ecologically sensitive region in the Mediterranean. The area under investigation is characterized by numerous mountain ranges, outstanding forests, and a range of fragile and unique ecosystems involving important bird-life areas and biogenetic reserves. However, it is pointed out that in practice, the different legal framework between neighboring countries function as a barrier in implementing such type of ITC projects.
- II. Second, river basins are perceived as a desirable territorial structure both between Greece-Bulgaria and Greece-Turkey. More specifically, the issue of cooperation with the neighbouring river basins of Evros (along the Greek-Turkish area) and Nestos (along the Greek-Bulgarian area) are longstanding, since all sides share common natural borders. Implementing ITC activities in the actual territorial basins involve joint actions and offer many opportunities for a sustainable management.
- III. Sea basin such as the Black Sea is the third type of desirable territorial structure. This particular setting offers great opportunities for collaboration with countries located in the area within the framework of Black Sea Operational Programme. It should be noted however, that budget amounts are viewed by the interviewees as limited to address important interventions.
- IV. Fourth, Euro-corridors of transport networks such as the Egnatia Motorway are viewed as desirable territorial structures as well, since they are perceived to play an integrative territorial role. In more details, such territorial structures favour interactive spatial connections with regards to similarities, complementarities, homogeneity and discontinuities. It is noted that these dynamics operate at three-dimensional approach: flows, proximity and new spatial development patterns.

#### 3.2 Emerging Participating Schemes in ITC Projects

Through the above territorial schemes, the interaction between the actors of the participating countries has been intensified in several fields at individual or at institutional level (i.e. municipalities, NGOs). On the other hand, it is widely agreed that in order to achieve economic development, the cooperation among local governments, enterprises and civil society organizations from all three sides constitutes an imperative. It is pointed out that the main challenge is how the actions developed in such territorial structures can have a permanent character. In other words, the critical question is in which way all these initiatives will create stable synergies and networks with a long term perspective, since the actions, usually, stop at the moment the project ends, with small value added afterwards and with no further perspective.

Further potential for cooperation with non EU countries is identified in the framework of INTERREG A programme with FYROM and Albania for Greece, and with Serbia and FYROM for Bulgaria. Moreover, there are indicated many opportunities for cooperation are found with Georgia and Armenia within the context of the Black Sea Operation Programme and with North Africa and Middle East in the framework of the ENPI CBC MED programme. Some Greek respondents pointed out that special attention should be given to China (economic & cultural ties), Japan (high tech innovation & research) and Russian Asia (common religion, natural resources and high level of educated people).

Usually, local stakeholders prefer to cooperate with the same partners. However, there is great potential to expand the ITC geographically since the actual area lies at the crossroads of 3 continents (Europe, Asia & Africa) and 2 great trading routes (East-West – Europe – Asia and North – South – Europe – Asia – Africa).

Further potential for the ITC has been identified from the involvement of new partners from countries with more or less similar climate, environmental and cultural characteristics such as:

- Mediterranean EU Member States: Portugal, Spain, France, Italy, Cyprus
- Other Mediterranean countries: Turkey, Egypt, Tunisia, Morocco
- Middle East Countries: Lebanon, Syria, Israel,
- Balkan Countries: Serbia, Montenegro, Albania.

Furthermore, it has been pointed out that great potential would also arise to from the involvement of new partners from Africa and Asia, since these regions have cultures vastly different from the European one and the field of cooperation is almost virgin.

The Greek respondents, however, do not see strong possibilities to expand the ITC geographically. Yet, they believe that if the bi-national relationship Greece- Turkey is improved, many local authorities located closely to the Turkish border might implement joint ITC projects with the other side. On the other hand, the status of Turkey as a candidate country for EU accession gave some impetus to many new Turkish organizations and institutions to be involved in ITC activities. Along this line, expanding the ITC geographically is associated, to a certain extent, with the Turkish accession to the EU. Before the pre-accession period, the institutional framework used to function as an obstacle. Nowadays, the government encourages participation in ITC, and in particular with the EU countries. Evidence so far suggests that year by year, more and more Turkish institutions are involved in ITC es.

Attempts for preparation joint proposals for ITC projects were recorded mainly in the Greek part of the CS focusing on environmental aspects, risk prevention and disaster management. Generally speaking, further steps have to be made towards the desired directions. It seems that the cooperation has been intensified, but up to now those initiatives haven't resulted in joint actions or common strategies.

The ITC does not appear to have a clear impact on “external” relations since local governments face with scepticism the cooperation with foreign authorities. Often, the

external policy puts into risk the implementation of an ITC programme or the completion of an ITC project. The emphasis of State agencies of “national interests” eliminates the local actors’ flexibility. Moreover, the development of influential “external” relations is very limited because most of the ITC projects are designed and prepared by consultants without a “real” involvement of the local governments’ staff. The fact however, that the local actors are more effective to overcome antagonistic interests, functioning in a more pragmatic manner, remains the prevailing perception.

Efficient dissemination of the results is strongly associated with the competitiveness of the cooperating regions. Within this context, the need for more flexible administrative procedures and common legislative framework is recorded. In other words, the procedures for participating and implementing an ITC project should be simplified in order to provide the participants with more motivation to submit project proposals that crucially affect the development of their regions. Capacity building for local institutions, consultancy of government and an efficient top down communication and dissemination strategy are identified as factors that could increase the competitiveness of the participating regions.

Good partnership, decisions implementation and more flexible financing rules, taking into account also the recent economic crisis, are recorded as factors fostering the competitiveness of the cooperating regions. Also, investments that facilitate communication and mobility from one country to another are needed. Along this line, accessibility is a very important part of such activities. The biggest investment however, should be made in expanding the knowledge base of the human capital.

It seems that the main challenge for ITC is to create common approaches for all the domains. It is noted that these approaches must be adapted according to the needs and characteristics of each area. The transferability of the experience among partners usually has benefits to all the involved stakeholders. It is also recorded that building mutual understanding and finding practical joint solutions to common problems, appear to be another main challenge for those involved in ITC, especially across the external EU borders. Moreover, and according to some interviewees, the ITC is overcoming differences in cultures and perceptions along with social “worst practices” such as corruption, political intervention etc.

Summing up, the conditions that have to be satisfied so that the ITC increases the competitiveness of the participating areas are: first of all, real life problems have to be recognized and addressed. Secondly, the widest possible participation of regions should be attained. Thirdly, the results of ITC projects must be tangible and easy to be evaluated. Finally, these results must be easily extendable and applicable to different areas and at different scales.

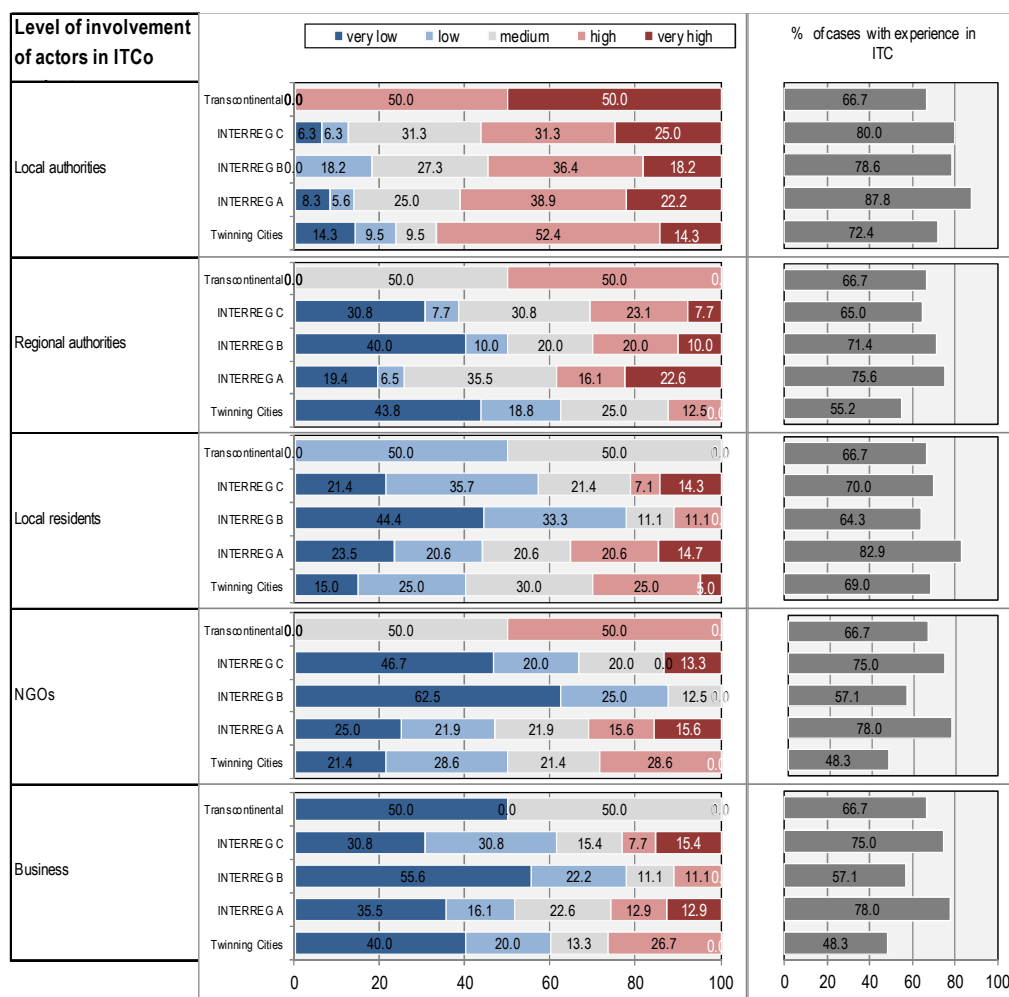


## 4. Governance Structures and Implementation of Co-Operation

### 4.1 Involvement of Actors in ITC Projects

Apparently, the key partners in ITC depend, to a great extent, on the subject of ITC. However, the active involvement of some stakeholders such as Local Governments and Local Development Agencies is critical. Usually, these actors have the capacity to mobilise ITC, either as an autonomous institution or through their involvement in “ad hoc” institutions on the condition that the partners will have a more regular and active participation. The majority of the municipalities in the CS area responded that the local authorities are, from highly to very highly, involved in all the types of international territorial cooperation projects (see Figure 4-1).

Figure 4-1: Level of Involvement of Actors in ITC Projects, GBT CS area

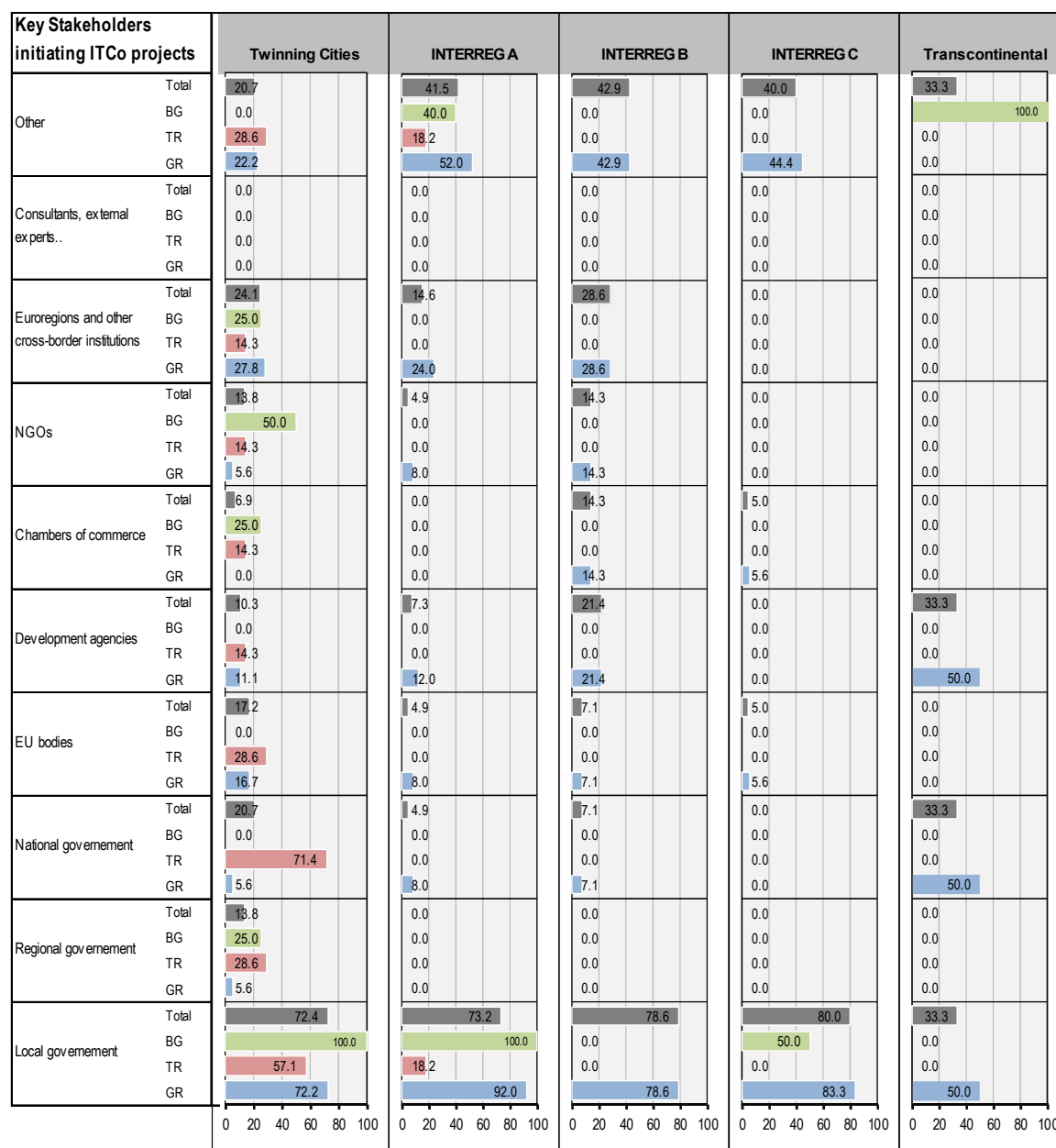


Source: Authors' elaboration

This high level of involvement of the municipalities in ITC projects can be explained by the fact that all these programmes being implemented in the CS area are mainly initiated by local governments (see Figure 4-2). The second most important stakeholder initiating international territorial cooperation ITC projects in the CS area are the Euroregions and other

cross-border institutions. In contrast, the other stakeholders (i.e. regional authorities, local residents, NGOs, and businesses) have a rather low level of participation.

**Figure 4-2:** Key Stakeholders initiating ITC Projects, GBT CS area



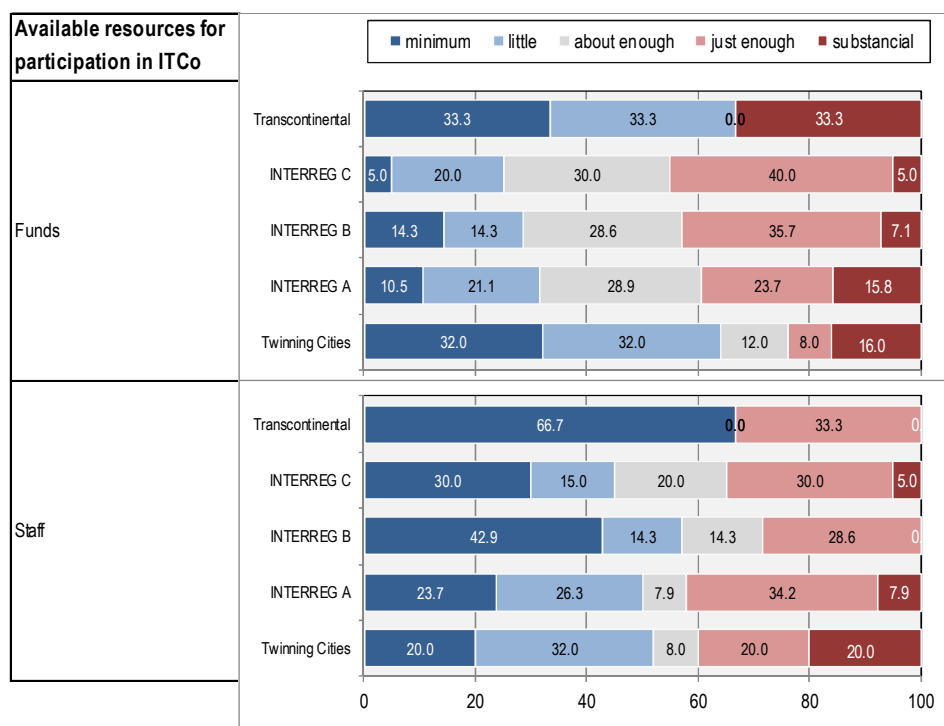
Source: Authors' elaboration

## 4.2 Availability of Resources in ITC Projects

The highest number of the municipalities in the CS area responded that they have enough available funds for participation in INTERREG A, INTERREG B and INTERREG C, while for participation in Twinning Cities and Transcontinental programmes, the funds seem to be scarcer (see Figure 4-3). In terms of staff as available resources to participate in ITC projects, the respondents seem to be on a slightly worst track. In particular, only half of the respondents seem to have enough staff for INTERREG A and INTERREG C. For

participation in Twinning Cities and INTERREG B the respondents need more staff, while for the Transcontinental programmes they are at the lowest level of staff availability.

**Figure 4-3:** Availability of resources for Implementing ITC Projects, GBT CS area



Source: Authors' elaboration

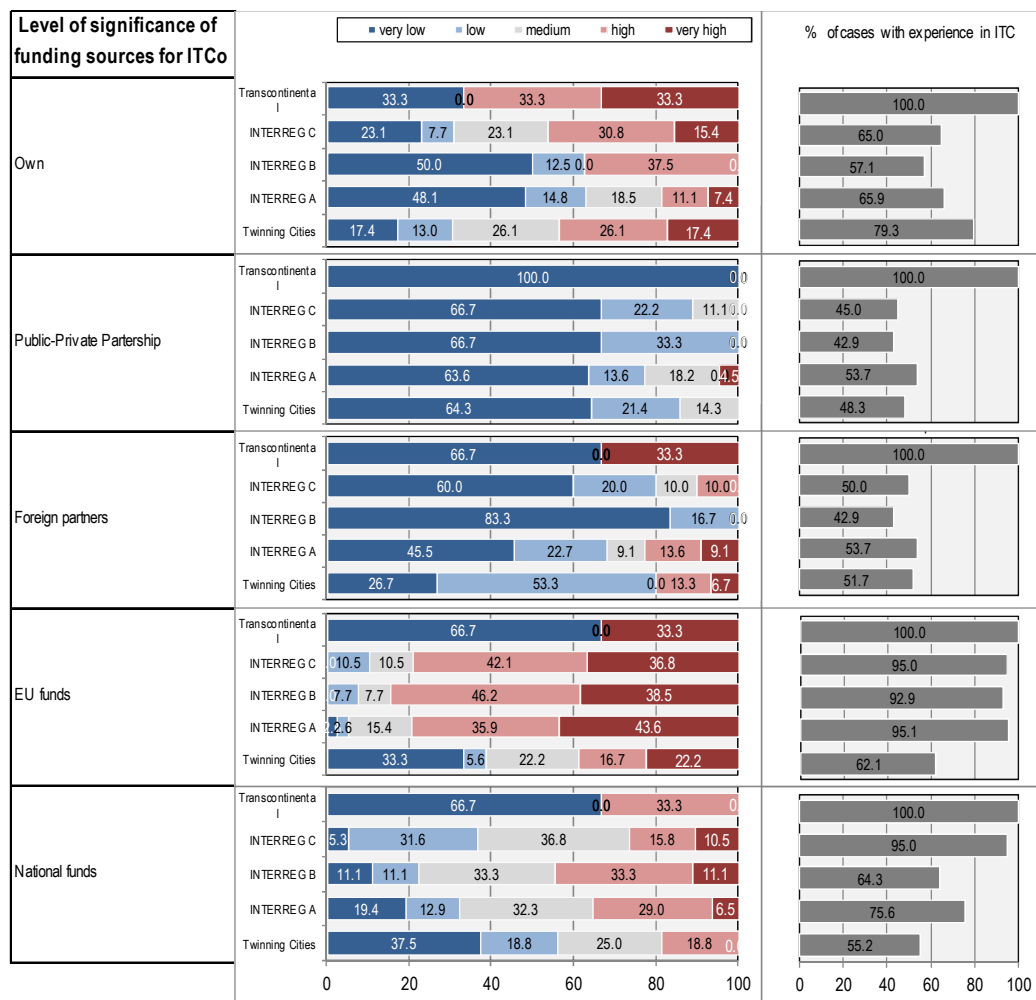
For the level of significance of funding sources for participation in ITC, the respondents assess with a high and very high degree the EU funding for all the types of ITC (see Figure 4-4). Next in the line of importance are the National funds and the Own funds, while the Public Private Partnerships have a very low level of significance. In more details, the National funds seem to play an important role in INTERREG A, INTERREG B and INTERREG C, while in the Twinning Cities and the Transcontinental programmes they seem to play a smaller role. The Own funds seem to play an important role in the Twinning Cities, INTERREG C and Transcontinental programmes.

The current situation is perceived by interviewees as a quite complicated one since severe legal and institutional issues should be overcome and clarified. The presence of as many organisations as possible is important while their representatives should have a clear overview of the situation they are dealing with. Of great importance is also the capability of the representatives to transferring the results and outcomes to their organisations through a clear-cut manner. Occasionally, when the issue under consideration at stake is multidimensional and requires the involvement of different actors, a broader partnership is considered necessary. The presence of both private and public sector is important in this process as well.

Usually, no legal instruments are in place apart from the ones set by the Joint Technical Secretariats. Often, these instruments are not efficiently adapted to local needs. Sometimes,

the institutional framework might put barriers to cooperation since the relative provisions had not been planned according to the individual needs of the participating regions/countries. It is pointed out that the new launched model (by the institutionalization of new forms of cooperation, like EGTCs) may serve as a driving engine towards this direction. According to many interviewees, this new European legal instrument designed to facilitate and promote ITC could enable local authorities and other public bodies to set up cooperation groupings with a legal entity. On an upper level, the European Commission’s regulations form the guiding framework for ITC. These regulations often overshadow laws of member states and play a significant role. Local practices are identified as more versatile, but their scope is limited to potentially overcome glitches to the cooperation process.

**Figure 4-4:** Significance of Founding Sources for ITC Projects, GBT CS area



Source: Authors' elaboration

### 4.3 Policy Responses

It is noted that the main institutional problem is the wide range of legal rules and principles which currently apply to Europe's various borders. This problem can be solved only by the adoption of a legal instrument to be applied uniformly. Within this context, respondents admit that the standardization of regulations in different EU countries (e.g. for financial

remuneration and co-financing) would improve the practices of ITC. Harmonization of legislation and common educational projects would help, too.

On the other hand, it is pointed out that a more flexible institutional framework adapted to the characteristics of each region could enhance ITC. At the same time, flexibility should be highly institutionalized (which is the case of Municipalities) in order to achieve the desired outcomes. It is generally agreed, that decentralized forms are more efficient in design and implementation of ITC schemes. This framework could facilitate ITC, on the condition that it provides the necessary instruments capable of undertaking actions that would lead to a creative and constant territorial cooperation.

Summing up, locally driven, loosely organised, open and flexible schemes operate better because the local actors are more aware of the local situation. Of course, solution can be given by a scientific institution or any other governmental authority, but the implementation must be made only by local authorities (general directions can be given by other public and private bodies, too).

A preference is noted for broad partnerships because of opportunities offered for sharing experience with other partners from all over Europe. On the other hand, as mentioned earlier, this size of partnership is difficult to be managed. In general, the framework for ITC is sufficient, despite some “inconveniences” caused by institutional factors. The development, therefore, of more strong and longstanding liaisons among territories lies on the extent to which ITC will appear as a priority in their local political agendas.

### **Cooperation and more funds are the keys to success.**

For the interviewees, the lack of political will, bureaucracy, centralization and complicated rules are recorded as the main obstacles in ITC governance. Therefore, a dedicated professional team of experts, commissioned by the stakeholders, independent from the participating actors, who exclusively work for the implementation of the project, would be the “best governance practice”. It is noted that such team should consist of specialists to ensure the scientific part of the project, quality specialists to ensure the quality of the outputs, legal experts to provide protection from misunderstandings and detrimental liabilities and financing experts to control the flow of project funding.

#### **4.3.1 An example of “Best Practice” Programme: An INTERREG III A Greece – Bulgaria Project<sup>86</sup>**

The research project entitled: «*Management actions, Protection and Promotion of the River Nestos fish fauna*» was co-funded by the financial instrument INTERREG IIIA / PHARE CBC Greece-Bulgaria, and was carried out within the period 2004-07. The partnership was composed from the Prefectural Local Authority of Drama-Kavala-Xanthi (Project Leader), the Fisheries Research Institute (NAGREF-FRI, Greece) and the National Academy of Sciences, Bulgaria. The project established the first common action of Greek and Bulgarian scientists

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<sup>86</sup> More details on: <http://reverse.aquitaine.eu/18-actu-no2>

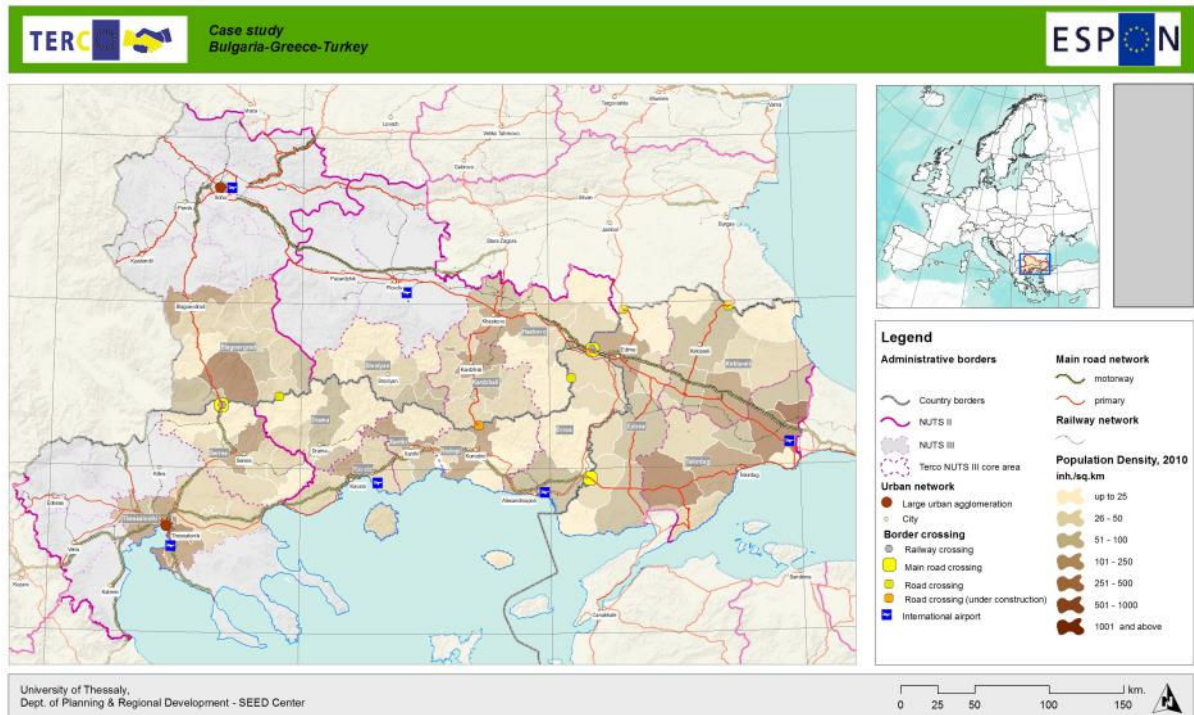
to monitor and report the fish fauna species of Nestos/Mesta River and to implement restoration and protection actions, thus improving and mitigating the adverse effects. Common monitoring methodologies and reporting tools were agreed between the two teams of Greek and Bulgarian scientists, aiming to produce the Integrated Nestos/Mesta Fish Fauna Atlas, a textbook containing all fish species along the Nestos/Mesta River, from its source in Bulgaria to its mouth in Greece. The Atlas was initially published in English as a standalone version and later it was translated into Greek and Bulgarian, in order to act as a comprehensive guide for visitors from both countries.

Therefore, focusing on the main points of best practice for this project we may consider:

1. The development of a common methodology for monitoring and reporting the fish fauna species of the trans-boundary Nestos River and the development of common tools to assess river's ecological status using fish as bio-indicators,
2. The adoption of a common approach to raise the awareness of politicians and the broader public for the need to protect and restore the trans-boundary river along its course, considering threats and hazards along its route in a holistic manner,
3. The integration of common methods and accompanied measures in a common cross-border management and planning scheme, aiming to achieve ecological integrity and sustainability, and
4. The adoption of ecohydrology as an innovative tool to mitigate environmental problems in action and to reduce the environmental impacts of human activity in highly diversified areas as Nestos River.

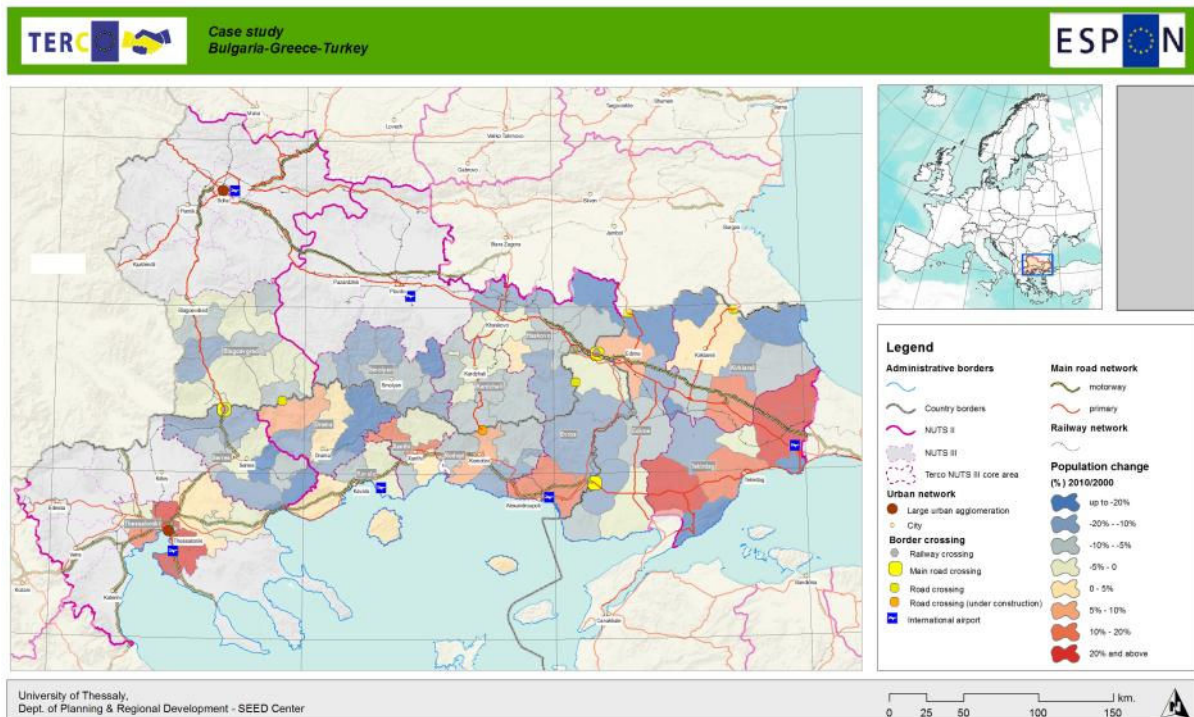
## Appendix

**Map Ap-0-1:** Population Density of LAU1 Units in the CS Area, Year 2010



Source: Authors' elaboration

**Map Ap-0-2:** Population Change of LAU1 Units in the CS Area, Period 2000-2010



Source: Authors' elaboration

**Table Ap-0-1:** Social infrastructure in the CS area, Year 2011

Universities and Colleges	Hospitals
<b>Greek part</b>	
<ul style="list-style-type: none"> <li>- Aristotle University of Thessaloniki (with campuses in Thessaloniki, Veria and Serres)</li> <li>- University of Macedonia (Thessaloniki)</li> <li>- Democritus University of Thrace (campuses - Xanthi, Komotini and Alexandroupoli)</li> <li>- International Hellenic University (Thessaloniki)</li> <li>- American College of Greece (Thessaloniki)</li> </ul>	<ul style="list-style-type: none"> <li>- Prefectural General Hospital of Thessaloniki “St. Dimitrios”</li> <li>- Regional General Hospital of Thessaloniki “AHEPA”</li> <li>- Prefectural Hospital “St. Pavlos”, Thessaloniki</li> <li>- General Hospital “G.Genimatas”, Thessaloniki</li> <li>- Central Hospital for Thorax Diseases “George Papanikolaou”, Thessaloniki</li> <li>- Public Hospital for Special Diseases, Thessaloniki</li> <li>- Anticancer Hospital “Theagenio”, Thessaloniki</li> <li>- General Hospital “Ipokratio”, Thessaloniki</li> <li>- Venereal and Skin Diseases Hospital, Thessaloniki</li> <li>- Second Hospital of IKA “Panagia”, Thessaloniki</li> <li>- Psychiatric Hospital, Thessaloniki</li> <li>- General Hospital “Papageorgiou”, Thessaloniki</li> <li>- General Military Hospital of Thessaloniki</li> <li>- Prefectural General Hospital of Serres</li> <li>- Prefectural General Hospital of Kavala</li> <li>- Prefectural General Hospital of Drama</li> <li>- Prefectural General Hospital of Alexandroupoli</li> <li>- Prefectural General Hospital of Xanthi</li> <li>- Prefectural General Hospital of Komotini “Sismanoglio”</li> </ul>
<b>Bulgarian part</b>	
<ul style="list-style-type: none"> <li>- American University (Blagoevgrad)</li> <li>- South-West University “Neofit Rilski” (Blagoevgrad)</li> <li>- Medical College (branch of Thracian University of Stara Zagora) (Haskovo)</li> </ul>	<ul style="list-style-type: none"> <li>- Blagoevgrad City Hospital</li> <li>- Haskovo City Hospital</li> <li>- Kardzhali “Doctor Atanas Dafovski” Hospital</li> <li>- Smolyan “Bratan Shukerov” Hospital</li> </ul>
<b>Turkish part</b>	
<ul style="list-style-type: none"> <li>- Namik Kemal University (Tekirdağ)</li> <li>- Trakya University (Edirne)</li> <li>- Kırklareli University (Kırklareli)</li> </ul>	<ul style="list-style-type: none"> <li>- Tekirdağ State Hospital</li> <li>- Edirne Trakya University Hospital</li> <li>- Kırklareli State Hospital</li> </ul>

Source: Authors' elaboration



**Table Ap-0-2:** Projects implemented (under different programmes) by Greek and Bulgarian local authorities

No	Project	Greece	Bulgaria	Domain
<b>Greece-Bulgaria Cross Border Cooperation 2007-2013 (Interreg IV A)</b>				
1	Joint valorisation & promotion of the old baths in the trans- border area	<i>Munic. of Didimoticho</i>	<i>Munic. of Svilengrad</i>	Cultural Heritage
2	Management of riparian habitats And visitors, dissemination of Knowledge and public awareness In the protected areas	<i>Munic. of Halastra, Munic. of Koufalia, Munic. of Chrisoupoli</i>	<i>Munic. of Stambolovo, Munic. of Harmanli, Munic. of Gotse Delchev</i>	Environment
3	Cross border recreation area of Maritsa river (Svilengrad) and Ardas river (Kastanies)	<i>Munic. of Vyssa</i>	<i>Munic. of Svilengrad</i>	Environment
4	A way to-gather: construction Of the road Zlatograd (bordercrossing point “Zlatograd”) – Termes – Xanthi	Prefecture of Xanthi	<i>Munic. of Zaltograd</i>	Accessibility - Infrastructure
5	Establishment of network for The support of the mobility and the development of human Resources	Prefecture of Serres	<i>Munic. of Garmen</i>	Human Resources
6	Energy thematic network of Cross-border Greek and Bulgarian local authorities	<i>Munic. of Thernaikos Munic. of Eleftheres Munic. of Aigeiros Munic. of Soufli</i>	<i>Munic. of Mineralni Bani, Munic. of Satovcha, Munic. of Momchilgrad</i>	Environment
7	Water management and flood Protection in Trakiets village, Haskovo municipality	<i>Munic. of Orestiada</i>	<i>Munic. of Haskovo</i>	Environment
8	Joint efforts for flood risk Management	<i>Munic. of Pierion</i>	<i>Munic. of Borino</i>	Environment
9	Better employment opportunities Through cooperation, education And networking	<i>Munic. of Traianoupolis</i>	<i>Munic. of Smolyan</i>	Human Resources
10	Promoting the safe driving Consciousness at local level in Greece and bulgaria crossborder Region	<i>Munic. of Serres</i>	<i>Munic. of Petrich</i>	Public Health and Social Welfare
11	Vyssa-Svilengrad road life	<i>Munic. of Vyssa</i>	<i>Munic. of Svilengrad</i>	Accessibility - Infrastructure
12	Defence of health for the urban Population aiming at the Prevention with application of Guidelines and use of new Technologies	<i>Munic. of Ampelokipoi</i>	<i>Munic. of Gotse Delchev, Munic. of Harmanli</i>	Public Health and Social Welfare
13	Thracian and byzantine cultural Heritage in the Rhodopi Mountains and the northern Aegean sea coast	<i>Munic. of Samothraki</i>	<i>Munic. of Smolyan</i>	Cultural Heritage
14	Popularization and preservation Of the cultural and historical Heritage in the cross-border Region Gotse Delchev – Prosochan	<i>Munic. of Prosotsani</i>	<i>Munic. of Gotse Delchev</i>	Cultural Heritage
15	Biodiversity of the Rhodopes and Vistonida lake - datum for Economic rise through active Cooperation of the territories	<i>Munic. of Vistonida</i>	Municipality of Smolyan	Environment
16	Bulgarian-Greek partnership by Assistance, services, solutions To promote open regions team	Local Union of Evros Municipalities and Communities	Regional Municipalities Association “Maritza”, <i>Munic. of Haskovo</i>	Entrepreneurship
17	Encouragement of cultural Collaboration by the Establishment of partnership Networks between the citizens Of Strumyani and Philippi Municipalities	<i>Munic. of Philipi</i>	<i>Munic. of Stoumyani</i>	Cultural Heritage

Table Ap-0-2 (continued)

No	Project	Greece	Bulgaria	Domain
18	Cooperation of municipalities For supporting local employment	<i>Munic.of Kalamaria</i>	<i>Munic.of Sandanski</i>	Human Resources
19	Investment in the health and the Prosperity of the children in the Bulgarian – Greek region	Prefecture of Drama	<i>Munic.of Belitsa</i>	Public Health and Social Welfare
20	Development of spa tourism in The border region with the use Of innovative it services	Association of Municipalities and Communities of Currative Springs and Spa	<i>Munic.of Devin, Munic.of Mineralni Bani</i>	Cultural Heritage
21	Cross-border transport Connections and Communications - the basis for Improving quality of life in Border areas	Prefecture of Xanthi	Prefecture of Smolyan	Accessibility - Infrastructure
22	Green center nature for us and We for the nature	<i>Munic.of Organi</i>	<i>Munic.of Krumovgrad</i>	Environment
23	Cross border environmental cell Awareness in Doxato and Banite Municipalities with bulgarian's Biodiversity foundation Contribution	<i>Munic.of Doxato</i>	<i>Munic.of Bate</i>	Environment
24	Actions for strengthening Local human capital	<i>Munic.of Ehedoros, Munic.of Koufalia, Munic.of Halastra, Munic.of Kalithea, Munic.of Ag. Athanasios, Munic.of Axios</i>	<i>Munic.of Garmen, Munic.of Simetli</i>	Human Resources
25	Voluntary blood donation in Rhodope	Prefecture of Rhodopi-Evros	Region of Haskovo	Public Health and Social Welfare
26	Common paths in Natura and Ramsar areas of Strymon river area	<i>Munic.of Irakleia, Munic.of Alistrati, Munic.of Nea Zichni</i>	<i>Munic.of Strumyani, Munic.of Kresna, Munic.of Simitli</i>	Environment
27	Lifelong training actions for Professional skills upgrade	<i>Munic.of Alistrati, Munic.of Nea Zichni, Munic.of Emm. Papa</i>	<i>Munic.of Stambolovo, Munic.of Kresna</i>	Human Resources
28	Diversification of the touristic Attractions and products in the Cross-border region - International cynology and Entertainment center Maritsa - Dimitrovgrad	<i>Munic.of Ferres</i>	<i>Munic.of Dimitrovgrad</i>	Entrepreneurship
29	Cross border school for Traditional folklore and Ethnography – bridge between The legend and the reality in Europe	<i>Munic.of Kato Nevrokopi</i>	<i>Munic.of Satovcha</i>	Cultural Heritage
30	Ict - a basis for integrated Sustainability of tourism and Cultural heritage in the Municipalities of Nedelino, Bulgaria and Doxato Greece	<i>Munic.of Doxato</i>	<i>Munic.of Nedelino</i>	Cultural Heritage
31	Interregional management of Human resources	Prefecture of Serres	Region of Blagoevgrad	Human Resources
32	For young people and their future	<i>Munic.of Alistrati</i>	<i>Munic.of Simitly</i>	Public Health and Social Welfare
33	Promotion of the cultural Heritage of Evros and Smolyan Through alternative tourism	Local Unions of Municipalities and Communities of Evros	Association of Rhodope Municipalities	Cultural Heritage
34	Strengthening the Attractiveness of the cross-border Area Thasos-Garmen Through upgrading of local Environmental assets	<i>Munic.of Thassos</i>	Municipality of Garmen	Environment
35	Through prevention to preserve The natural beauty of the Rhodope mountain	Prefecture of Xanthi	Prefecture of Smolyan	Environment

Table Ap-0-2 (continued)

No	Project	Greece	Bulgaria	Domain
<b>Greece-Bulgaria Cross Border Cooperation 2000-2006 (Interreg III A)</b>				
1	The Architecture on the Silk Road	<i>Munic. of Soufli</i>	<i>Munic. of Ivailovgrad Munic. of Svilengrad</i>	Cultural Heritage
2	Training of the Greek and Bulgarian Civil Servants on the European Union subjects and the Cross-border Cooperation, Governance, e-Governance and the Information Society, etc.	Public servants from the Local Authority Units of the Prefecture of Thessaloniki and Serres	Public servants from the Local Authority Units of the Prefecture of Blagoevgrad, Smolyan, Kardzhali, and Haskovo	Economic Development & Promotion of Employment
3	Strimonas River – From the Source to the Outfall	Prefecture of Serres	Prefecture of Blagoevgrad	Environment
4	Upgrading the Folklore Museum of Didimoticho	<i>Munic. of Didimoticho</i>	<i>Munic. of Bansko</i>	Cultural Heritage
5	Reconstruction and Reuse of an Old Tobacco Storage Area for Cultural Activities	<i>Munic. of Vistonida</i>	<i>Munic. of Dimitrovgrad</i>	Cultural Heritage
6	The Cultural Train	Prefecture of Evros	Prefecture of Haskovo	Cultural Heritage
7	Creating Cultural Events – Projection of the Cultural Elements of the Folklore Inheritance and the Promotion of the Cultural Exchanges of Tradition, Language and Tourism	<i>Munic. of Serres</i>	<i>Munic. of Petrich</i>	Cultural Heritage
8	Mild reconstruction of the Museum of Orestiada and cooperation with the Museum of Haskovo	<i>Munic. of Orestiada</i>	<i>Munic. of Haskovo</i>	Cultural Heritage
9	Sounds and Colours for Children	<i>Munic. of Stavroupoli</i>	<i>Munic. of Smolyan</i>	Culture/ <i>Munic. of Ipsala (TR)</i>
10	Restoration and Promotion of Acropolis (Caste) of the City of Kavala	<i>Munic. of Kavala</i>	<i>Munic. Gotse Deltsev</i>	Cultural Heritage
11	Museum of Cultural and Agricultural Heritage	<i>Munic. of Iasmos</i>	<i>Munic. of Smolyan</i>	Cultural Heritage
12	Restoration of Traditional Settlements	Province of Xanthi	Prefecture of Smolyan	Culture & Tourism
13	Restoration, Rehabilitation and Promotion of the traditional Baths and their Inclusion in the cross-border cultural path of the Byzantine Period	<i>Munic. of Lagada</i>	<i>Munic. of Sandanski</i>	Culture & Tourism
14	Restoration of listed Buildings of the same Architecture	<i>Munic. of Didimoticho</i>	<i>Munic. of Bansko</i>	Culture & Tourism
15	Restoration of meta-Byzantine period churches	<i>Munic. of Orestiada</i>	<i>Munic. of Haskovo</i>	Culture & Tourism
16	Restoration of Old Bridges	<i>Munic. of Soufli</i>	<i>Munic. of Svilengrad, Munic. of Ivailovgrad, Munic. of Kardjali</i>	Culture & Tourism
17	Creation of a Network for the Cultural and Historical Monuments of the South Balkans	<i>Munic. of Thassos</i>	<i>Munic. of Smolyan, Munic. of Chepelare, Munic. of Zlatograd</i>	Culture & Tourism
18	Networking the Environmental-Educational Parks	<i>Munic. of Petrich</i>	<i>Munic. of Petrich</i>	Environment
19	Reformation of the Coastal Urban Line	<i>Munic. of Iraklias</i>	<i>Munic. of Razlog</i>	Environment
20	Management, Development and Promotion of the Environmentally protected areas	<i>Munic. of Prosotsani</i>	<i>Munic. of Gotche Delchev</i>	Environment
21	Management and Protection of the Flora of the Nestos River	<i>Munic. of</i>	<i>Munic. of</i>	Environment
22	Creating a Mechanism for the Identification and Control of Homo and Zoo Transfer Diseases and a Network for the Monitoring of the River and Drinkable Water	Prefecture of Serres	Prefecture of Blagoevgrad	Environment

Table Ap-0-2 (continued)

No	Project	Greece	Bulgaria	Domain
23	Common Registration and Promotion of the Cultural Elements of the Cross-border area of Agistro and Koulata	<i>Munic. of Agistro</i>	<i>Munic. of Kulata</i>	Environment
24	Reformation of the Coastal Urban Line	<i>Munic. of Agios Georgios</i>	<i>Munic. of Razlog</i>	Environment
25	Preserving and Promoting the Natural Environment	<i>Munic. of Prosotsane</i>	<i>Munic. of Goltse Delchev</i>	Environment
26	Preserving and Promoting the Natural Environment	Community of Achladochori	Community of Colaro	Environment
27	Elaboration of a Common Action Plan to deal with the problem of Mosquitoes	Prefecture of Evros	Prefecture of Haskovo	Environment
28	Cross-border Joint Training Program for Greek and Bulgarian Applicants in Management, Logistics and Information Technologies	<i>Munic. of Evosmos</i>	<i>Munic. of Blagoevgrad</i>	Economic Development & Promotion of Employment
29	Cross-border Activities of Professional Training for the Support of the Local Employment	<i>Munic. of Kerkini</i>	<i>Munic. of Sandanski</i>	Economic Development & Promotion of Employment
30	Development of Basic Computer Skills for Greek and Bulgarian trainees	<i>Munic. of Skutusi</i>	<i>Munic. of Garmen</i>	Economic Development & Promotion of Employment
31	Cross-border Joint Training Program for Greek and Bulgarian Applicants in Areas of Common Interest	<i>Munic. of Stavroupoli</i>	<i>Munic. of Blagoevgrad</i>	Economic Development & Promotion of Employment
32	Enlargement of Cross-border cooperation in the fields of employment and vocational training	<i>Munic. of Em. Pappa</i>	<i>Munic. of Blagoevgrad</i>	Economic Development & Promotion of Employment
33	Vocational Training Program for Greeks and Bulgarian trainees in Computer Skills	<i>Munic. of Strymonikos</i>	<i>Munic. of Garmen</i>	Economic Development & Promotion of Employment
34	Cross-border training Programmes in the Fields of Tourism and Computer Skills	<i>Munic. of Aistrati</i>	<i>Munic. of Petritsi</i>	Economic Development & Promotion of Employment
35	Vocational Training for Greeks and Bulgarians in the fields of Marketing and Management of SMEs	<i>Munic. of Sidirokastro</i>	<i>Munic. of Sandanski</i>	Economic Development & Promotion of Employment
36	Training Actions and Support for the Know-How transfer in the case of the Association of Municipalities	Association of Municipalities and Communities of Xanthi Prefecture	Association of Municipalities of Rhodope	Economic Development & Promotion of Employment
37	Strengthening the Cross-border Cooperation through the Implementation of Vocational Training Programme	<i>Munic. of Ambelokipi</i>	<i>Munic. of Blagoevgrad</i>	Economic Development & Promotion of Employment
38	Human Resources and Regional Development	<i>Munic. of Lagada</i>	<i>Munic. of Dimitrovgrad</i>	Economic Development & Promotion of Employment
39	Cross-border Cooperation and Vocational Training for the civil servants	Prefecture of Thessaloniki	Prefecture of Blagoevgrad	Economic Development & Promotion of Employment
40	Cross-border Cooperation and Vocational Training	<i>Munic. of Halkidona</i>	<i>Munic. of Garmen</i>	Economic Development & Promotion of Employment
41	Development of Cross-border Cooperation in the field of Vocational Training	<i>Munic. of Ehedorou</i>	<i>Munic. of Sandaski</i>	Economic Development & Promotion of Employment
42	Improvement of Cross-border Employment	<i>Munic. of Kalithea</i>	<i>Munic. of Garmen</i>	Economic Development & Promotion of Employment
43	Cross-border Programme for Vocational Training of the Unemployed and Staff of the SMEs	<i>Munic. of Agios Athanasios</i>	<i>Munic. of Garmen</i>	Economic Development & Promotion of Employment

Table Ap-0-2 (continued)

No	Project	Greece	Bulgaria	Domain
44	Cross-border Measures for the Prevention of Use of Addictive Substances	<i>Munic.of Sikeon</i>	<i>Munic.of Blagoevgrad, Munic.of Kardjali</i>	Quality of life
45	Development of Cross-border area of Rodopi and Kardjali	Prefecture of Rodopi	Prefecture of Kardzhali	Economic Development & Promotion of Employment
46	Development of Cross-border area of Evros, Haskovo and Kardjali	Prefecture of Evros	Prefecture of Haskovo, Prefecture of Kardzhali	Economic Development & Promotion of Employment
47	Registration of Tourist and Cultural Resources in the Areas of the Network of Cross-border Cooperation (GR-BG-TU)	Prefectures of Evros, Kavala, Xanthi, Rodopi, Drama and Serres	Prefectures of Blagoevgrad, Smolyan and Kardzhali	Economic Development & Promotion of Employment
48	Development of Web-based Applications for the Promotion and Provision of Tourist Services of the border area Greece-Bulgaria	<i>Munic.of Kalithea</i>	<i>Munic.of Gotse Delchev, Munic.of Razlog</i>	Economic Development & Promotion of Employment
49	Elaboration and Implementation of an Integrated Plan for the Development and Promotion of the Tourist Areas Resources	Prefectures of Kavala, Xanthi and Drama	Prefectures of Blagoevgrad and Smolyan	Economic Development & Promotion of Employment
50	Development of Cross-border Cooperation between the Tourist Areas of Interest	Prefectures of Serres	Prefectures of Blagoevgrad	Economic Development & Promotion of Employment
51	Actions of the Tourism Promotion of the Cave Alistrati	<i>Munic.of Alistrati</i>	<i>Munic.of Madan</i>	Economic Development & Promotion of Employment
52	Development of Economic Cooperation in the field of Tourism	<i>Munic.of Docsatou</i>	<i>Munic.of Banite</i>	Economic Development & Promotion of Employment
53	Creation of Network of Cooperation of Tourist Thematic Parks for the increase of the Entrepreneurship between Greece and Bulgaria	<i>Munic.of El. Kordeliou</i>	<i>Munic.of Blagoevgrad</i>	Economic Development & Promotion of Employment
54	Sewage Treatment Practices	<i>Munic.of Lagada</i>	<i>Munic.of Sandanski</i>	Quality of Life
55	Promotion of Cultural and Tourist Resources – the Case of Thrakes	<i>Munic.of Thassos</i>	<i>Munic.of Smolyan</i>	Economic Development & Promotion of Employment
56	Registration and Utilization of Hot Springs	Prefecture of Xanthi	<i>Munic.of Zlatograd</i>	Environment
57	Mapping and Promotion of Special Mountain Environmental Paths of the Area	Prefecture of Xanthi	Prefecture of Smolyan	Culture
58	Hiking Routes Network	<i>Munic.of Nigritsa</i>	<i>Munic.of Hadjidimovo</i>	Tourism
59	Cross-border cooperation for the Sustainable Utilization of the Environmental Resources	<i>Munic.of Paranestiou</i>	<i>Munic.of Smolyan</i>	Environment
<b>INTERREG IV-C</b>				
1	MMOVE: Mobility Management over Europe	<i>Munic.of Kavala</i>	<i>Munic.of Razlog</i>	Mobility
<b>South East Europe (INTERREG IV-B)</b>				
1	FATE: From Army to Entrepreneurship	<i>Munic.of Kavala</i>	<i>Munic.of Gotse Delchev</i>	Urban Regeneration

Source: Authors' elaboration

**Table Ap-0-3:** Projects implemented (under different programmes) by Bulgarian and Turkish local authorities

	Project	Bulgaria	Turkey	Domain
<b>Bulgaria-Turkey Cross Border Cooperation 2007-2013</b>				
1	Innovative Perspectives for Economic Growth based on Eco-tourism	<i>Munic. of Madjarovo</i>	<i>Munic. of Uskup</i>	Tourism and Improvement of the Economic Competitiveness
2	Sustainable Development of Lubimetz, Babaeski and Topolovgrad municipalities	<i>Munic. of Lyubimets and Topolovgrad</i>	<i>Munic. of Babaeski</i>	Sustainable Development
3	Promotion of Ecotourism in the Municipalities of Bolyarovo and Kotchas	<i>Munic. of Bolyarovo</i>	<i>Munic. of Kotchas</i>	Tourism
4	Marketing of the Potential of Ecotourism in Strandza/Yildiz Mountain Area	<i>Munic. of Malko Tarnovo</i>	<i>Munic. of Kirklareli</i>	Tourism
5	Cross-border Directions in the Economic Development of Yambol and Edirne	<i>Munic. of Yambol</i>	<i>Munic. of Edirne</i>	Improve of Economic Competitiveness
6	Together for Stable Development of the Cross-border region	Municipalities of Elhovo, Bolyarovo, Sredets, Topolovgrad and Odrin	Municipalities of Kirklareli, Lalapasha, Demirkyoy and Legneada	Cooperation and Networking
7	Tourism in Common Cross-border region	<i>Munic. of Madjarovo</i>	<i>Munic. of Uskup</i>	Tourism
8	Building Capacity for Joint Projects Development and Management in the Cross-border region Ivailovgrad-Medjidie	<i>Munic. of Ivailovgrad</i>	<i>Munic. of Medjidie</i>	Capacity building for Projects Development and Management
9	Enhancement of the Cooperation between Aitos and Buyukkarashtaran	<i>Munic. of Aitos</i>	<i>Munic. of Buyukkarashtaran</i>	Cooperation and Networking
<b>Bulgaria-Turkey Cross Border Cooperation 2004-2006</b>				
1	Traditional Cultural Mosaic	<i>Munic. of Stambolovo</i>	<i>Munic. of Ahmetbey</i>	Culture
2	Forgotten and Unknown: The Ancient Lands of Sredets and the Eternal Wonders of Strandja Mountain	<i>Munic. of Sredetz</i>	<i>Munic. of Vize</i>	Tourism
3	Travelling in the Time of Tracians	<i>Munic. of Tzarevo</i>	<i>Munic. of Pinarhisar</i>	Tourism and the Cultural and Historical Heritage
4	Creativity and Cultural Heritage: the Bridges that Connect Harmanli and Babaeski regions to Flourish and Prosper	<i>Munic. of Harmanli</i>	<i>Munic. of Babaeski</i>	Culture
5	Support for Agri –business SMEs in Leveraging Accession Benefits	<i>Munic. of Topolovgrad</i>	<i>Munic. of Boyukkarishtiran</i>	Improvement of the Economic Competitiveness

Source: Authors' elaboration

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## List of interviewees

Here is a complete list of interviewees. The list indicates the name of each interviewee, the organization and his/her position, and information about the data, the place and the type of interview.

Name of official	Organization, Position	Date & Place	Type of Interview
<b>Greek part</b>			
Ananika Alexandra	Municipality of Pilea – Chortiatis, Municipality's EU office staff	02/12/2011, Panorama	Traditional Face-to-Face
Chatzopoulos Orestis	Euroregion, Evros-Maritza-Meric, President	20/10/2011	Traditional Face-to-Face
Gouliou Eleni	Aristotle University of Thessaloniki – Research Committee – European Projects Office's staff	15/09/2011, Thessaloniki	Traditional Face-to-Face
Kadoglou Mariana	Municipality of Alexandroupolis, Municipality's EU office staff	15/10/2011, Alexandroupolis	Traditional Face-to-Face
Karkavitsas Polikarpos	Lever Consultancy, Project Manager	30/08/2011, Thessaloniki	Traditional Face-to-Face

Kourkouta Venetia	Ministry of Rural Development and Food, Project Manager	12/09/2011, Xanthi	Traditional Face-to-Face
Michos Georgios	Union of Municipalities of Xanthi, Director	02/12/2011, Xanthi	Telephone Interview
Papadimitriou Alkis	Municipality of Drama, Municipality's EU office staff	06/12/2011, Xanthi	Telephone Interview
Papadopoulos Sotiris	Region of East Macedonia and Thrace, Agricultural Engineer	14/07/2011, Kavala	Traditional Face-to-Face
Papalexis Christos	Aristotle University of Thessaloniki, Project Manager	15/10/2011, Thessaloniki	Traditional Face-to-Face
Sdravopoulos Periklis	Self Employed, EU projects expert	15/10/2011, Thessaloniki	Traditional Face-to-Face
Sylleos Georgios	Democritus University of Thrace, Professor	06/12/2011, Xanthi	Telephone Interview
Vidalis Evaggelos	INTERREG Managing Authority, EU project consultant	02/12/2011, Panorama	Traditional Face-to-Face
<b>Bulgarian part</b>			
Rozalina Gyobeklieva	European Integration Agency, Project Manager	26/11/2011, Haskovo	Traditional Face-to-Face
Slavcho Vasilev	Regional Development Foundation, Founder, Project Manager	24/11/2011, Haskovo	Traditional Face-to-Face
Slaveiko Pankin	SIMAT AD, Project Manager	23/11/2011, Dimitrovgrad	Traditional Face-to-Face
Vasko Raichinov	Regional Health Inspectorate, Project Manager	24/11/2011, Kardzhali	Traditional Face-to-Face
Vesela Kazashka	Plovdiv university – branch Smolyan, Head of Science and Research dept.	25/11/2011, Smolyan	Traditional Face-to-Face
Viktoria Slavkova	Sports Without Borders, Branch Petrich, Founder, Manager	25/11/2011, Petrich	Traditional Face-to-Face
<b>Turkish part</b>			
Barsi Gulec	Municipality of Babaeski, Vice Mayor	24/08/2011, Babaeski	Traditional Face-to-Face
Elif Durakli	Municipality of Vize, Municipality's EU office staff	24/08/2011, Vize	Traditional Face-to-Face
Hasan Giriz	Prefecture of Izmir – European Projects Office's staff	30/10/2011, Izmir	Traditional Face-to-Face

Kader Uzel	Municipality of Alpullu, Municipality's EU office staff	24/08/2011, Alpullu	Traditional Face-to- Face
Munir Capkur	Municipality of Pinarhisar, Municipality's EU office staff	23/08/2011, Pinarhisar	Traditional Face-to- Face
Ozen Seden	Municipality of Luleburgaz, Municipality's EU office staff	24/08/2011, Luleburgaz	Traditional Face-to- Face
Senay Cekic	Development Agency of Thrace, Project Manager	26/08/2011, Kirkclareli	Traditional Face-to- Face
Uzeyir Onur Kocturk	Municipality of Kirkclareli, Municipality's EU office staff	24/08/2011, Kirkclareli	Traditional Face-to- Face
Yilmaz Korkmaz	Municipality of Sile, Municipality's EU office staff	28/10/2011, Istanbul	Traditional Face-to- Face

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## **2.7 Case Study on Spain – Argentina**

The case of the city of Rosario, Argentina

Autonomous University of Madrid



## Summary

Rosario has always strived to be a city of distinction. It is recognized internationally for its good practices in the field of urban management, which would have been impossible without putting a spotlight on the city and making it known internationally as well as a model of excellence at the regional level.

Behind this success, there is a trajectory of many years of work invested by the local actors, participants that became the architects of international management of the city. During more than two decades they were committed to working with other cities and regions, among them European sites, to deal with common problems.

Without a doubt, the local government was the most important actor in promoting international territorial cooperation (hereafter, TC) and for this purpose a General Direction for International Relations was created within the municipal institutional framework. Therefore, political willingness was a key factor in facilitating the processes of territorial cooperation of Rosario.

It is convenient make a distinction between the formal city and the real city. According to the present municipal regulation in the Province of Santa Fe, Rosario is a city, which has precise limits and has its own government; it is part of a metropolitan area where the physical continuity and functional relations with other cities and towns predominate, despite the fact that joint policies are very scarce.

Decentralized cooperation, for example, is the more relevant type of cooperation in the city at the present time. Twinning cities, bilateral cooperation agreements and networks have helped Rosario to participate in projects with different degrees of impact on the economic, social, urban and environmental conditions. But the initiatives have always been local, not regional or joint. Rosario's regional leadership role has not been reflected by its collaboration with the smaller cities and municipalities of the Greater Rosario Metropolitan Area (hereafter, AGR), so that they can begin their own international cooperation experiences. This is not entirely Rosario's fault, but yet another example of weak regional integration.

Territorial Cooperation facilitates the exchange of experiences and "know-how" and this led to the learning of new approaches and tools for management in such areas as strategic planning, participative budgeting and institutional strengthening.

Spain and Italy have been Rosario's main European partners in cooperation. Historical and cultural ties arising from immigration are factors that have driven the establishing of relations on both sides of the Atlantic Ocean. Local organizations of representatives from these countries, such as the Basque Center of Rosario, have had a significant role in these relations.

Incorporation into the European Commission's URB-AL Program has led to a greater number of contacts with new European partners, thus opening an array of

possibilities to work in priority areas in the near future: education, economy, environment and social infrastructure, to mention only a few.

Some strengths surge from this territorial cooperation experience, as well as weaknesses and aspects that require greater attention in the future.

### Physical areas of territorial co-operation

- **Strengths:** Rosario has ties with numerous territories through different cooperation programs, among which stand out the cases of cities and regions in Spain (such as Bilbao, Barcelona, Extremadura, Basque Country) and Italy (Alessandria). Furthermore, Rosario participates in numerous international networks linked to urban problems (URB-AL; CIDEU) stressing its difference as a city with international ties and projection. Decentralized cooperation is the most relevant type of cooperation in the city and its greatest impact is on institutional strengthening and professional and vocational training.
- **Weaknesses:** The existence of various types of cooperation and actors participating in the territory is, without a doubt, an advantage. But in order to promote contact networks, experiences and working methodologies, it is necessary for information to be more accessible and systematic; which will lead to a more effective coordination and result in greater efficiency in the management of Territorial Cooperation. Cooperation has proved weak in terms of the creation of productive networking and interaction between economic actors, and did not help toward an integrated territorial approach for action.
- **Future:** The availability and diffusion of information should improve, so as to allow for more complementary actions by public and private organizations and agents towards new areas of cooperation. Cooperation should increase so as to include metropolitan and regional areas, where the economic, social and cultural dynamics of the Region of Rosario is best appreciated.

### Driving forces and domains of cooperation

- **Strengths.** A wide range of subjects exist, as well as counterparts, in Rosario's international cooperation policy. Of these, education,



participative budget, strategic planning and institutional strengthening are more highly valued by the actors involved. Nevertheless, the priorities in areas of cooperation vary according to the context. During the country's economic-social crisis, which greatly affected Rosario (1998-2002) much work was done in the area of technical formation, vocational training and job creation. After the economic recovery from 2003, the priority changed towards culture, urban planning and environment, and more recently economic development.

- **Weaknesses:** International cooperation is weaker in economic matters. This fact, which is particularly striking in Rosario, is also linked to the predominant profiles in local management in Argentina, generally associated with physical planning, urban design, transportation, waste management and environment, and culture. Local economic development, technological innovation or international trade are less important. These subjects are usually approached through public-private coordination organizations, such as development agencies. Rosario has its own agency, although the results are still modest.
- **Future:** As a result of the changes in the social and economic patterns and the evolution of public institutions, the cooperation agenda is paying more attention to education, scientific exchange, networking, environment and habitat, and social infrastructures.

### **Territorial structures and co-operation**

- **Strengths:** Conditions that facilitate International Territorial Co-operation exist within the region: the historical-cultural profile of Rosario as an immigrant city; the opportunity given by the new constitutional framework since 1994, availing new space to the sub-national territories; the intermediate scale of the city, that allows for the capacity to manage complex projects; the interest on behalf of the local governments to use TC as a differentiating and positioning factor; the direct ties on behalf of the city dwellers with other territories, that have facilitated contacts and given rise to new opportunities. Certain basic conditions facilitated Territorial Cooperation: historic-cultural identities, legal aspects, geographic-productive characteristics (such as the profile of portuary cities of Rosario, Barcelona and Bilbao).

- **Weaknesses:** the obstacles have been associated with the limited funds available, and basically to the lack of information and knowledge of the possibilities and opportunities on behalf of a large number of local actors. Another limitation is the narrow diffusion of information about some of the cooperation programs. In this sense, there has always been a danger of discrimination towards small cities and the municipalities of the Greater Rosario Metropolitan Area.
- **Future:** If the approach of mutual benefit between members is to be enforced, it will be necessary for the cities and municipalities of the Greater Rosario Metropolitan Area to be more involved in the issues at hand and in the processes of implementation, respecting at all times the spatial and temporal context. For this reason, it is necessary to abandon the traditional approach still in force in both latitudes, in which international cooperation is unilateral. With the understanding that learning is bidirectional, the capabilities of communities in both continents will be strengthened.

### **Governance structures and implementation of co-operation**

- **Strengths:** An outstanding feature of the governance structures is the diversity of the actors involved. Of these, the role played by the municipality of Rosario and more recently that of the province of Santa Fe stand out. Also noteworthy is the role of UE organisms, the National University of Rosario, some local NGOs, as well as persons with special interest in some of the subjects in the cooperation agenda. The management of TC is always improving thanks to the skill of well trained civil servants working in the municipality of Rosario and in the government of Santa Fé. Likewise, Rosario has numerous public-private institutions, such as the Development Agency, the Technological Pole, and the Tourism Authority, which strengthen the governance of the development process.
- **Weaknesses:** Despite the institutional density, international territorial cooperation continues to be a political and management discourse only felt by the municipal and provincial civil servants, representatives of migrant communities (such as the Basque Center), and social organizations linked to specific problems that were the subject of cooperation programs (such as the participants in the Urban Agriculture Program). In other words, it is not a

priority in the agenda for a large number of local and regional actors and institutions.

- **Future:** To stimulate TC programs on the regional level and not only subscribed to the city of Rosario is very necessary. Above all, despite existence of a strategic planning office for the Greater Rosario Metropolitan Area, it has not shown significant advances in regional planning and territorial cooperation since its creation some time ago. It will also be necessary to enlarge the management capabilities in other AGR localities, in order to make viable their participation in TC projects adapted to the local needs. Finally, to widen the range of regional actors that are associated with the TC at present, and to achieve the recognition on behalf of the citizens for this type of experiences.

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**ABBREVIATIONS**

AGR	Greater Rosario Metropolitan Area
BID	Inter-American Development Bank
BM	World Bank
ITC	International Territorial Cooperation
EPH	Permanent Home Survey
INDEC	National Institute of Statistics and the Census
IPEC	Provincial Institute of Statistics and the Census
GDP	Gross Domestic Product
EU	European Union
UNR	National University of Rosario
URB-AL	European Union Regional Cooperation Program with Latin America
VAB	Gross Value Added

## Introduction

Located in the south of the province of Santa Fe, on the shores of the Paraná River, Rosario constitutes one of the neuralgic points in the Central Region of the national territory and one of the main external means of communication in Argentina. Located 300km from the Federal Capital, Rosario has historically had national relevance, not only in terms of population, but also in terms of economic activity, artistic production and innovation.

**Map 1: Rosario**



Source: Municipality of Rosario: Strategic Plan of Rosario Metropolitan Area.

With a total area of **178.69 km<sup>2</sup>**, the city is the nucleus of the Great Rosario Metropolitan Area (AGR), made up of 11 municipalities and “comunas” that define a rural-urban setting.<sup>87</sup> The present formation of this territory has its origin in two

<sup>87</sup> The “municipios” (cities of more than 10,000 inhabitants) are: Villa Gobernador Gálvez, Arroyo Seco, Pérez, Funes, Roldán, Granadero Baigorria, Capitán Bermúdez, Fray Luis Beltrán, San Lorenzo, Puerto San Martín and several smaller localities called “comunas” (cities of less than 10,000 inhabitants). This definition is used for the elaboration of census and statistical information and is called “Aglomerado Gran Rosario” (AGR). Another possible definition according to geographical continuity is that of the Metropolitan Extension which is defined as the recognition of the maximum continuity between the present urbanization

elements that have influenced the development of metropolitan processes: the port-city and the railroad network.

The estimated population of the city of Rosario in 2008 was 909,755 inhabitants and that of the AGR, 1,248,536. 47.9% were male and 52.10% women. The distribution by age-bracket is shown in the following table:

**Table 1: The population of the city of Rosario by age**

Total population by age	2008			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	%	%	%	%
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Below 9 years	15.4	14.2	13.5	14.2
10 to 19 years	16.9	15.9	17.9	17.0
20 to 29 years	18.8	19.6	18.0	18.0
30 to 39 years	14.3	13.5	12.9	13.7
40 to 49 years	10.5	10.9	12.5	11.8
50 to 59 years	9.5	9.0	8.6	9.9
60 to 69 years	6.7	7.8	8.1	7.2
70 years or more	7.9	9.1	8.5	8.2

Source: EPH- INDEC

Rosario has received and still receives large contingents of population expelled from their homelands by the worsening of regional socio-economic conditions. These immigrants, along with impoverished sectors in the city itself, make up what are called “irregular settlements. According to data from 2008, the answers about the place where a person was born and where was living five years ago were the following:

Question: Where were you born?

process and the potential for development, and it incorporates these localities. If the criterion of functional interdependence is applied, a third territorial extension, the Region of Rosario, is defined which incorporates the localities that interact in varying dimensions (economic, social, cultural, urbanistic, political, etc.) with the central city. Although this last definition complicates the demarcation of the participants due to the large number of variable in play, it can be said that the conglomerate in fact shows a greater territorial extension which involves about 62 “municipios” and “comunas”. This criterion was adopted for the demarcation defining the territorial reach of the Rosario Development Region Agency (ADERR).

<b>Places</b>	<b>Number</b>	<b>Percentage</b>
In this locality	44,810	72.14
In another locality	6,335	10.20
In another province (specify)	8,805	14.17
In a bordering country	1,523	2.45
In another country	618	0.99
Doesn't know/Didn't answer.	16	0.02
Total	62,107	100

Question: Where did you live 5 years ago?

<b>Place</b>	<b>Number</b>	<b>Percentage</b>
In this locality	55,017	88.58
In another locality in this province	620	0.99
In another province (specify)	1,259	2.02
In a bordering country	117	0.18
In another country	96	0.15
I wasn't born yet	4,987	8.02
Doesn't know/Didn't answer	11	0.1
Total	62,107	100

### **Welfare (economic, social and environmental indicators)**

According to data from 2005, the per capita Gross Domestic Product of Rosario (GDP) was 2,566.56 EUR, slightly above the national average (2,044.04 EUR).

Based on participation in the provincial and national Gross Domestic Product for 2007, expressed in 1993 “pesos”, GDP was estimated as follows:



**Table 2: Gross Domestic Product in the region of Rosario**

Territory	Total GDP in pesos	Total GDP in Euros	% National GDP
City of Rosario	8,814,491	1,518,165 EUR	2.45%
Great Rosario Metropolitan Area	10,404,446	1,792,011 EUR	2.89 %
Argentina	359,189,000	61,864,961 EUR	100%

Source: INDEC and SID (Rosario)

The Permanent Home Survey, published by INDEC, shows that unemployment (7,4% in the third quarter of 2011) in the Greater Rosario Metropolitan Area (AGR) is similar to the national average of the urban agglomerations. When the annual changes are analyzed, it appears that the situation has improved slightly during the last year, with a reduction of the annual rate of unemployment (8,0% in 2010). The positive interannual evolution of the employment indicators for the AGR is confirmed when compared to other regions, as shown by the annual unemployment growth rate: Greater Mendoza (+11.7%), Greater Córdoba (+9.2%), Greater La Plata (+37.9%) and Greater Santa Fe (+45.4%). Of the cities under study, only Rosario and Buenos Aires show a fall in the unemployment levels during 2011.

In the third quarter of 2011, the rate of the economically active population in the AGR was 58,4%, slightly less than the national average of the urban agglomerations in Argentina (59%). Informal jobs reached diminished strongly over the first decade of the present century; and in 2011 9,0% of the population was living below the poverty line and 4,5% were considered indigent.

**Table 3: Qualifications of the Economically Active Population in the Great Metropolitan Area of Rosario (as a % of the population over 10 years)**

Population	Total population from 10 years or more	Education Level (%)						Don't know
		Without education or incomplete	Primary complete	Secondary incomplete	Secondary complete	Higher education incomplete	Higher education complete	
Total Population	100%	14.60%	22.10%	19.20%	19.70%	11.90%	12.40%	-
Labor force	100%	4.80%	23.30%	15.50%	25.50%	11.80%	19.20%	-
Working	100%	4.80%	22.20%	15.30%	26%	11.90%	19.80%	-

Not Working	100%	4.30%	36.20%	17.80%	19.20%	10.80%	11.80%	-
Non-working	100%	25.90%	20.80%	23.60%	13.10%	12%	4.60%	-

Note: Preliminary information

Source: INDEC. Encuesta Permanente de Hogares

## Education and Services

There are 1,419 educational centers, including both headquarters and annexes, in the private and public sectors. Scientific and technological personnel are concentrated in the region at a rate of 50% higher than the Argentine average. There are 6 universities, 18 scientific research institutes and two institutes of technological transfer in various fields of knowledge.

As for innovation, Rosario has a set of resources and institutions that favors the development of techno-productive and scientific activities, business potential and educational formation and cultural development, on par with international standards. The city has scientific and technical personnel, that with respect to its population is 50% above the average in Argentina; the university students are close to 8% of the total population of Rosario, and one out of eight students studies a technical career. Rosario has six universities, 18 scientific research institutes and two transfer of technology institutes linked to various disciplines.

As recognized by the UN Economic Commission for Latin America, the Rosario's technological Pole is a good example of cooperation between firms, universities and public administration; where Technological innovation, mainly in software and biotechnology, were developed.

The city boasts valuable native artists and creators in the field of art, literature and music as well as seven municipal museums, two provincial museums, 5 private collections, 27 theatres, 9 cinemas, cultural centers and historical monuments.

Moreover, Rosario offers internationally recognized gastronomic and hotel services which complement the natural and architectural beauty of the city currently attracting an increasing number of national and international tourists. According to data from 2008, registered overnight stays in the city were higher than in the rest, approximately 64.9% of the provincial total. An inter-annual growth of 1.3% was observed.

As for environmental issues, the Paraná River is one of the largest rivers in the world and its wetlands are a valuable natural resource with unique and emblematic scenery as well as a great variety and abundance of flora and fauna. The city has other

important water resources such as the Ludueña and Saladillo streams. In recent years, several important infrastructural construction works have been undertaken to optimize public use and enjoyment of the river resources, creating accessible and pleasant urban landscapes which are complemented by the large amount of parks and other green spaces. Since 2009, a large number of metallic containers have been incorporated for the selected collection of waste through the Integral Plan for Urban Hygiene. The Program includes awareness and educational campaigns.

In the area of health, there are 11 municipal health centers and 35 provincial and national centers. Although the city has a high rate of service providing, there are still barrios and irregular settlements that do not have basic infrastructure, which has a negative impact on the standard of living of the population.

**Table 4: Connections of homes to city utilities network in the city of Rosario (%)**

Connections%	2003	2004	2005	2006	2007
Drinking water	78.1	78.9	----	78.9	80.3
Sewers	53.4	54.1	----	54.9	55.4
Electricity	97.2	98.8	99	99	99.9
Natural gas	80.5	83.3	85.4	87.7	90.3

**Source:** Elaborated by the General Direction of Statistics based on data made available by the respective service companies.

Note: There is no data for drinking water and sewers for 2005 due to having transferred management of the system from Aguas Provinciales to Aguas Santafesinas, S.A.

### **Productive activities**

At present, the Metropolitan Area of Rosario contributes with over half of the gross domestic product of Santa Fé and with a little less than 5% of the gross domestic product of Argentina. It is an industrial, commercial and financial center at the heart of the most important agricultural- livestock productive region (Santa Fé) of Argentina. Its industrial activity is important: a 42% of the industrial establishments of Santa Fé, 53% of employment, and 62% of the industrial production.

Its productive fabric is made up of multiple profiles: agro-industrial activities, one of the world's most competitive food industries, a cluster of IT industries (information, communication and biotechnology), design-based firms (furniture, industrial

equipment and fashion) and a consolidated services sector with the second banking and financial network in Argentina can be found.

The food industry represents 21% of all industrial activity. Rosario and its area have the largest food oil complex in Argentina: 50% of grinding activity, 68% of exportation of vegetable oils, 85% of shipping of sub-products and 47% of grain shipping.

The second industrial activity is the metal mechanics sector (18% of industrial production), and particularly the agricultural machinery industry with 11% of all firms in the province of Santa Fé. Machinery and equipment industries, on the other hand, represent 10% of all activity. Also located in the city and its area of influence are petrochemical, paper, lumber, textile and plastic industries.

According to data available from the economic census for 2004, participation in the various branches of activity in the Gross Geographic Product<sup>88</sup>, (2004) was as follows:

**Table 5: Distribution of Gross Geographic Product by economic activity**

<b>Territory</b>	<b>Year</b>	<b>Participation in the Secondary Sector</b>	<b>Participation in the Tertiary Sector</b>
<b>AGR</b>	<b>2004</b>	<b>19.44%</b>	<b>80.56%</b>
<b>City of Rosario</b>	<b>2004</b>	<b>17.69%</b>	<b>82.31%</b>

Source: Institute of Economic Research, National University of Rosario

According to the estimates made by Rosario Data of the Municipal Bank of Rosario Foundation, in the 4th trimester of 2010 a 56% of the private product of the city came from the commercial sector, 24% from services, 18% from industry and 2% from construction.

### **Transport and communications**

Rosario's geographic position projects the city as the strategic center and node for bi-oceanic communications of MERCOSUR because it is a required stop on commercial routes and service centers. To the north it is connected through the Paraná-

<sup>88</sup> Gross Geographic Product is the product of a jurisdiction estimated according to the sum of the Aggregate Value (depending on the sector producing it) within the geographic unit of the specific observation. In this case, the area is the AGR.

Paraguay waterway, making it an essential center for communication and transit with Brazil; to the south, with the humid Argentine Pampa. The East-West axis is articulated through the Central Bi-oceanic Corridor, connecting it to the province of Córdoba, Chile and the Pacific Ocean; and, by way of the Rosario Victoria Bridge, a direct link is formed toward the province of Entre Ríos, the Oriental Republic of Uruguay and Brazil on the Atlantic Ocean.

**Map 2: Rosario's national and international connections**



Source: Municipality of Rosario: Strategic Plan of Rosario Metropolitan Area.

The city is connected with the rest of the province and country by means of a vast network of terrestrial communications (Routes 9, 11, 13 and 34, the motorway to Córdoba, to the Federal Capital and the provincial city capital, Santa Fe). Moreover, there is a Bus Terminal which services short, medium and long-distance trips. The Rosario-Victoria Bridge, mentioned above, is vital to the economy and the transport of merchandise as well as the development of regional tourism.

The Rosario International Airport “Islas Malvinas” is located to the northeast of the city at about 15 kilometers from the center and mainly transports passengers. There is also a cargo storage and export facility that manages a significant amount of freight – with an exclusive weekly flight – and the entire infrastructure for agro-food export. The next table shows that the total passengers on national flights in 2008 increased 2.4% over the year before, while the number of international passengers increased 39.9%.

**Table 6: Passengers in domestic and international flights. 2007/2008. International Airport of Rosario**

<b>PASSENGERS</b>	<b>2007</b>	<b>2008</b>	<b>Interannual variation %</b>
<b>TOTAL</b>	<b>136,523</b>	<b>1259,733</b>	<b>17.0</b>
<b>CABOTAGE</b>	<b>83,515</b>	<b>85,555</b>	<b>2.4</b>
Arrivals	34,826	37,934	8.9
Departures	36,349	41,428	14.0
In transit	12,340	6,193	-49.8
<b>INTERNATIONAL</b>	<b>53,008</b>	<b>74,178</b>	<b>39.9</b>
Arrivals	26,115	33,692	29.0
Departures	25,279	33,953	34.3
In transit	1,614	6,530	304.6

<b>FREIGHT Kg</b>	<b>2007</b>	<b>2008</b>	<b>Interannual variation %</b>
<b>TOTAL</b>	<b>214,057</b>	<b>285,044</b>	<b>33.2</b>
<b>CABOTAGE</b>	<b>128,233</b>	<b>74,481</b>	<b>-41.9</b>
Ascend	57,543	29,924	-48.0
Descend	70,690	44,557	-37.0
<b>INTERNATIONAL</b>	<b>85,824</b>	<b>210,563</b>	<b>145.3</b>
Ascend	40,751	77,416	90.0
Descend	45,073	133,147	195.4

Source: Aeropuerto Internacional de Rosario

The Port of Rosario is located on the right shore of the Paraná River at kilometer 420, near the river-maritime stop that connects high seas navigation with cabotage at the northern-most point within the Plata River which allows the passage of ocean ships of significant draft.

The city's trains mainly service the transport of freight. However, there are two firms that provide passenger service.

### **Governance**

Provincial Organic Law Number 2756/39 of Municipalities (Chapter 1, Article 1) establishes that "All urban centers with a population of more than 10,000 inhabitants, will have a municipality" which refers to city governments established to respond to

the material and cultural needs of the population, promote growth and improve the standard of living of the inhabitants.

Municipalities are independent of all other powers in the exercise of their assigned functions: they define their income, they can establish taxes, fees and contributions in those aspects that are so determined, and they can freely administer their patrimony and wealth as well as enter into contracts and dispose of their assets in public auction.

The Executive Department is directed by a Major (“Intendente”) who is elected to a term of office for four years. The Municipal council (legislative power) is made up of councilors who are also elected directly by the citizens.

In recent years, Rosario has been recognized both nationally and internationally as a successful case of local management. Strategic planning, functional decentralization of administration, policies of citizen participation and participative budgeting, transparency in government, the recuperation of public spaces, health, culture, child-care, social contention and solidarity policies have been the principle tools in the development policies launched by the local government.<sup>89</sup>

Due to the role and functions played in the surrounding territory, and the flows and relations established with cities and territories of Argentina and Latin America, Rosario could be characterized as an “intermediate” city<sup>90</sup>, head of a metropolitan area. The dynamics of this type of cities in the framework of a larger urban space depend on the possibility of connecting with the networks and flows that go beyond the administrative limits, such as passenger transport services, collection and disposal of urban wastes, land use regulation and integrated health services. These aspects represent concrete social and urban problems, that didn’t receive sufficient attention within the local program and policies.

### **The development of Rosario, a challenge for Territorial Cooperation.**

In sum, economic development as a local phenomenon is shaped by the economic, technical, social and cultural characteristics of the locality, and thus, depends on its history and trajectory. The local development experiences in Argentina are

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<sup>89</sup> Due to these policies, Rosario was chosen by UNDP as a model of local governance (United Nations Prize for Governability and Development), UNDP, 2004.

<sup>90</sup> The approach of intermediate cities arises in France within a joint project between the GRAL/CREDAL (Groupement de Recherche sur l’Amérique Latine/Centre de Recherche et Documentation sur L’Amérique Latine). These cities at the local/regional level are characterized for: being centers of social, economic and cultural interaction; servers of goods and services more or less specialized for the inhabitants of the city and other municipalities over which it holds regional, national and, in some cases, global influence (*hinterland*), they have levels of local regional government through which the demands of society are channeled.

characterized by using and building endogenous resources and capabilities, as well as by endogenizing the existing opportunities, favor the linkages and coordinate investments; stimulate cooperation between firms, government, universities and civil society; and find consensus between the actors involved in the local development process.

In this framework, the productive transformation and the achievement of collective learning processes requires keeping its territorial dimension in mind, given that it is there where the production process takes place, goods are exchanged, specialized services developed and relationship networks are shaped.

Rosario has a social capital built during a prolonged evolutionary process, characterized by its diversified productive structure, abundant natural resources, outstanding entrepreneurial dynamic, various examples of public, private and social articulation, a strategic geographical location, infrastructure, ports, universities and a vast cultural tradition.

In recent years Rosario has become one of the most important productive centers in Argentina. It has a diversified industrial structure, where the mechanical, auto parts, and textiles activities focus, important agro-industry and other sectors that in the last decade have recuperated notably. It also has modern technology firms, a wide variety of services activities, as well as specialized tourist areas.

The city is an international logistic center, a transportation center and crossroads with easy access and well articulated within the territory. It is becoming the waterway for the Mercosur, as well as the connecting space between Buenos Aires and its neighbor Chile. Its waterways channel a high percentage of the agricultural exports of the country.

Rosario has public and private universities, besides a wide range of research and development institutes that allow respond to the productive system's demand; a 90% of the technologically based firms were created by university professionals from Rosario. Furthermore, it also has scientific and technical public institutions such as the Cerider (Conicet), the National Institute of Agriculture Technology and the National Institute of Industrial Technology as well as strong association between the public and private sectors. An example of this is the Technological Pole, developments in vegetable biotechnology and genetics, a forerunner in the Latin-American context as well as the Scientific and Technological Park.

This institutional density however, needs to change for the future, so as to function with a clear regional outlook and not only local. Only with a formal institutional perspective can Rosario be left out of the metropolitan area of which it is a part. This productive and functional articulation of Rosario with the cities and municipalities that make up the AGR must also be seen in institutional, social and cultural issues, where the regional integration is still very weak.



Territorial Cooperation may collaborate in the solution of the economic and productive challenges, underlined by Rosario Strategic Plan:

- Territorial imbalance between consolidated urban spaces and peripheral zones showing infrastructural insufficiencies and a lack of basic services.
- Insufficient legislative framework and a lack of permanent institutional and political mechanisms to develop sustainable urban policies in the metropolitan area.
- Inadequate distribution of freight transport with little use of railway and fluvial systems.
- Saturation of existing infrastructure for freight transported to agro-export terminals.
- Expanding urban vehicular traffic which has increased the levels of congestion in the center of the city.
- Increased quantity of solid urban and industrial waste in cities of the area.
- Precarious basic infrastructures on the shores of streams and deterioration of the rivers themselves due to the type of run-off liquids.
- The persistent burning of grazing lands in the Delta of the Paraná which is putting the sustainability of the ecosystem at risk.

### **The city's international connections / management<sup>91</sup>**

Due to globalization<sup>92</sup> and the process of regionalization<sup>93</sup> which have acted as external driving forces, and the process of decentralization<sup>94</sup> within the States, cities,

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<sup>91</sup> This section is an up-dated and slightly modified version of the chapter titled "International management in the city of Rosario", part of the paper "Decentralized cooperation in the elaboration of the Local Agenda 21. Relevance and reaches in the city of Rosario" cited in the Bibliography.

<sup>92</sup> Although this is one of the most frequently used terms by the social sciences in recent years to refer to the diverse changes that have taken place in the world, globalization lacks a precise fixed definition. The phenomenon is complex and multidimensional due to the great number of elements, interactions and dialectics which have contributed to the acceleration of economic, social and cultural rhythms and communicational change world-wide, with repercussions at all levels (regional, national and local).

<sup>93</sup> The tendency toward the formation of regional blocks with commercial, economic and/or political objectives is the definition used in this paper of "regionalization". Most processes of regional integration have primarily aimed to form wider markets or unified economic spaces and in some cases have involved the delegation of part of their sovereignty to the supranational units.

<sup>94</sup> Decentralization is defined here as the delegation of competencies and resources on the part of the central State to sub-estate entities – provinces/states, departments, and municipalities.

provinces and regions, among other sub-national actors<sup>95</sup>, have joined the list of new international actors.<sup>96</sup>

Although each one of the processes mentioned has influenced, with more or less intensity and at varying times, the sub-national entities of Latin America and Europe, they have all had a significant impact on the internationalization of these actors.

This new activity in cities has been referred to in various ways: para-diplomacy, post-diplomacy and international management, among others. In this paper, the authors have opted for using the term “international management” which comprises external actions displayed both by sub-national governmental entities and by the private sector, non-governmental organizations, universities and other actors.<sup>97</sup>

Rosario began to register intense international activity toward the end of the 90s. As can be concluded from the Rosario Strategic Plan (PER<sup>98</sup>), the international projection of the city was presented at that time as a novel topic to be taken into account in strategic planning.<sup>99</sup>

The priority area of intervention established was Rosario’s surrounding regional context, followed by MERCOSUR and its associated countries, Latin America, Europe (with emphasis on Spain and Italy) and finally, the rest of the world. The reason for focusing on Spain and Italy lies in the influence of migratory flows in the formation of the city’s identity<sup>100</sup> and in the numerous international cooperation programs developed in Rosario by these countries.<sup>101</sup>

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<sup>95</sup> Subnational actors are all those judicial-political units differentiated within a Nation-State.

<sup>96</sup> According to Esther Barbé, an international actor is “... a unit within the international system (entity, group, individual) that has the ability to mobilize resources leading to the achievement of its objectives, as well as the capability to exert influence over other actors in the system and exert a certain degree of autonomy.”

<sup>97</sup> The decision to deal with this concept in the case of Rosario is even more pertinent/fortunate if one understands that the Municipality of Rosario maintains that “... one of the most important transformations in the international scenario (...) the irruption into the international system of a group of actors with their own visions and strategies (...). Among these actors – universities, labor unions, NGOs and regions among others – cities acquire an international projection in the framework of a reconfiguration of management in local governments, (...) from both the quantitative and qualitative point of view, Rosario is conceived within the world concert of cities as a metropolitan city whose strategy of economic, technological and social internationalization of the actors in its urban territory will depend on public and private associationism...”.

<sup>98</sup> Since 1995 when Rosario was incorporated into the Ibero-American Center for Strategic Urban Development (CIDEU) as a full member, the first studies aimed at drawing up a Strategic Plan in Rosario were initiated according to successful experiences carried out in other European and Latin American cities. In the first month of 1996, the studies were continued with the participation of researchers, university specialists, municipal technicians and experts from some representative institutions in the city. There were often various opportunities to receive the advice of experts from Spain. The process terminated in 1998.

<sup>99</sup> For this reason, it was decided that, besides the classical aspects – economic, social, environmental -, a new axis aimed at identifying, designing, applying and diffusing strategies to promote a positive image of Rosario abroad.

<sup>100</sup> The presence of Spanish immigration is reflected, among other things, in the presence of Spanish associations existing in Rosario such as the Spanish Association of Mutual Aid, the Spanish Home, the

The Direction of International Relations, now denominated the General Direction of International Relations, was created in 1992 within the municipal administrative structure. At present, this entity sponsors various programs including the **Programa Ciudad- Ciudad** (City to City Program); el **Programa Contribución a la Promoción Económica Internacional** (Program of Contribution to International Economic Promotion); the project of **Posicionamiento de Rosario y la región** (Positioning Rosario and the Region) at the international level.

The **City to City Program** coordinates a group of bilateral relations which the city of Rosario has maintained with other cities and regions, formalized through two types of agreements, **Twinning Agreements** and **Bilateral Cooperation Agreements**.

**Twinning Agreements** are those that establish solidarity collaboration between cities and/or regions that share characteristics, historical ties or common problems and aim to promote actions and projects in areas of urban management such as culture, local economic development, public services and social policies.

Rosario has signed 18 agreements of this type, of which 11 are with countries or regions of Latin America, 4 with Europe, 2 with Asia and 1 with Africa.<sup>102</sup>

**Bilateral Cooperation Agreements** create a direct relationship between sub-national governments whose objective is to carry out a common project. They can emerge within the framework of Twinning, multilateral processes or networking processes. Of a total of 10 agreements of this type signed by Rosario, 5 are with countries or regions of Latin America and 5 with Europe.

The **Contribution to International Economic Promotion Program** is in charge of coordinating activities that contribute to position the city within the regional and international context, with emphasis on economic and commercial aspects. The general objective is to contribute to local productive development through the integration of technical teams developing projects of an international nature such as the Secretariat of Production, Job Promotion and International Trade of the municipality and mixed cases linked to this type of program such as the Region of Rosario Agency for Development (ADERR), the Rosario Tourism Entity (ETUR), the

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Spanish School, the Spanish Club of Rosario, the “Parque de España” Cultural Center in Rosario, one of three existing in Argentina, and the General Consulate of Spain in Rosario (one of 5 in Argentina).

<sup>101</sup> Within the plan to support research, development and innovation initiatives (I+D+i), the Municipality of Rosario committed to the accesses for the Argentine- Spanish Bi-national Center for Vegetal Genomic Research (CEBIGEVE), whose headquarters are in the city of Rosario. The project originated in an agreement from 2006 between the Ministry of Education and Science of Spain and the Secretariat of Science and Technology and Productive Innovation of Argentina.

<sup>102</sup> In alphabetical order: Alessandria, Asuncion, Bilbao, Caracas, Dakar, Haifa, Imperia, Manizales, Montevideo, Monterrey, Pireo, Pisco, Porto Alegre, Shanghai, Santa Cruz de la Sierra, Santiago de Cuba, Santo Domingo, Valparaíso.

Rosario Ferial Consortium (COFER) and the Council for Vocational Training of Rosario and its Region (CCFP) among others.<sup>103</sup>

Some of the activities carried out are the institutional-entrepreneurial missions abroad which are organized in coordination with the Secretariat of Production, Job Promotion and International Trade with the main objective being that of internationally projecting the economic strengths and potential of Rosario and its region. Professional institutions and firms are the actors asked to participate in these activities. The internationalization of certain productive initiatives (such as the Rosario International Food Fair (FIAR) and the Program PRO ROSARIO) aim to promote public-private cooperation.<sup>104</sup>

Actions include diffusing the potential of the city as a sponsor of fairs, events and conferences as well as a source of information on investment opportunities in order to open business channels and form agreements for institutional cooperation, thus channeling cooperation between Rosario and actors of the cities/regions visited.

Since 2005, seven missions of this type have been held, 4 to cities and regions in Latin America, one in Europe, one to India and one to the United States.

The project **International Positioning of Rosario and its Region** is based on the coordination of views, strategies and activities of the various public and private actors who work to make Rosario and its region known in the world and thus contribute to identify coinciding projects and initiatives. This coordination has taken place in the framework of the Metropolitan Strategic Plan, PEM, a planning instrument to facilitate strategic management of territorial development on the regional level.

The positive economic situation of the city and the region is boosted in order to place Rosario nationally and internationally as a model city through actions of institutional communication coordinated by a legally constituted Foundation to centralize actions and receive contributions mainly from the private sector. The actions aim to reinforce the city's identity attributes and references from the cultural, productive, educational and touristic points of view, among others.

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<sup>103</sup> ADERR is a non-profit Civil Association with legal status whose objective is to establish an institutional space for public and private coordination to boost growth in the region by strengthening the productivity and competitiveness of firms in providing services and development policies with social equity and environmental sustainability. ETUR is a mixed organism with public and private cooperation aiming to improve the services offered by the city and to diffuse the city's features to visitors in the rest of the country and abroad.

<sup>104</sup> FIAR promotes the meeting of various actors in the food sector with the commitment to contribute research and diffusion of new tendencies in the industry, commerce and consumption. In 1998, the Municipality of Rosario organized the first FIAR thus fixing a new date on the calendar of international trade fairs. Since then five biannual fairs have been held (1998, 2000, 2003, 2005 and 2007), and the event has become unique in the exhibition of technology, processes and first level equipment. PRO ROSARIO is present as *"a tool for knowledge and expansion, a challenge to innovation and quality, a key center for information and business in a world marked by economic globalization and regional interdependence."* It is a joint initiative of the Municipality and business entities that includes the program Strengthening of Regional Productive Institutions (FIPRE), which contains the action lines necessary to drive the promotion and strengthening of SMEs.

Besides these programs of the General Direction of International Relations and besides hosting 22 consulates, 14 representing European countries, 7 Latin America and one Asian – Rosario participates in many **city networks**: Mercociudades (Mercocities), Foro Consultivo de Municipios (Municipality Consulting Forum), Federation of States, Provinces and Departments in Mercosur, the International Association of Educating Cities (AICE), Ibero-American Center for Strategic Urban Development (CIDEU), Cities and Local Governments United (CGLU), Cities United against Poverty, the Local Authorities Forum for Social Inclusion (FAL) and the URB-AL Program.

In the area of multilateral relations, the networks are structured in a way that facilitates the diffusion of decentralized cooperation proposed for the various associations that wish to participate. They are characterized by their flexibility and an absence of hierarchies in the relationships established. They promote their own unique style of cooperation by transmitting good practices.

This paper does not aim to go into depth on each of the networks mentioned. It will only briefly mention the objectives and the participation of Rosario in each, in order to emphasize that city networks are increasingly important in strategies aimed at internationalizing cities. They are the appropriate institutional framework to cooperate on topics of urban significance through the recruitment of both technical and financial resources internationally. Moreover they facilitate the expression of local perspectives in various scenarios, whether regional or global, and the coordination of efforts to confront world problems that have a local impact.<sup>105</sup>

Rosario is one of the founding cities of the **Mercocities Network**. Since 1995, it has participated along with other municipalities of member countries and associates of MERCOSUR with the objective of creating an institutional entity grouping the cities in order to achieve effective participation in the process of regional integration and favor horizontal exchange and cooperation in the 14 thematic areas of the Network.

Efforts on the part of Network members to fulfill one of their main objectives resulted in the creation of the Specialized Meeting of Municipalities and Intendencias of Mercosur (REMI) in 2000. This organism was displaced in December of 2004 during the meeting of the Council of the Common Market of Mercosur in the Brazilian city of Belo Horizonte by the Consultive Forum of Municipalities, Federal States, Provinces and Departments (FCCR), with the authority to “propose measures aimed at coordinating policies to promote welfare and improve the standard of living of the

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<sup>105</sup> “Although competition is one of the driving forces in the present-day world, the increasing interdependence and complementarities of organized territories requires parallel forms of cooperation among cities. This situation, in addition to the strengthening of strategies of regional integration, have led distant cities to organize themselves in interconnected network spaces (...) As a city open to processes of international change, Rosario, as a key actor in urban networks, will promote its participation in those networks that result in dynamization of regional tendencies...”. (Final document of the PER).

inhabitants of the Municipalities, Federal States, Provinces and Departments of the region as well as formulate recommendations to the Common Market Group” (article 4, Resolution 41/04).

Rosario is the headquarters for the Latin American Delegation of the **International Association of Educating Cities (AICE)**, a movement born in November of 1990 due to an initiative of the City Government of Barcelona.

**The Ibero-American Center for Urban Strategic Development (CIDEU)** was created in 1994 and integrates 58 cities around the issue of Urban Strategic Planning. This has been very significant for Rosario because with the technical aid of this association Rosario initiated a process of strategic planning (PERPEM).

**Cities and Local Governments United (CGLU)** is the largest organization of local governments in the world and, among other things, aims to channel funds from the various instances of United Nations aid destined to cities, such as the Program of the United Nations for Development (UNDP), UNESCO or UNICEF, among others. Rosario has participated since 2004, the year in which CGLU was founded.

That same year, Rosario also joined **the Association of Cities United against Poverty** (Ordinance number 7.765), founded in 2001, as was the **Forum of Local Authorities for Social Inclusion (FAL)** in the World Social Forum.

The URB-AL Program is a program of decentralized cooperation of the European Commission founded in 1995 and aimed at local communities of the European Union and Latin America. The program deals with the main urban policy areas. Activities are proposed and carried out by local actors. Participants freely divide into groups on various urban thematic units. It is based on the exchange of experiences that results in mutual benefit and generates multiple international contacts which then facilitate initiatives.

Topics being dealt with are Drugs and city; Conservation of urban historical contexts; Democracy in the city; the city as promoter of economic development; urban social policies; Local financing and participative budget; the struggle against urban poverty; Promotion of women in local decision-making; The city and the information society; Citizen Security in the city.

Each one of these 13 topics of the URB-AL program has a thematic network, coordinated by a single local collectivity, which groups all participants who wish to cooperate together on the topic in question in the search to identify and propose solutions to common problems through projects that simultaneously take into account the particularities of each community.

Rosario has participated, and still does, in 6 thematic networks, taking part in 15 projects, 13 as a member and 2 as coordinating city.

International prizes received by the Municipality of Rosario<sup>106</sup>, concentrated in the first five years of the 21<sup>st</sup> century and later, not only corroborate greater international activity during this period but also indicate the quality that international management has achieved in the city.

International acknowledgement of good local administration in health, social promotion, gender policies, governability, environment and strategic planning would not have been possible without the previous construction and projection of an image that would give visibility to the city at the international level, a goal that was one of the axes of the Rosario Strategic Plan as seen above.

It is precisely the incorporation of this axis in a strategic framework in local government planning that has led to effective and lasting internationalization of the city.

On the other hand, strategic planning has fomented public-private coordination, improvement of institutional capabilities and management and greater citizen participation, all of which are important resources in carrying out successful international management.

### **Methodological approach to the case study**

Various techniques were used in the collection and analysis of data in carrying out the case study. Primary sources were employed, such as questionnaires and structured interviews, as were secondary sources (documents, norms, statistical data, research papers and academic articles).

The on-line questionnaires were sent to a list of institutions considered to be significant local actors, as well as to their Spanish counterparts in projects in which Rosario participates and to twin cities and regions. Although the questionnaires were self-managed, in several cases it was necessary to provide help by email, telephone or in person to fill them out due to consultations or doubts on the part of those being polled.

Structured interviews were held with key civil servants in the Municipality of Rosario and the province of Santa Fe, some actors in the academic sphere and also with those who acted as intermediaries in cooperation projects with Spain.

In most of the interviews, significant information was obtained as to the perception that these actors have concerning international cooperation. Since the city of Rosario is not located in a border area, the section related to this point was not taken up in the interviews.

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<sup>106</sup> See Annex.

The information provided by the interviewees was complemented with the reading of documents such as international cooperation agreements, the Rosario Strategic Plan, the Provincial Strategic Plan, among others.

Research papers and articles from magazines and reviews specialized in the topic were also consulted.

## 1. Physical areas of international cooperation

As seen in the fieldwork and through available information, Rosario is the only city among the municipalities and “comunas” in the Great Rosario Metropolitan Area.

The most significant type of cooperation in the city is decentralized cooperation<sup>107</sup>, particularly in the form of networks, as specified above.

Cooperation with Europe is mainly through the European Commission, and on a bilateral level, with Spain and Italy. Rosario has particularly established ties with various cities and regions of Spain and has signed, in the framework of the City –City Program, a **twinning** agreement with the city of **Bilbao** as well as **agreements for bilateral cooperation** with the city of Barcelona and the autonomous communities of Basque Country and Extremadura.

The twinning agreement with Bilbao is one of the first. It was signed in 1988 with the objective of promoting bilateral relations between both cities and facilitating the exchange of experiences in local management in the following areas: economic promotion, aid to SMEs, job promotion, institutional strengthening and entrepreneurial development.

The bilateral cooperation agreement with the **Junta de Extremadura** was signed in 1998 and covered the following axes: facilitate the internationalization of SMEs in both territorial milieu giving them access to third markets; co-financing of active employment policies, literacy and training in the trades for excluded youths; promotion of public policies for social-educational inclusion and the creation of a local development center.

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<sup>107</sup> The term “decentralized cooperation” was incorporated based on agreements celebrated between the European Union and countries of Asia, the Pacific and the Caribbean – ACP – in the 4th Convention of Lomé in 1989. In 1992, the Report of the European Commission on “decentralized Cooperation. Objectives and Methods” defines the term as follows: “*a new approach in cooperation relations that aims to establish direct relations with the organs of local representation and stimulate their own capabilities to project and carry out development initiatives with the direct participation of the interested population groups, taking into account their interests and their points of view on development*”. Depending on those who promote the initiatives, strictly speaking, decentralized cooperation originates in local public bases. A broader reading extends the list of promoters of initiatives to include central states or international organisms that stimulate decentralized cooperation through budgeting and their own programs, such as the URB-AL Program of the European Commission.



A year later (1999) the agreement with **Barcelona** was signed for technical transfer and the exchange of experiences the following specific objectives: broaden institutional dialog at the level of local governments between municipalities integrated in Mercosur and the European Union, promote actions aimed at the building of integrated cities, with equal opportunities and full citizen participation; fight against poverty and discrimination, increase bilateral relations through the exchange of experiences; continue common tasks in the areas of CIDEU, the Network of Educating Cities, of the URB-AL Program and of Cities and Local Governments United (CGLU). The agreement also underlines the importance of innovative public policies aimed at transforming the internal space, as a framework for improving integration and co-existence within the concept of equal opportunities. On the other hand, both parts are committed to establishing mutual cooperation in the field of urban transit through the exchange of experiences, material and legislation concerning some basic issues: public and private parking systems; circulation of vehicles, which includes public transit management and the priority of public transport; revalorization of the pedestrian, generating an adequate environment for safe circulation on foot; traffic safety, which includes the development of various sub-programs to avoid accidents.

The agreement with the **Government of the Basque Country** was signed in 2002 and described a protocol for cooperation between the educational authority in the Basque Country (Consejería de Educación, Universidades e Investigación) and the Municipality of Rosario. The following lines of investigation were established: technology transfer in applications to the manufacture of mechanics, electricity, electronics, telecommunications, IT and construction; integral support to the management of Professional Information Centers: cooperation for development aimed at the renovation of Vocational Education Centers in Rosario and the exchange of cultural experiences. In the case of this agreement, the representative of the Consejería (Basque authority), Anjeles Iztueta Azkue, was declared an illustrious citizen of the city of Rosario by the then "Intendente", Hermes Binner.

In this framework, since 2003, various activities have been carried out for the promotion of vocational training through teacher exchanges in both directions and the donation of machinery to educational centers. To date, 49 lathes and milling cutters have been delivered to the region and a total of 80 machines to all the country as part of this agreement.

On the other hand, in 2004, a Collaboration Agreement was signed between Fomento de San Sebastian, S.A. (Promotion of San Sebastian, Inc.) and the Municipality of Rosario. In this agreement Rosario is confirmed as a member of the project called "Information System for Urban Management", coordinated by the city of San Sebastian, Basque Country, and in which the cities of Marseille (France), Ate (Peru), Asunción (Paraguay), Cuenca (Ecuador), San Boi de Llobregat (Spain) also participate within the framework of URB-AL, Network number 7.

In 2008, the National University of Rosario and the University of the Basque Country, within the sphere of a Framework Agreement signed by both institutions in 1988, signed a specific agreement of collaboration to implement the program “Mechanical Spectroscopy and the annihilation of positrons in metals and polymers of high technological interest”.

Fifty-eight homes have been built for the toba community who are installed in peripheral/marginal zones of the city through active co-participation between the municipality, an NGO and the Amakume Abertzale Batza entity.

Actions taken by the Basque Center and the Council for Vocational Training (Consejo de Capacitación y Formación Profesional) of Rosario were strategic in the signing of the agreements. As several interviewees mentioned, the community of Basque ascendancy in Rosario was one of the institutions that acted as intermediary for the negotiation of the twinning agreement as well as in the agreement between the two universities.

This is an example of how cooperation often favors a **coming together of local actors**. In this respect, one of the interviewees mentioned that in various projects, in order to obtain funding, other local partners, such as NGOs, universities and firms are required to participate. Moreover, when questions of a metropolitan nature are involved, cooperation can contribute to dialog between municipalities governed by opposing political parties. One of the civil servants pointed out that if cooperation emerges from local demand within the municipality, collaboration and communication between the actors is fostered; however, the collaboration is often of a radial nature, due to the lack of horizontal cooperation networks.

Besides promoting dialog among local actors, International Territorial Cooperation improves the effectiveness of the interventions thus strengthening their impact, leads to capitalization of other international experience and creates strong supportive ties and mutual learning as well as sustainability in public policy.

Moreover, exchanges between the participants in specific initiatives often trigger a multiplying effect seen in the development of new exchanges, investments, knowledge and technology transfer, etc. Keohane states as he analyzes reciprocity in international relations, “...in the long run, reciprocity can generate trust based on mutual experience as the result of the reiterative and expansive nature of processes of social exchange. That is, by committing successfully to specific reciprocity over a long period of time governments can create adequate conditions for the functioning of diffuse reciprocity”<sup>108</sup>.

**Positive externalities** generated by TC could be identified as follows:

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<sup>108</sup> KEOHANE, Robert, *Instituciones internacionales y poder estatal. Ensayos sobre teoría de las relaciones internacionales*, GEL, Buenos Aires, 1993, Chapter 6, p. 210.

- It complements cooperation between central states.
- It may foster inter-regional rapprochement.
- It stimulates the participation of sub-national units in the international scenario, acting simultaneously as product and reinforcement in international management.
- It reaffirms local identities through internationalization, by consolidating local governments at the national level and strengthening negotiation capability.

As can be seen by reading the agreements between Rosario and Spain, it is not simply a matter of the transfer of financial resources, the tool *par excellence* of the traditional cooperation paradigm, but also the transfer of technology, of “know-how”, exchange of professional personnel and experiences in all spheres of technical cooperation.<sup>109</sup>

## 2. Driving forces and domains of cooperation

According to a well-known legislator, “... *in order to speak about cooperation, first one must believe in it...*” In the city of Rosario there are examples of how cooperation projects can contribute to modify urban, environmental and social reality. International Territorial Cooperation (TC) in Rosario has been oriented mainly toward solving important urban problems.

In the past, faced with the problem of achieving an atmosphere of dialog between the various actors at the national level, TC emerged as an opportune tool.

On the other hand, the search for quality management (capitalizing on the experience of other regions) and the search for technical and financial resources have driven cooperation.

The domains most emphasized by the interviewees were:

- Culture
- Education
- Natural environment
- Local development / production
- Public services (transportation)
- Decentralization
- Participative budgeting

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<sup>109</sup> According to the Sub-secretariat of International Coordination and Cooperation of the General Direction of International Cooperation of the Ministry of Foreign Relations, International Commerce and Cult of the Argentine Republic, international technical cooperation consists of the provision of human resources, information and training to facilitate the transfer of technical, administrative and technological capabilities to contribute to the development of institutions in a country (in this case, locality).

- Strategic planning
- Urban reconversion of degraded areas
- Training / job reinsertion
- Institutional strengthening
- Technical formation
- Public health

Among them, education, participative budget, strategic planning and institutional strengthening were the areas where cooperation was most appreciated.

The following table details the domains according to the source of cooperation:

**Table: 7**

<b>Domains according to sources of cooperation</b>	
Municipal decentralization	AECI
Urban Strategic Planning	AECI
Senior citizens	AECI / Región de Asturias / Región Castilla La Mancha
Micro entrepreneurial initiatives and job promotion	AECI / Comunidad Autónoma de Extremadura / URB-AL / ALUE ONG, España Accion against Hunger
Zoning of the Metropolitan Area and Metropolitan Problems	AECI / IDB
Training of Municipal Civil Servants	AECI / JICA / MASHAV / Autonomous region of Andalusia / Foral Community of Navarra / CIDEU / Cooperation French / Zaragoza city hall-Ebrópolis
Social Inclusion of the disabled	Europe Aid
Environment	French Cooperation / Canadian Cooperation / German Cooperation / PNUMA / URB-AL-UE
Public Services and Service Quality	French Cooperation, CNFPT
Training engineering, Merco-security project in 2nd phase	French Cooperation, CNFPT

Integral system for the promotion and support of SMEs	German Cooperation, Foundation Friedrich Ebert (FES)
Housing construction by mutual helping	UE / German cooperation / Foundation Deswos
Infancy	UNICEF / UNESCO / City Hall of Rome
Drugs and Cities	URB-AL / UE
Youth	URB-AL / EU / German cooperation, GTZ / EUSF
Management and control of Urbanization Coordination of Network number 7	URB-AL / EU
Information system for urban management	URB-AL / EU
Inter-phase City/Port. Recuperation of degraded urban areas	URB-AL / EU
Tools for the redistribution of urban income	URB-AL / EU
Land Access and Social Housing	URB-AL / EU
Inter-municipal Structures and Decentralized Cooperation	French Cooperation / Cités Unies L'Observatoire des Changements en Amérique Latine (LOCAL)
Equal Opportunities between Men and Women	German Cooperation, GTZ / URB-AL-EU
Training for the trades	Government of Basque Country / ILO
Vocational and Professional Training	ILO
Gender. Jobs and Active Citizenship	URB-AL / EU
Public Health, Project/Action "Health tours"	URB-AL / EU

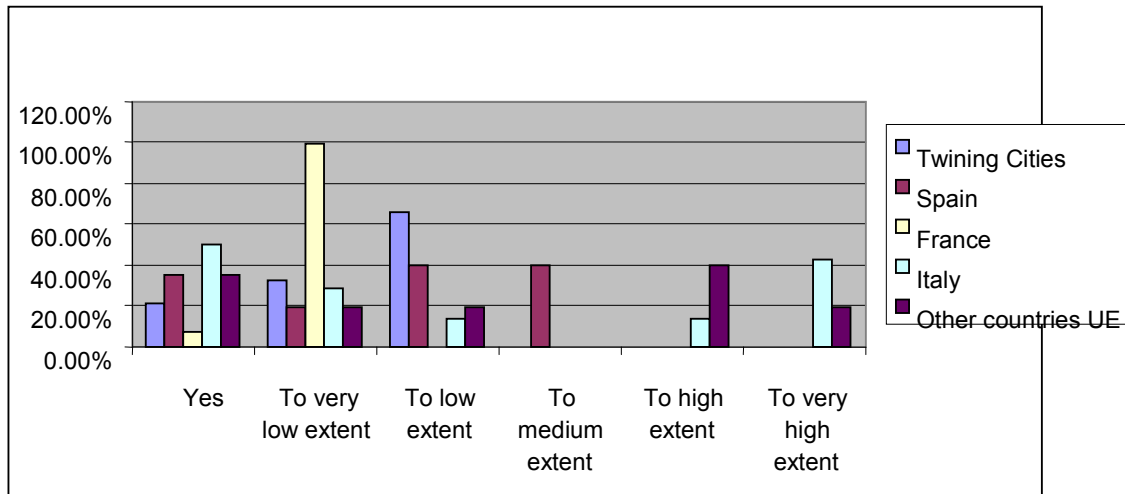
Governability	UNDP
Urban Agriculture	PGU / UU
Hospital Infrastructure	Italian cooperation / City hall of Alessandria / Foral Community of Navarra / Autonomous Community of the Balear Islands
Integrate Women's Health	Ciudades Unidas Contra la Pobreza / OMS
Healthy Cities	OPS
Fight against Poverty	URB-AL – EU
HIV	Fondo Global UN
Regional Development Agency	Italian cooperation
Urban Social Policies	URB-AL - UE
Citizen Security	Canadian cooperation / URB-AL – EU
Information Society	URB-AL – EU / JICA
Local Financing and Participative Budgeting	URB-AL – EU
Control of Urban Mobility	URB-AL – EU

Source: Municipality of Rosario

The table shows very clearly the large variety of domains and counterparts of territorial co-operation.

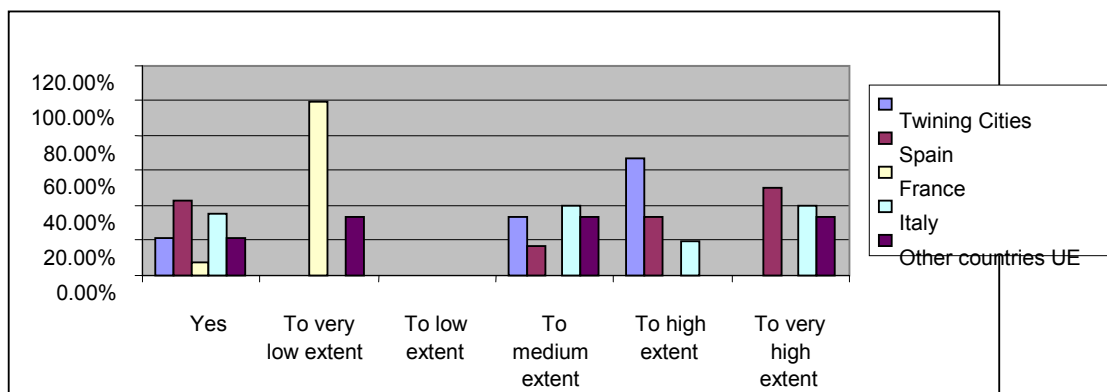
The contribution of some of these domains in relation to the type of Territorial Cooperation was evaluated by the interviewees as follows:

**Graph 1: Contribution of economic cooperation to development of Rosario**



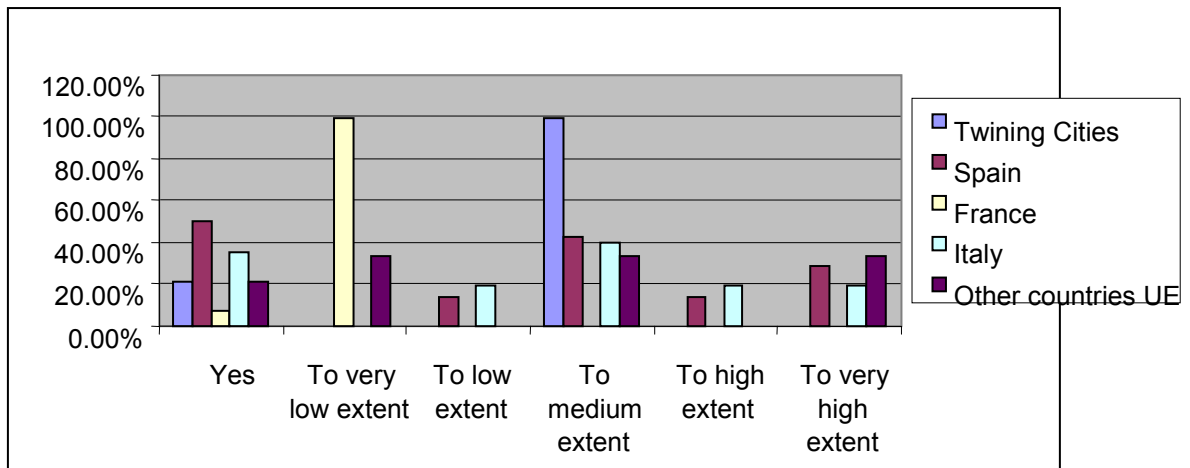
Source: CAWI

**Graph 2: Contribution of cultural cooperation to development of Rosario**



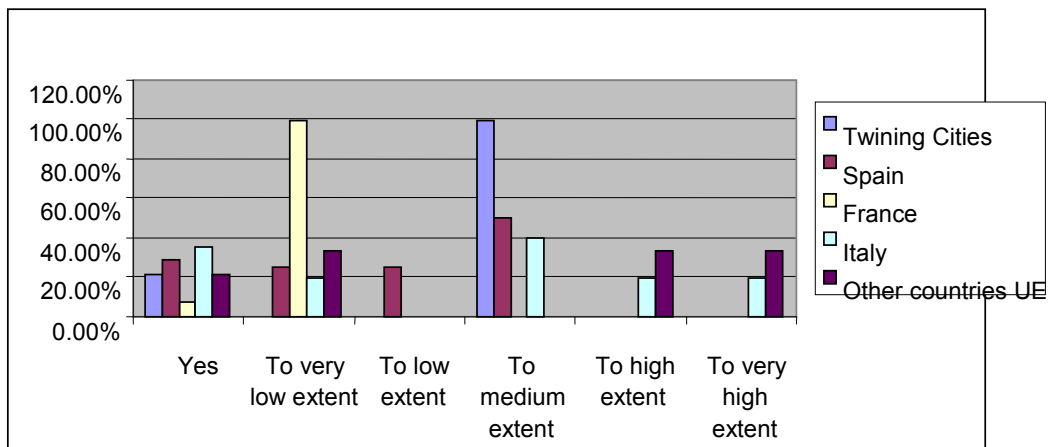
Source: CAWI

**Graph 3: Contribution of educational cooperation to development of Rosario**



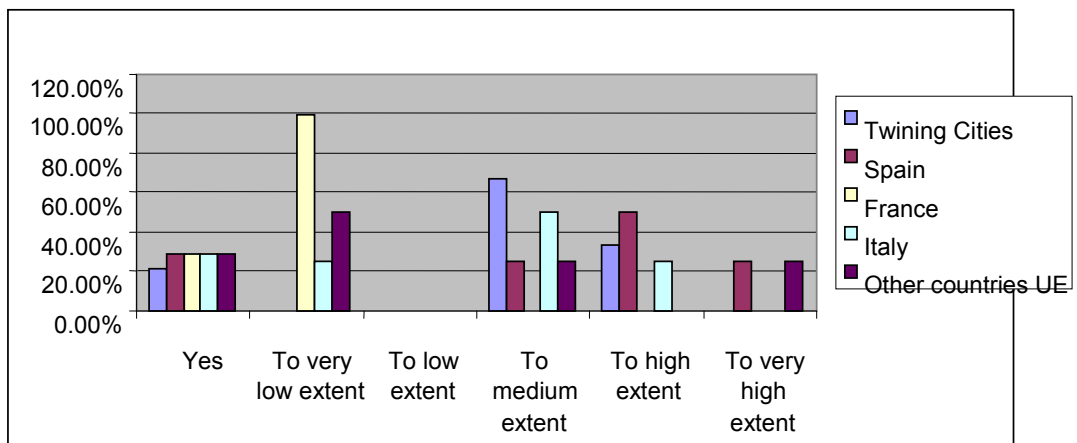
Source: CAWI

**Graph 4: Contribution of environmental cooperation to development of Rosario**



Source: CAWI

**Graph 5: Contribution of physical planning cooperation to development of Rosario**



Source: CAWI



Reading the interviews and the answers to the questionnaires gives rise to analysis. Those interviewed point out that the priorities in the area of cooperation vary according to context. Two of those interviewed point out that during the country's economic-social crisis (1998-2002) which affected Rosario strongly, much work was done with projects linked to technical formation and vocational training and reinsertion in the job market. Later on, during the economic recovery, from 2003 onwards, the priority became the areas of culture, urban planning, environment and more recently economic development.

The appreciation of international cooperation is greater in culture, training and education and urbanism, and less so in economic matters. This fact, outstanding in Rosario, is also linked to the prevailing profiles in local management in Argentina, mostly linked to physical planning, urban design, transportation, waste management and environment, and cultural promotion; local economic development, technological innovation and international trade are less important. These subjects are usually dealt with public-private coordination organizations, such as development agencies. Rosario has its own agency, though with weak results.

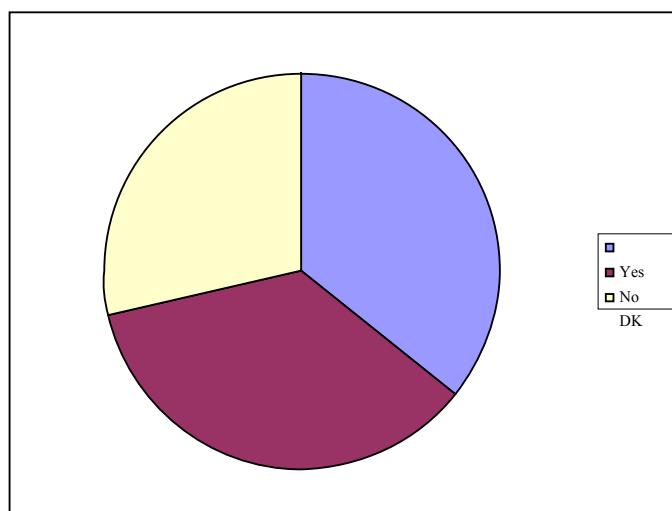
A greater appreciation of cooperation with Spain, Italy and twinning cities also stands out.

Another aspect to be considered is infrastructure, be it transportation, communications, sanitation, logistics or production that are key in the development processes and one of the pillars of cooperation strategies. TC can support infrastructure projects but should not substitute the State.

Finance for infrastructures provided by international organizations (IDB, WB, EU) is channelled through the nation's Ministry of Economy and other government areas and is later transferred to the provinces. In order for the cities to manage these types of funds individually, it is necessary to work jointly with the Nation and Province offices. Rosario is not outstanding in this and the TC could be an alternative to look into in the future.

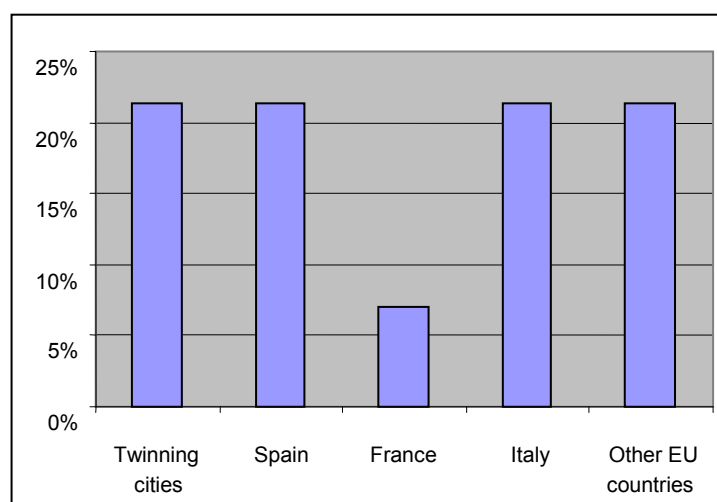
As for the information provided by the questionnaires, the same percentage of answers (36%) considered that investment in infrastructure should be the competence of TC.

**Graph 6: Importance of cooperation for building infrastructures**



Source: CAWI

**Graph 7: Infrastructures and type of TC**



Source: CAWI

To summarize, a wide range of subjects exist, as well as counterparts in Rosario's international cooperation policy. Of these, the priority and most valued is on education, participative budget, strategic planning and institutional strengthening. Yet the priorities in cooperation areas have varied according to the change in context. During the economic-social crisis period (1998-2002) most projects were linked to technical formation and vocational training, and job creation. Later on, during the economic recovery, the priority passed to culture, urbanism, environmental issues and more recently economic development.

International cooperation has always been weak in economic and productive issues. This is particularly the case in Rosario, and is associated to the prevailing profiles in

the local management in Argentina; associated with spatial planning, urban design, transportation, environment, and culture rather than with local economic development, technological innovation or foreign trade.

Therefore, with respect to the social reality of Rosario and its region, and some of the pillars of future public management, some subjects require greater attention in the cooperation agenda, such as education, economy and scientific exchange, habitat and environment and social infrastructure.

### 3. Territorial Structures and Co-operation

Since TC is strongly influenced by the local environment, it has developed in different ways in different spatial and temporal contexts. Certain **basic conditions** have been identified (cultural, historical, legal, financial, geographic, socio-economic and of self-government) that, in general, facilitate or hinder successful territorial cooperation.

Among those **conditions that facilitate TC** in the region, we find the following:

- **Historical-cultural:** the presence of strong cultural ties produced by immigration that link Rosario with Spain and Italy was emphasized as one of the factors that favored cooperation with these two countries. The fact that cooperation with these countries is more significant in relation to other European Union countries corroborates this point. On the other hand, 55% of interviewees who had no experience with ITC considered that cultural difficulties have not been significant impediments to participation in ITC projects.
- **Legal:** The constitutional reform of 1994 established in Article 124 that "Provinces will be able to create regions for economic and social development and establish organisms authorized to act to fulfill their objectives and they will also be able to enter into international agreements as long as they are not incompatible with the Nation's foreign policy and do not affect the powers delegated to the federal Government or the public credit of the Nation, with knowledge of the National Congress...". The incorporation of this Article into the Argentine Carta Magna is a legal tool promoting external administration. Not all of the provincial constitutions have made the corresponding reforms which will favor international cooperation. Municipalities also have the power to sign cooperation agreements.
- **Similar territorial scales:** among cooperating cities (mostly medium-size cities); and in some cases that in some cases they are central paces within the metropolitan region, such as the case of Barcelona and Rosario.
- **Trained personnel and experts:** having available personnel and experts trained in TC and with experience has greatly benefitted international administration in the city as well as in the Province since isolated and disperse actions are avoided. The location of the Office of Coordination and Orientation of the *Cono Sur* within the URB-AL III Program of the European Union in the governmental building of the province of Santa Fe reflects this situation.
- **Political conditions:** Fluid political and inter-ministerial dialog favors ITC since the projects and agreements must be signed by the governor and ministers. The presence in Rosario of organisms

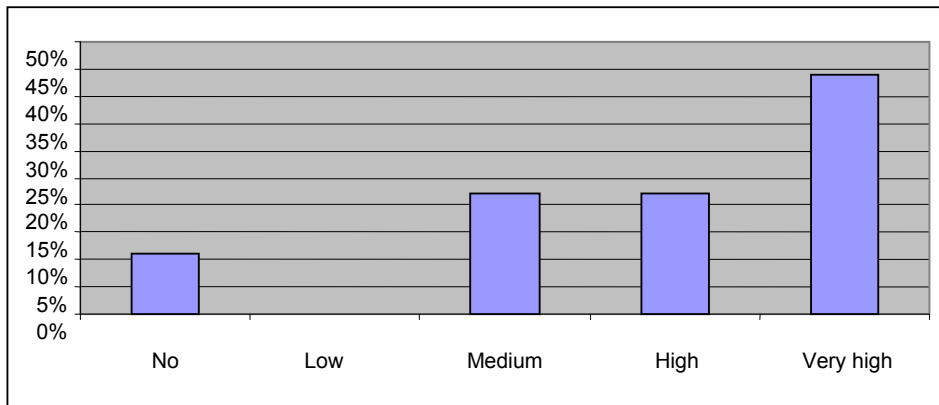
that represent the three levels of government (municipal, provincial and national) is an advantage beyond the fact that the political insignia of the various levels is often different and thus can act as an obstacle. Coordination among the different levels of government has acted and continues to act as either an obstacle or as a driving force of cooperation. When executives accompany the projects ITC is favored. This fact is reinforced by data derived from the questionnaires. Those who had no experience with ITC considered that the lack of political will was not an insignificant factor that obstructed the participation in TC projects.

- Previous antecedents and the **experience** of the persons who establish contact to initiate ITC projects are essential. Specifically, in the Basque Country, the existence of previous joint cooperation experiences, whether through networks or bilateral agreements, is seen as an advantage.

**Some of the conditions that hinder TC:**

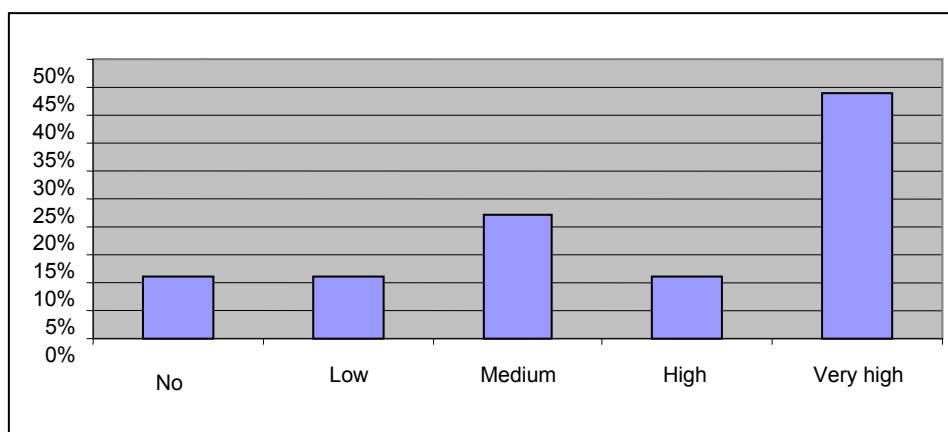
- In some cases, **language, time differences** (of course this is not the case for Spain), and, mainly, **insufficient funding** for cooperation in crisis contexts, are considered factors that hinder Territorial Cooperation.
- Another limitation can be found in the lack or absence of information and training for agents in charge of the financial and administrative management of cooperation projects. This deficit in human resources not only causes inconveniences when starting up the projects, but also means that municipalities and institutions that have scarce or no experience at all with decentralized cooperation will not be able to participate in projects. In fact, 44% of persons polled who had no experience with TC held the opinion that lack of knowledge as to TC possibilities and administrative procedures is a very important factor which has impeded them from having some sort of cooperation. The same percentage, considered that lack of knowledge on possible partners and the complicated and demanding regulations of the EU are also obstructing factors.

**Graph 8: Factors hindering TC: lack of knowledge on TC possibilities.  
Significance**



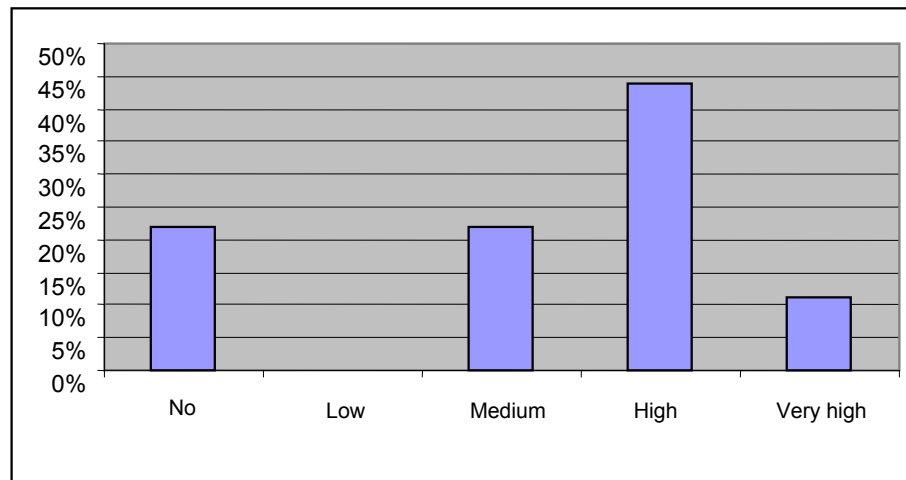
Source: CAWI

**Graph 9: Factors hindering TC: lack of knowledge on administrative procedures.  
Significance**



Source: CAWI

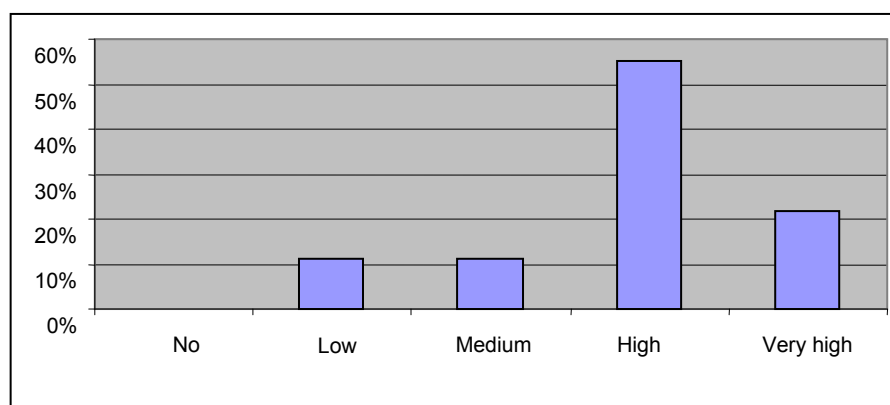
**Graph 10: Factors hindering TC: lack of knowledge on possible partners.  
Significance**



Source: CAWI

- Closely related to the above factors is the danger of discrimination caused by the principle of **co-financing** for the small localities in the Great Rosario Metropolitan Area which have less of a chance to aspire to be counterparts in the projects due to a lack of the necessary resources. 55% of persons polled held the opinion that the insufficient funding for co-financing is a quite important factor that has obstructed participation in ITC projects.

**Graph 11: Factors hindering TC: insufficient funding for cooperation.  
Significance**



Source: CAWI

So that the aims shared by partners and mutual benefit are met, it would be necessary for the future that the cities and communes of the Greater Rosario Metropolitan Area have more bearing on the projects under study and on how it should be implemented. In order to achieve this, the common one- side approach on international cooperation that continues to exist, must be forgotten. It must be understood that the learning process works both ways, and that the capacities of the communities in both continents should be potentiated.



## 4. Governance structures and implementation of cooperation

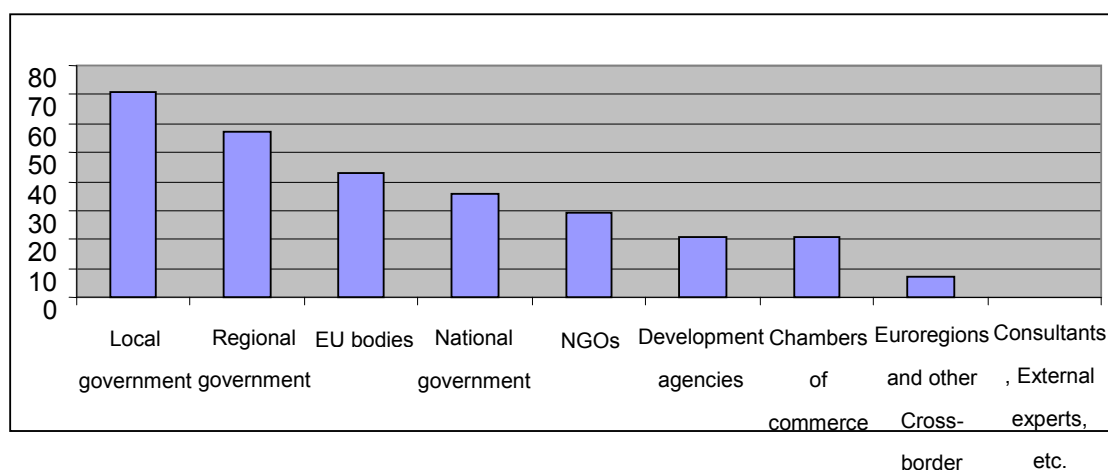
Decentralized cooperation is characterized, among other things, by the diversity of the participating actors. In this case, cooperation involves sub-national governments at all levels, NGOs, universities and other educational institutions, firms, professional associations, cooperatives, worker unions, etc. It should be mentioned that this diversity of actors can have varying results in different ways and stages of the process. Some will fulfill the role of **leaders**, others of **promoters** and others will simply be **participants**.

In the case of Rosario, the local government is the principle actor in promoting TC. As mentioned above, at the level of municipal structure, the General Direction of International Relations is in charge of technical cooperation, general administration as well as some monitoring of the projects. But those who manage the projects are specific offices of the Municipality, depending on the aspects in question.

Not only does Rosario have a team of well trained professional staff, but the figure of the **municipal management team** has also been strategic as mentioned by several of the interviewees. Likewise, Rosario has a number of public-private institutions, such as the Development Agency, the Technological Pole, and the Entity for Tourism, that strengthen the governance of the development process.

Information resulting from the questionnaires demonstrated that the local government is considered as one of the key actors in initiating and carrying out TC.

**Graph 12: Strategic actors in initiating International Territorial Cooperation**



Source: CAWI

In recent years, the provincial government has also made efforts to promote, accompany and reinforce cooperation processes and projects. In the institutional framework, the Agency for Cooperation and Development

was created in 2000. Initially this Agency began by recuperating and systematizing the projects that each secretariat in the province managed individually. During this period, cooperation was from Japan, Spain, Italy and Germany. Topics of micro-firms and SMEs were the objective of the cooperation with Italy, clean energy with Germany and governance and institutional strengthening with Spain.

At present, the Government of the Province of Santa Fe offers assistance for local development to local governments through the URB-AL Program, and also promotes methodologies and forms of participation. This is associated to a change in the view of public management which is expressed in the presence of decentralized cooperation in the Provincial Strategic Plan, thus providing a better defined institutional framework. In this sense, it should be mentioned that three civil servants who were polled held the opinion that TC should be a component of State policy and be transversal to the policies of the government.

Other actors that have promoted and participated in TC projects mentioned by those interviewed were:

- The European Commission
- The Spanish Agency for International Cooperation (AECI)
- The Argentine and Spanish national states
- Universities
- NGOs
- Political parties
- Professionals and other people interested in the issues involved
- Entrepreneurs/entrepreneurial chambers
- The civil society
- Centers representing European communities

As has been observed throughout this report, the importance of the URB-AL Program of the European Commission is significant as an axis for introducing projects in Latin America, particularly in MERCOSUR.

As for the NGOs, they should consider themselves supporters and not competitors of the local government since they have methodological capabilities that are not always present in management teams and therefore facilitate the possibility of contributing funding.

Although there are formal structures and channels at the municipal and provincial levels through which international cooperation is managed, during the crisis of 2001, the cooperation registered in the region was mainly of an **informal nature**, in the form of aid and support of migrants, through identities generated by the twinning programs. In this sense, the centers of Spanish and Italian immigrants residing in Rosario have played a leading role. Although some experiences were successful, the spontaneous nature in addressing Argentina's emergency situation at the time meant that they were, in all, effective.

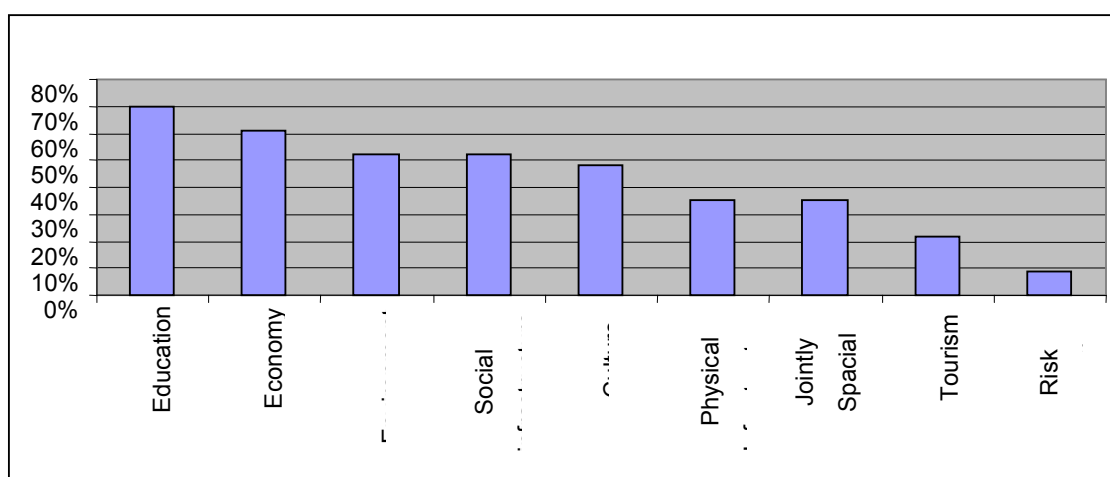
There are other instruments of an informal nature that have favored TC. Among them is a basic document, elaborated by the Argentine Chancellery to advice in the signing of twinning agreements that stands out.

Nevertheless, despite the institutional change mentioned above, territorial cooperation continues to be a political and managerial affair only for the municipal and provincial civil servants, the representatives of some migrant communities (like the Basque Center), and local organizations that have participated in specific cooperation programs (such as the participants in the Urban Agriculture Program). In other words, it is not a priority in the agenda for a wide number of local and regional actors and institutions.

### Some ideas on the future of ITC

When asked to give their opinion on the domains to be developed in the future, the questionnaires showed the following results:

**Graph 13: The most desirable domains of TC for the future**



Source: CAWI

Note: The percentages have been processed as aggregate, no matter what type of TC is referred to. They were calculated over total local questionnaires.

Those interviewed specified the following domains:

- Local development
- Technical advice in productive processes/industrial promotion; clusters
- Public security and crime prevention
- Public-private collaboration (firms-government)
- Vocational training
- Biotechnology
- Cultural patrimony

Democratic quality and governability were also mentioned as important fields in all Latin America, and poverty and health as areas to be dealt with at the global level.

Some of the domains mentioned should be approached from the point of view of improving the insertion of cities into the international economy while taking into account the tendencies currently co-existing in the context of globalization, crisis and local strengthening.

The need for local governments to have greater influence in acting as leaders in TC projects has been stressed in this research. The idea of mutual benefit and learning, pertinent to the approach of decentralized cooperation, has also been emphasized. That is, working together should be at the level of partners, not as givers-receivers as occurred in the classic approach to cooperation.

On the other hand, the difficulty in optimizing the various types of cooperation and coordination of the various participating actors is acknowledged and indicates a need to find complementarities in the various cooperation projects. In this sense, there is a lack of systematic and accessible information at the local level on experiences of the various actors.

**Flexibility, working in networks and the exchange of experiences** are identified as good practices, the ones that tend to be the most useful and produce the best results.

It is of interest here to incorporate the most significant conclusions coming from the second meeting of URBsociAL, *Euro-Latin American Dialog on Social Cohesion and Local Public Policies*, held in Rosario during the month of September, 2011 within the framework of URB-AL III. Five hundred people participated in this meeting, most of them local government officials from 23 Latin American countries and the European Union.

An agreement was reached on the following principles

- Social cohesion should be a political priority; this requires that institutions guarantee the fulfillment of rights and favors inclusive development that will break down and decrease the inequality gap which is deeper and wider than ever in the context of the present economic crisis.
- Country agendas developing national strategies which will lead to an integral and inclusive view of the total situation from a multi-level perspective need to be encouraged and include the effective participation of all the actors present in the territory.
- In the sphere of sub-national governments in Latin America there is a solid basis of innovative experiences in matters of public

management, participative budgeting, urban planning, management councils, city conferences, among other initiatives that should be shared with other local realities.

URBsociAL 2011 emphasized three elements needed within local government in order to promote social cohesion: local development and competitiveness, territorial zoning and sustainability, and institutional innovation and cooperation among actors.

## Final Comments

From reading the primary and secondary information obtained, certain considerations come to mind about a development project strongly based on decentralized cooperation.

As during the last decade, the times for responding to the outstanding challenge of cooperation and management are favorable. This requires, among other things, greater organization for territorial change, strengthening of the local entrepreneurship and greater capacity for innovation, linking more closely knowledge to production.

A series of central issues must still be solved in order to consolidate this process in the long term. First, the limits posed by the lack of municipal autonomy in the Argentine legislation, which limits local development projects, the capacity to expand. A city like Rosario needs more margins for action in issues like environmental protection, vocational training, land availability, security, taxes and urban development.

Likewise, the realization of a metropolitan management scheme appears to be an insuperable subject for solving sensitive problems such as passenger transportation, waste management, industrial land creation, regulation and protection of coasts, and maintenance of rivers, and transportation infrastructures. Some other subjects that remain as a consequence of the country's structural crisis continue to strongly affect the region. Structural poverty, permanent migrations (though somewhat less in recent times) because of poverty in other regions, insecurity, lack of infrastructures and sanitation services, they are some of the obstacles in the endogenous development process and that cannot be solved by the local actors only.

For the institutional networking (as in the case of the Development Agency and to a lesser degree in the Technological Pole) policies must be shared and more actors integrated into the development strategy, particularly private organizations and entrepreneurs. The slight integration on behalf of the large firms within the territorial development process is also pending. The few ties with the milieu, particularly with

the public policy, are associated to the productive enclaves more than to firms integrated within the territory.

Some other problems have still to be dealt with, or have been insufficiently dealt with, such as the financing of structural change process. No new alternatives exist for the financing of new projects or for the creation of funds and guarantees to firms. Local entrepreneurship and increased innovation capacity, by linking more closely knowledge to production, must be enhanced.

Environmental protection continues to be an unsolved issue. Though emblematic programs exist, such as the inclusion of the city within the United Nations Program for the Environment Agenda 21, or the “Separe” Program for recycling, or the waste treatment programs, more vigorous policies are required, and more importantly, more must be achieved with respect to water treatment and sanitation.

Infrastructures and cargo and passenger transportation systems are deficient and require strong restructuring. This is one of the greatest challenges for the public-public and public-private articulation, because of the complexity of the subject and the large number of actors involved.

In future new TC programs should be designed and implemented that will account for this diagnosis and undertake the challenge on the regional level, and not only that subscribed by the city of Rosario. Though a strategic planning office exists for the Greater Rosario Metropolitan Area, no significant advances have been made. The range of regional actors that are not presently committed to TC, should be included; as well as achieve a generalized awareness on behalf of the citizens and recognition on their part for this type of experience.

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Name	Position/Institution	Date and place
Anabella Busso	Ex. Director of the Agencia de Cooperación Internacional al Desarrollo, Government of the Province of Santa Fe. Professor in the Faculty of Political Science and International relations, National University of Rosario. Independent researcher CONICET.	14 Nov 2011 Rosario
Fernando Esteban Felizpucoa	Member of the Directing Commission of the Basque Center in Rosario. He was one of the negotiator that brought about the twinning agreement between Rosario and the Basque Country as well as contacts between the University of the Basque Country and the National University of Rosario (UNR)	12 Oct 2011 Rosario
Hernán Cianciardo	Regional Coordinator Cono Sur from the Office of Coordination and Orientation, URB-AL III Program, EU	07 Oct 2011 Rosario
Juan Carlos Zabalza	Provincial Senator, Santa Fe. Elected National member of Parliament, Ex Director of International Relations (1995-2001). Municipality of Rosario	11 Nov 2011 Rosario
Lucio Geller	Sub-secretary of Economic Policy, Provincial Government of Santa Fe. Ex Coordinator of the Council for Vocational Training in Rosario. Public employee in the Secretariat of	15 Nov 2011 Rosario
María del Huerto Romero	Secretary of the Sub-secretariat of International Cooperation, Government of the Province of Santa Fe. Professor in the Faculty of Political Science and International Relations, UNR	11 Oct 2011 Rosario
Maria Eugenia Schmuck	General Director of Economic Promotion, Secretariat of Production and Local Development, Municipality of Rosario. Elected Intendenta of the Deliberating Council of the city of Rosario. Professor in the Faculty of Political Science and International Relations, UNR.	04 Oct 2011 Rosario
Olga Saavedra	Coordinator of the Secretariat of Cooperation for Development and professor in the Faculty of Political Science and International relations, UNR	19 Oct 2011 Rosario
Sergio Barrios	General Director of International Relations, Municipality of Rosario.	19 Sept 2011 Rosario

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**ANNEX****International prizes awarded to the Municipality of Rosario**

PRIZE	ENTITY/JURY	YEAR
“Ciudades por la Paz”	UNESCO	1999
“To the Municipality of Rosario for its health management”	Panamerican Organization of Health/World Health Organization(OPS/OMS Argentina)	2002
“Affirmative action promoting the participation of women in local power” – III National Contest	United Nations Program for Urban Management for Latin America and the Caribbean (PGU-ALC), UN Development Fund for Women (UNIFEM–Región Andina), Comisión de Hairou: Red Mujer y Hábitat Municipalidad de San Salvador, El Salvador	2003
“Exemplary experience in local governability in the región”	Programa de Naciones Unidas para el Desarrollo (UNDP)	2003
“Dubai International Award for Best Practices to Improve the Living Environment to the Urban Agriculture Program”	Municipality of Dubai y UN-HABITAT	2004
“Premio Medellín 2005 to the transfer of best practices” Program receiving the award: Urban Agriculture	Alcaldía de Medellín, Foundation Habitat-Colombia, Foro Iberoamericano Ibero-american and Caribbean Forum for Best Practices.	2005
“Pensar lo Estratégico Urbano” Paper awarded: The strategic planning experience in Rosario: Strategic Plan and Urban Plan”	Centro Iberoamericano de Desarrollo Estratégico Urbano (CIDEU)	2005
“First prize for the Municipal Plan for the Prevention of Smoking”	Awarded by: The Argentine Committee of Education for Public Health; Special Mention of the	2005

	Organización Panamericana de la Salud.	
Recognition and distinction for the promotion of 100% smoke-free atmospheres in the city of Rosario	Unión Antitabáquica Argentina (UATA), Inter-American Heart Foundation and the Alliance for the Framework Agreement for the promotion of Smoke-free environments	2006
Leadership in the implementation of public policies 100% smoke-free (the only Municipality receiving an award).	Global smoke free partnership	2007
“Policies for Gender Equality” <sup>110</sup>	America Awards, CIFAL (International Center for the Formation of Local Authorities) Atlanta, EEUU, CAF y OEA	2008

Source: By author based on information supplied by the Municipality of Rosario.

<sup>110</sup> This award pays tribute to those civil servants who have contributed to the economic and social development of societies and have worked toward achieving the United Nations **Milenium Development Objectives**. The award to Rosario is expressed on the web page of the Documentation Center of the URB-AL Program (City Hall of Malaga, Spain) in which “... they congratulate themselves for the America Award 2008 received by the Municipality of Rosario that has always been among the principle cities developing cooperation between Europe and Latin America”.

## **2.8 Case Study on Spain – Uruguay**

The Case of Canelones (Uruguay) with the Government of the  
Canary Islands and the Diputacion of Barcelona (Spain)

Autonomous University of Madrid



## SUMMARY

- **Physical areas of territorial co-operation**

**Strengths:** Canelones receives most International Territorial Cooperation (hereafter TC) from Spanish territories, in particular the cooperation with the Canary Islands and Barcelona. Canelones also receives, to a lesser degree, cooperation from Italy. The major impacts of Spanish cooperation can be found in the provision of services and improvement in the standard of living and the environment, although some significant positive impacts can be mentioned in the area of economic growth and job creation. In the case of Italian TC, improvement of standard of living and environmental quality are the most significant. Spanish cooperation also shows strengths in the areas of the promotion of cooperation, joint preparation of projects or activities related to spatial planning. In the case of Italy, the capacity to generate mutual trust between individuals and organizations involved in cooperation is important. In general, TC has been found to improve the competitiveness of the territory and strengthen the relations among the territorial actors. In the case of cooperation with the Canary Islands, the main strength can be found in the bond between the two territories due to cultural, historical and affective components. In the case of Barcelona, the principle strength is defined in the area of learning and opportunities for insertion of the government of Canelones in the various international networks.

**Weaknesses:** Cooperation from Spanish and Italian territories has had weaker results related to the generation of cooperation between firms and access to international business networks. Cooperation from Italy presents less general impacts on economic growth and job creation.

**Future:** In respect to new territories and members to be incorporated into the relation with Canelones with TC, the interviews indicate a tendency to favor triangulation of cooperation, which implies the promotion of cooperative relations with relatively less-developed American territories such as Paraguay and Bolivia and a new modality of cooperation with European territories. In this sense, current TC with Spain and Italy would be extended since they are the territories with which more cooperation has been carried out due to cultural and historical ties. However, this fact would not impede Canelones from extending relations toward other territories interested in cooperating such as Japan and Canada.

- **Driving forces and domains of cooperation**

**Strengths:** The Government of Canelones placed particular emphasis on the promotion of TC in order to favorably position the Department in a national, regional and international context as a strategy for the fortification of development in the

territory. This was the motivation that led the government to assign special importance to the participation of local governments in regional and international networks. Key to this strategy was the cooperation with the Diputacion (provincial government) of Barcelona and the experience accumulated by the Departmental government of Montevideo which acted as a partner and guide for Canelones in its foray into TC. In this context, cooperation with Barcelona was motivated by the joint interest in promoting spaces for dialog and support for institutional strengthening, decentralization and the building of governance. Another of the main motives involved in cooperation with Spain is the common historical and cultural factor, particularly in relation to migration processes from Spain to Uruguay in the 19<sup>th</sup> and 20<sup>th</sup> centuries. Cooperation with the Canary Islands has a particularly prominent cultural and social component related to common historical ties and shared motivation in the building of territorial identity as the driving force behind development. The common factors of patrimonial revaluation and constructing identity provided fertile grounds for cooperation between Canelones and the Canary Islands. The areas of cooperation with Spanish territories mainly involve cultural and social issues, environment, (particularly as concerns waste management), support for physical planning, decentralization and governance, and improvement in public management. However, the interviews indicate that the impact of TC depended more on how the cooperation was instrumented and the modality than on the sector in which the project was classified. In this sense, the exchange of experiences and the transfer of ways to confront and solve common problems are indicated as the most valuable aspects of TC.

**Weaknesses:** It is observed that there is not a clear definition of the strategic priorities in TC and therefore the areas chosen to be the objective of cooperation mainly depend on the sensitivity of the administrators and leaders of the various offices administering cooperation as well as the offers of cooperating entities. As a consequence of these factors, although cooperation contributed to placing several topics on the Canelones agenda, often acting as a catalyst for processes which were already in operation, there is still no guarantee that the lines of work will continue with independence from the resources provided by the TC. The sustainability of the processes initiated should therefore be an important concern to the Government of Canelones as well as to the cooperating territories. TC should be inserted into territorial development strategy, thus guiding it toward priority areas and avoiding approval of any and all types of cooperation. On the other hand, much emphasis is placed on the fact that the exchange of experiences and local “know-how” is fundamental to TC, although much of this cooperation, in practice, involves the financing of infrastructures. When the various arguments in favor or against financing infrastructure are discussed below, it will be concluded that it is more reasonable to analyze case by case to determine if each type of funding is justified or not. Moreover, when it is determined that infrastructural projects need to be financed, these projects should be inscribed in a more integrated project with wider objectives



associated to the processes to be generated and strengthened. Among the factors that hinder TC were lack of funds for cooperation and relatively high levels of development in the country (a middle-income economy) which in the context of the crisis in the developed world makes it difficult for Canelones to receive funds within the traditional framework of development aid. In almost all the interviews some of the weaknesses were pointed out: the deficit of trained human resources in the Departmental Government, and the organizations within the territory for executing the cooperation projects; the difficulty of consolidating stable technical staffs. Additionally, there were observations as to the need to continue improving management.

**Future:** Beyond the study results of the various areas for future cooperation (mainly continuations of many areas already being dealt with: culture, social infrastructure, environment, spatial planning and territorial zoning) the interviews emphasize that the most important aspect involves the exchange of experiences and that this aspect should be continued. There is broad consensus in the interviews – both in local or national views, public or private and even on the part of the Spanish cooperating entities - that the greatest strength of TC resides in the fact that answers to common issues and problems are found jointly or “in pairs” in a process of continual learning. That is to say, the most valuable contribution is that of understanding how others solve issues that are of concern to everyone or, if no solutions are available, learning how to search for solutions together. Moreover, new lines of work which are currently being looked into have to do with “south-south” and “triangular” cooperation.

In these areas, Spanish and European territories can contribute a great amount from their experience in cooperation, but they also have much to learn of different realities, which open a fruitful prospect of mutual enrichment. Moreover, Canelones is facing the challenge of defining a long-term TC strategy aligned with the development priorities and plans of the Departmental Government. This includes improving the coordination of TC with programs and projects in place at the national level. Finally, an area for cooperation of interest to Canelones in relation to its active participation in local government networks in the framework of the integration in MERCOSUR is the transfer of institutional technology and the experience of the FEDER and the Committee of Regions in European policy.

- **Territorial structures and cooperation**

**Strengths:** The location of the Department of Canelones in a metropolitan area, near the major port and airport of the country is acknowledged as a factor which attracts TC. Canelones has developed very important economic and investment policies in recent years leading to great productive diversity (from the primary sector and technological industry, to services and tourism) as well as a significant cultural and socio-economic complexity (rural and urban environment, small cities and

metropolitan areas, urban marginality problems and productive development poles). These conditions give rise to multiple areas of interest in developing cooperation with other local governments.

**Weaknesses:** The Departmental Government has not established an *a priori* definition of a territorial area for the cooperation (for example, river basins, certain locations or municipalities), but rather considered that whole Department (political-administrative boundary lines) is to be included in the action of the cooperation. The Government of Canelones has defined, however, the organization of the territory into micro-regions according to the various productive vocations. However, it seems, at least initially, that this division into micro-regions has not played a significant role in steering TC. As for other concerns, some of the interviewees requested that a stronger link be established between the small towns and cooperation.

**Future:** The interviews indicate that there are spaces in Uruguay to extend cooperation to smaller municipalities as a way to strengthen this incipient experience in territorial management. In Canelones, particularly, a great potential was identified for TC in supporting the definition and coordination of productive micro-regions carried out by the Intendencia in the territory with recently created municipalities. This area of action would include more general policy definitions as well as the creation of a unique cultural and territorial identity, improved government administration and regional and international insertion of the territory. How have other territories dealt with these issues? On the other hand, at a more general level, as concerns which territorial structure is most adequate for TC, one criteria that seems very adequate in the opinion of several of those polled as concerns the value of TC (“transfer of views on how things were done there”, “share common problems”, “have common interests”, “speak the same language in pairs”) is that both cooperating entity and receptors be local governments and territorial areas of similar size and characteristics. Finally, in answer to the question as to whether some investment was required to facilitate transcontinental cooperation, most of the interviewees indicated that physical investments were not necessary but investment in training and contracting of qualified human resources specialized in the subject matter of cooperation, as well as better human resources for management, starting with the “Intendencia” itself were essential improvements to be made.

- **Governance structures and implementation of cooperation**

**Strengths:** The most important actor among those capable of promoting and executing TC is the Departmental Government itself. Since the present Intendente was elected in 2005 and re-elected in 2010, the city council has taken a proactive role with positive results. Also considered significant are the roles of both Spanish and Italian immigrant associations and, to a lesser degree, the role of other actors in the civil society. The main strengths of the territory with respect to governance and

implementation of TC are the successful experiences that can be considered “good practices”. Otherwise the capabilities created are lost after the project finalizes. An example of a “good practice” in this sense was the cooperation project supporting the “Costa Plan” (a plan for territorial zoning of the Ciudad de la Costa). Cooperation to generate citizen participation and good governance of the projects has also been carried out. An example is the project “100 squares” which involved the generation of public spaces and infrastructure with the objective of social integration. Although this project could have become one of simply financing infrastructure, the procedure by which it was carried out enriched the experience considerably. The implementation of the project called on the local communities to participate in the decision-making process. Also, an internal structure of the Departmental Government allowed for horizontality in the various areas and directions of municipal administration, thus avoiding the development of just one of the areas at the expense of potential coordination with the rest of the projects and actions of the Government. Another interesting project was the elaboration and publication of a catalog of cultural patrimony of the Department. The value of this project, once again, lies more in the participative process which involved the local communities in discussion and decision-making.

**Weaknesses:** According to the legislation currently in force in the country (Law of Political Decentralization and Citizen Participation), the Municipalities cannot be subject to agreements of any kind (not even a bank account). Several interviews identified the limitations of the national legislation in the form of the TOCAF (Legal Text of Financial Accounting and Administration of the General Accountancy of the Nation), particularly as refers to the administration of time limits, which defies the need for agility and flexibility required by cooperation projects. Another relevant issue is that there is no framework or mechanism in national legislation which foresees and facilitates decentralized cooperation or TC. In the context of the recently created AUCI (Uruguayan Agency for International Cooperation), surely the issue of decentralized cooperation will be formally dealt with. However for now, there is nothing. Beyond the difficulties at the national level, many internal problems in the city administration of Canelones were acknowledged. Although the planned actions are carried out and results achieved, there are often difficulties in meeting the deadlines for presenting expense accounts. One of the aspects to be corrected is that institutional improvement has often been aimed at persons or teams that are temporary which implies a weakness in the real effect on the strengthening of the institution. On the other hand, the study points out the need to foster agreements between universities, social organizations and the Government of Canelones to work together on the issue of cooperation. This would strengthen the territory, generate continuity and establish more adequate work proposals with greater potential in TC relations.

**Future:** Among aspects to be corrected in the future is that of improving the human resources that administer and manage TC. But not all the problems or solutions refer to financial administration and funding. Much could be resolved with better planning and definition of priorities with respect to cooperation, with better elaboration and management of projects in the various dependencies that participate in cooperation and by involving, in a more transversal way, the various areas of city government in TC projects in order to avoid excessive fragmentation. As concerns the optimal structure for governance, there is general agreement among the interviewees that management should be decentralized, with a predominant role for the second level of government (the “Intendencia”) and increased future participation of the third level of Government (the municipalities). An argument in favor of greater participation of the nearby local governments is that they can better represent the interests of the local community, going beyond political partisanship or the relation with the Departmental Government. There is also agreement that the civil society should participate more in TC processes, thus making governance more horizontal. The idea behind favoring a decentralized structure is that cooperation in centralized environments leads to cooperation agendas which are restricted or limited and risk not optimally representing the needs and concerns of the territory. Moreover, a large part of TC arises from informal and personal exchanges, bottom-up processes that would be “smothered” in a centralized structure. In short, the Departmental Government is identified as the principle actor in TC, but in coordination with civil society, promoting participative forms in the broadest sense possible, including the strengthening of the third level of government. There is also agreement that all this should be coordinated with the National government in the framework of the AUCI. However, the participation of national government should not strangle a process that should naturally be guided by the interests in pairs with equal concerns and problems. These are the advantages and values of territorial cooperation: it is more flexible and adaptable to the needs of the territory and it more closely approaches the concerns of citizens and social organizations in territories that face similar challenges.

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**GLOSSARY**

AECID	Spanish Agency for International Cooperation and Development
ANII	National Agency for Research and Innovation
AUCI	Uruguayan Agency for International Cooperation
BID	Inter-American Development Bank
CAWI	Computer-Assisted Web Interviewing
CEDOCAM	Documentation Center for the Canary Islands and America
EU	European Union
IC	International Cooperation
INE	National Institute of Statistics
ITC	International Territorial Cooperation
CUTI	Uruguayan Chamber of Information Technologies
FEDER	European Regional Development Fund
MERCOSUR	Common Southern Market
MOVTMA	Ministry of Housing, Physical Planning and Environment
OPP	Planning and Budget Office (Presidency of the Republic)
OSC	Civil Society Organizations
PENCTI	National Strategic Plan for Science and Technology and Innovation
SME	Small and medium-size enterprise
UDELAR	University of the Republic
URB-AL	EU Regional Cooperation Program for Latin America

## Introduction

### Territory and demography

Canelones is a Department in Uruguay whose capital is the city of the same name. Located in the southern area of the country, it surrounds the Department of Montevideo and borders on the west with the Department of San José, on the north with Florida and to the east with Lavelleja and Maldonado.

Map 1: Location of Canelones in Uruguay



Source: <http://enciclopedia.us.es>

Canelones is the second most populated Department in Uruguay after Montevideo; 15% of the population of the country pertains to Canelones, 26% of the interior population, i.e. excluding Montevideo. This is in spite of the fact that the area of Canelones represents only 2.6% of the total.

Table 1: Basic Data on Canelones

Territory	Population	% Rural Population	% Women	Area in km <sup>2</sup>
Canelones	485,240	11.4%	51.0%	4,536
Interior	1,91,035	11.2%	50.5%	174,486
Montevideo	1,325,968	3.9%	53.4%	530
Uruguay	3,241,003	8.2%	51.7%	175,016

Source: By author using INE data

This territory is heavily metropolitan. As can be seen in Map 2, Canelones surrounds the Department of Montevideo, thus composing a metropolitan area in the southern

and eastern coastal area in which the principle cities of the Department are heavily tied to Montevideo more than to the rest of the Department of Canelones. This circumstance leads to social and economic development heavily influenced by processes originating in the metropolis of the country. This fact is reinforced by the road and transport systems which are functionally linked to Montevideo.

**Map 2: Department of Canelones**



Source: Elaborated using *Google Maps*

The metropolitan feature of Canelones has been both the source of opportunities and of restrictions. The proximity to the principle economic center of the country has made Canelones an attractive place in which to locate industries and services. This fact has historically led to significant development of important populations on the Uruguayan scale, thus creating a more complex and heterogeneous profile as compared with the rest of the departments in the interior of the country in which there are few urban centers excepting the capital city of each department. The disadvantages of the proximity to Montevideo are evident in that many of Canelones' cities have become, or were created as, bedroom communities. In this sense, Canelones must face the challenge of building its own unique identity as opposed to always feeding into the processes generated in Montevideo.

The main city of Canelones is Ciudad de la Costa with 83,000 inhabitants (17% of the population). This city grew up around several coastal urban developments located between the streams of Carrasco and Pando which, over decades, became a single urban area declared a city the 19<sup>th</sup> of October, 1994 and called Ciudad de Costa. It is the fastest growing city in the country; it grew 28.8% between the censuses of 1996 and 2004. This process originated in the development of bedroom



urbanizations in eastern Canelones with the advantage of living outside of the capital of the country (lower costs, lifestyle, etc.) and the proximity of the daily commute to work.

Other important cities are Las Piedras with 69,000 inhabitants (14%) and Pando with 24,000 inhabitants (5%), followed by the departmental capital of Canelones<sup>111</sup> and La Paz, both with 20,000 inhabitants (4%). Progreso is also quite large with 16,000 inhabitants (3%) followed by various other cities of between 10,000 and 15,000 and a great number of towns of 5,000 inhabitants or less.

### Transportation and communications

In Uruguay, the principle means of transportation is by roads and highways. Canelones is the Department with the highest density road network, a large part of which is of high quality. Its motorway network is in third place after Montevideo and San José. However, as has been pointed out above, the road network is functional in connecting Montevideo with the rest of the country for which Canelones, as a metropolitan area, acts as a liaison. This propitiates excellent communications of the urban centers of the department with the country's capital, but leads to an appreciable deficit in communications from one inland town to another and from these towns to the departmental capital.

**Table 2: Infrastructure**

Territory	Road system density: kms per 10 Km square (surface) 2007	Kms of high quality motorway as a % of total network surface, 2007	% Homes with access to Internet 2009	% Homes with access to electricity (UTE) 2009
Canelones	4,4	34.3%	25.6%	99.3%
<i>inland</i>	<i>0.92</i>	<i>21.3%</i>	<i>17.7%</i>	<i>96.1%</i>
<i>Montevideo</i>	<i>3.92</i>	<i>50.0%</i>	<i>37.8%</i>	<i>99.8%</i>
<i>Country total</i>	<i>0.94</i>	<i>21.7%</i>	<i>27.7%</i>	<i>98.2%</i>

Source: By author using data from the MTOP for the road system and microdata from the ECH for the rest.

As for IT access, the chosen indicator is Internet access in homes; Canelones is in third place, well above the inland average<sup>112</sup> and just behind Montevideo and Maldonado.

<sup>111</sup> Canelones is the administrative capital of the Department, but it is not the largest city in the territory nor is it significant from the point of view of production and industry.

<sup>112</sup> It refers to the average of the rest of Departments excluding Montevideo.

An additional indicator of basic infrastructure is access to electricity, a service that is available in all the country except some rural areas. Canelones is second in electricity service only to Montevideo.

On the other hand, Carrasco International Airport, the country's main airport carrying 84% of all passenger movement, is located in Canelones and the Department has optimal proximity to the port of Montevideo, the country's main port moving 52.6% of all freight by sea. Although the airport is located in Canelones 45-60 minutes from the center of Montevideo, it is the airport serving the national capital and the main entrance to the country by air.

### **Administrative structure and governance**

Before referring to the case of Canelones, the general situation in the country is discussed. Uruguay is divided into 19 departments, the second level of government, equivalents to provinces or regions in other Latin American countries or to Autonomous Communities in Spain. The departmental government is referred to as Departmental "Intendencia" or "Departmental Government".

However, the departments' autonomy is much more limited than that of second-level governments in other Latin American countries or Spain. There is no total fiscal autonomy and property taxes, as well as some other smaller taxes and fees. The remaining taxes, including the most important (IVA, income tax, charges for water, electricity and energy services) are administrated and collected at the national level. Therefore, most of the Departmental Governments' budget (an average of 30% depending on the Intendance) is covered by revenue from the National Government which is so required the Constitution. These revenues are defined in the nation's quinquennial Budget Law, according to distribution criteria established in this Law and are usually conditioned by certain objectives set for the Departmental Governments.

Evidence of the lack of departmental fiscal autonomy is that health, education, security (police), electricity, water and sewage disposal, national highways and production and employment policy are the incumbency of Ministries and Autonomous Entities at the central or national level, not of the departmental governments. However, the Departmental Governments are increasingly assuming more responsibility in these areas, often in the role of carrying out policies defined and financed at the national level, and at other times on its own initiative (although with scarce resources). In fact, the main competencies of the Departmental Governments are in the areas of care of public spaces, maintenance of internal road systems, public lighting and other services to the population and the regulation of cities and territorial zoning, while national organisms are required to act over the national territory in social and health services and economic promotion and employment.

Moreover, until 2010, Uruguay was one of the few countries with popular suffrage and only two territorial levels: the central and departmental levels. This situation

changed after departmental elections in 2010 by way of Law Number 18.567 of Political Decentralization and Citizen Participation passed in September, 2009 which essentially creates the municipal level of government.

Municipalities are governed by organs of five members called “Consejos” or Councils. The president of the Council is called an “Alcalde” or Mayor and the other members “Concejales” or councilmen/women. Members are elected by direct voting by the citizenry in the same election opportunity in which the Intendents are elected. In this framework, 89 “alcaldías” or Mayoralties were defined in a sub-division of the country during the period of 2010 – 2015. The Law establishes Municipalities for towns and cities of more than 2000 inhabitants, although at the beginning the measure was applied to populations of more than 5,000. The municipalities for populations of more than 2,000 and less than 5,000 will be created after 2015.

There are 29 municipalities in Canelones: Aguas Corrientes, Atlántida, Barrios Blancos, Canelones, Ciudad de la Costa, Colonia Nicolich, Empalme Olmos, Joaquín Suárez, La Floresta, La Paz, Las Piedras, Los Cerrillos, Migueles, Montes, Pando, Paso Carrasco, Parque del Plata, Progreso, Salinas, San Antonio, San Bautista, San Jacinto, San Ramón, Santa Lucía, Santa Rosa, Sauce, Soca, Tala and Toledo.

Although the municipalities appear to be a new level of government, the Law establishes that they essentially depend on the Departmental Governments for the definition of their attributions and the assigning of resources. Thus we are not dealing with a new level of government as it is known in the comparative international experience. Moreover, municipal governments are in many ways subject to the control of the Departmental Government which even acts as an “appeals court” for complaints lodged against the third level of government. This is not the case in the international experience where the municipal level has, in varying degrees, autonomy with respect to the second level.

Nevertheless, the direct election of the Mayor and Municipal Council by the citizenry, an aspect defined specifically for the third level, is a very important change. Moreover, the Law places much emphasis on citizen participation and that requirement that the municipality should facilitate this participation. This factor not only strengthens democracy in the country but will also surely generate an empowerment of local societies and consequently pave the way for “more decentralizing” processes in the future. In this sense, Canelones is the department that has created the most Municipalities meaning that the potential to advance toward greater decentralization is greater.

The Departmental Government promotes the Comuna Digital (Digital city hall) project which aims to support the modernization of the local public administration through the use of information technologies to improve its operation and increase transparency, efficiency, quality and outreach of services provided to society.

Moreover, citizens are given participation in the elaboration of territorial zoning plans in the department as foreseen in the Law of Territorial Zoning Organization and Sustainable Development (Number 18308) which distinguishes the following instruments within the departmental sphere: Departmental Directives, Departmental Regulations and Local Plans. For each of these instruments, the formation of “advisory commissions” is foreseen, made up of delegates from public and private institutions and representatives of the civil society.

### **Economy**

As for data on the GDP, unfortunately the most recent data available at the departmental level is from 2006, according to which the per capita GDP for Canelones is 60% of the total national average and this value is similar in the years before 2006. However this calculation presents problems of interpretation because, as has already been pointed out, a large part of the territory of Canelones functions within the logistics of Montevideo and carries out activities whose product is then counted in Montevideo even while impacting the income of individuals and homes in Canelones. This data, therefore, is not an adequate instrument for measuring relative situations of development and standard of living in this territory.

**Table 3: GDP per capita 2006 (current dollars)**

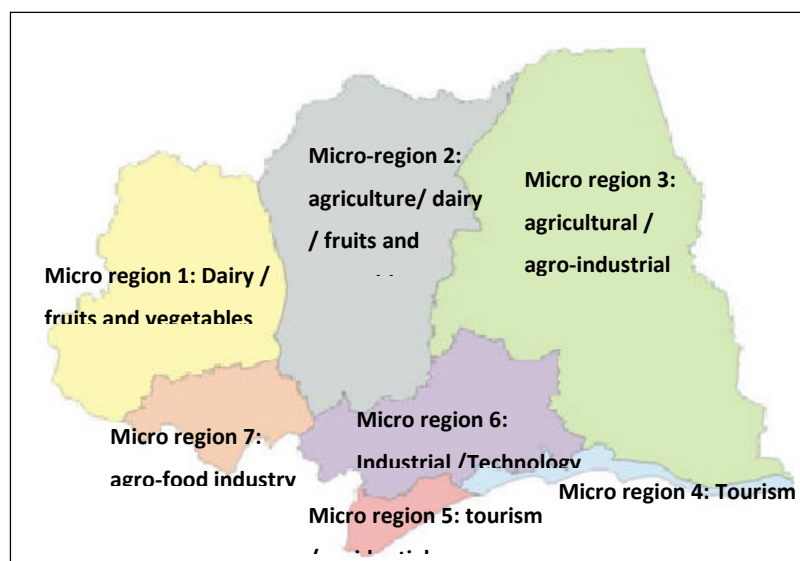
Value for Canelones	USD 3,316
% of the national average	60.1%
% of the interior value	79.3%
% of the value for Montevideo	44.3%
Ranking in the 19 departments	17

Source: By author using OPP data.

As for production in the department, the “Intendencia” has defined micro-regions as the “*strategic territorial scale to operate participative, decentralized and effective management in a varied and complex department*” ([www.imcanelones.gub.uy](http://www.imcanelones.gub.uy)). These micro-regions divide the department into zones according to the economic and productive vocations. As shown in Map 3, the various productive vocations of the micro-regions cover a great variety of economic activities and opportunities for wealth.

In the micro-region defined as industrial and technological, there is an important location of chemical, and human and animal pharmaceutical industry as well as plastic and rubber industries. The presence of agro-industries such as refrigeration, wine cellars, poultry and sausages also stands out.

### **Map 3: Micro-regions and economic-productive vocations**



Source: Elaborated based on a map from [www.imcanelones.gub.uy](http://www.imcanelones.gub.uy)

In the primary sector, Canelones is the major producer of farm products in the country (fruits and vegetables, pork and poultry), which is strictly related to its proximity to the largest national consumer market, Montevideo.

Tourism is mainly developed in the Canelones coastal areas and can offer approximately 90,000 accommodations, generating jobs for some 11,000 people. Since the area of Ciudad de la Costa has become residential while losing its former spa features, tourism is now concentrated to the east of Pando stream (Atlantida spa, the largest center, Parque del Plata and La Floresta). Visitors come mainly from Montevideo (55-60%) followed by Argentina (13 – 15%) and other foreign countries (UEC, 2010). The hotels are small and medium size with conveniences at the three-star level at most. They represent only 5% of the total supply of beds mainly made up of house rentals.

Another way of looking at the productive economic profile of the Department is by the participation of the various sectors of the departmental economy in total employment.

**Table 4: Employment in Canelones by sector, in %. Year 2009.**

Sector	%
Primary sector	<b>9.0</b>
<i>Agriculture, cattle and crops</i>	4.3
<i>Mining and quarries</i>	4.3
<i>fishing</i>	0.5
Secondary sector	<b>37.9</b>
<i>Manufacturing industry</i>	32.7

<i>Electricity, gas and water</i>	1.4
<i>building</i>	3.8
<b>Tertiary sector</b>	<b>53.1</b>
<i>Commerce, restaurants and hotels</i>	16.1
<i>Transportation, logistics and communications</i>	7.1
<i>Financial intermediation and services to firms</i>	1.7
<i>Social, community, personal services and public administration</i>	14.2
<i>others</i>	0.9
<b>Total</b>	<b>100.0</b>

Source: By author using the 2009 ECH of the INE.

On the other hand, in recent years a set of indicators has emerged that consider territorial dimension from different perspectives, related to economic development, competitiveness and investment opportunities. The following indicators stand out.

A study of the 1992-2002 period (Rodríguez Miranda, 2006) elaborates an indicator of endogenous territorial economic development by considering 4 dimensions: innovation, organization of production, urban agglomeration economies and social capital. According to this instrument, Montevideo, Maldonado and Canelones, followed by Colonia, are the departments with the best conditions for endogenous economic development.

Another study creates a Regional Competitiveness Index (UNDP-ART, 2008) which combines the influence of various factors related to competitiveness on a departmental scale (economic activity, infrastructure, human capital and institutional aspects), according to which Canelones in 2007 was the fourth most competitive department in the country after Montevideo, Colonia, Maldonado and San Jose).

Finally, a study that has devised an Index of Regionalization of Investment Opportunities (Troncoso and Barrenechea, 2008), combines a set of variables that directly or indirectly represent the determining factors in the attraction of private investment in territories within three dimensions: i) profitability, linked to return on investment, the size of markets and productive specialization and production factors; ii) business climate, linked to such elements as innovation, infrastructure, health, environment and education; and iii) institutional factors, associated to institutional design, municipal management and territorial planning. According to this Index, Canelones is the third Department in the country, forming, along with Montevideo, Colonia, Maldonado and San José, the region with the greatest capability of attraction and generation of investment opportunities.

### **Welfare indicators**

Available data allows us to approach welfare through socio-economic indicators such as personal income per home, poverty and unemployment. Using as a reference the most recent years in which data is available, personal income shows an average per capita value in Canelones that is less than that of Montevideo but somewhat more than the average for the

interior of the country. In terms of a ranking of the 19 departments, depending on the year, Canelones lies between intermediate and favorable positions.

The most recent data available in the area of poverty (Table 6) show that Canelones has a relatively favorable situation in comparison with poverty values for Montevideo and the country. However, in absolute terms, 15% and 25% of total population (15% being the most recent figure) live under the poverty line. Consequently, poverty is not a solved issue.

**Table 5: Personal Income in Homes**

Variable	Average monthly per capita income in homes (no location considered), in current pesos.				
	2004	2005	2006	2007	2008
Value for Canelones	\$U 4,295	\$U 4,422	\$U 4,996	\$U 5,598	\$U 7,585
% of country average	79.0%	73.9%	85.1%	84.7%	91.2%
% of the Interior value	108.3%	100.2%	106.7%	106.3%	115.4%
% of value for Montevideo	64.4%	64.3%	65.8%	64.7%	70.5%
Ranking in 19 Departments	8	10	4	6	2

Source: By author based on INE data

Besides the general data on poverty, Canelones, and the whole country, is now witnessing an increase of poverty among the young people. According to data from the UNICEF Observatory of Infancy and Adolescence in Uruguay (based on the processing of the INE Continual Survey of Homes), in 2006 of the total population of children and adolescents, 44.7% lived in poor homes, 14.3% in homes of extreme poverty and 3.7% in conditions of destitute poverty. On the other hand, the most recent data available (INE – PIAI agreement) indicates that in 2006, around 16 thousand people lived in irregular settlements<sup>113</sup> (3.3% of the population).

**Table 6: Poverty**

Department	Percentage of poor persons			
	2002	2006	2007	2008
Canelones	17.2	24.7	23.0	15.5
Montevideo	22.9	27.3	26.7	23.2
Country-wide	23.7	27.5	26.0	20.5

Source: By authors based on UNDP data (2005) for the year 2002 and MIDES for 2006 to 2008.

In the field of unemployment, Canelones is in line with the national tendency which, accompanied by exceptional growth rates for per capita GDP (a growth rate of 8.5% for

<sup>113</sup> Defined as groups of 10 or more homes on public land or informal occupation of private lands, with no basic urban infrastructure and difficulties in accessing social services.

2010), shows historically low unemployment rates (since the second half of the 20<sup>th</sup> century this rate had a minimum floor of 10%). In 2009, according to the INE, the unemployment rate for the country varied depending on the quarter, between 6.8% and 7.8%, while in Canelones it varied from 6.5% to 7.7%. In the first quarter of 2010, the unemployment rate was 7.2% for the country and 7.8% for Canelones.

In the area of environment, available data shows the situation relative to pollution from industrial waste and organic contamination. The Ministry of Housing, Physical Planning and Environment (MVOTMA) calculates indicators of biochemical demand for oxygen (BDO) dumped by industrial activity and of volume of liquid waste spilled by industrial establishments<sup>114</sup>. Canelones shows higher values of pollution, due to both wastes and organic unloading than the average for the rest of the departments. This is explained by the greater number of industries located in the department. If compared with values for Montevideo, the volume of waste is 47% of the value of capital and BDO is 29%, which indicates the greater industrial activity and its concentration in Montevideo.

**Table 7: Environmental indicators**

Indicator	Year
Volume of liquid wastes dumped by industrial establishments (m <sup>3</sup> per year)	2009
<i>Canelones</i>	<i>6,231</i>
<i>% compared to average interdepartmental value</i>	<i>165%</i>
<i>% compared to Montevideo</i>	<i>47%</i>
Biochemical demand for oxygen (BDO) dumped by industrial activity (T/year)	2010
<i>Canelones</i>	<i>974</i>
<i>% compared to interdepartmental average</i>	<i>154%</i>
<i>% compared to Montevideo</i>	<i>29%</i>

Source: By author using data from MVOTMA

### **The general context of international cooperation in Uruguay**

According to the Department of International Cooperation of the OPP (Uruguayan Office of Planning and Budget) (OPP, 2010), there are presently 395 active projects of International Cooperation, that is, that have received funds in 2009/2010 for the sum of U\$S 215,830,083. In 2009 a total of U\$S 63,934,630 were mobilized. These figures refer to non-refundable IC

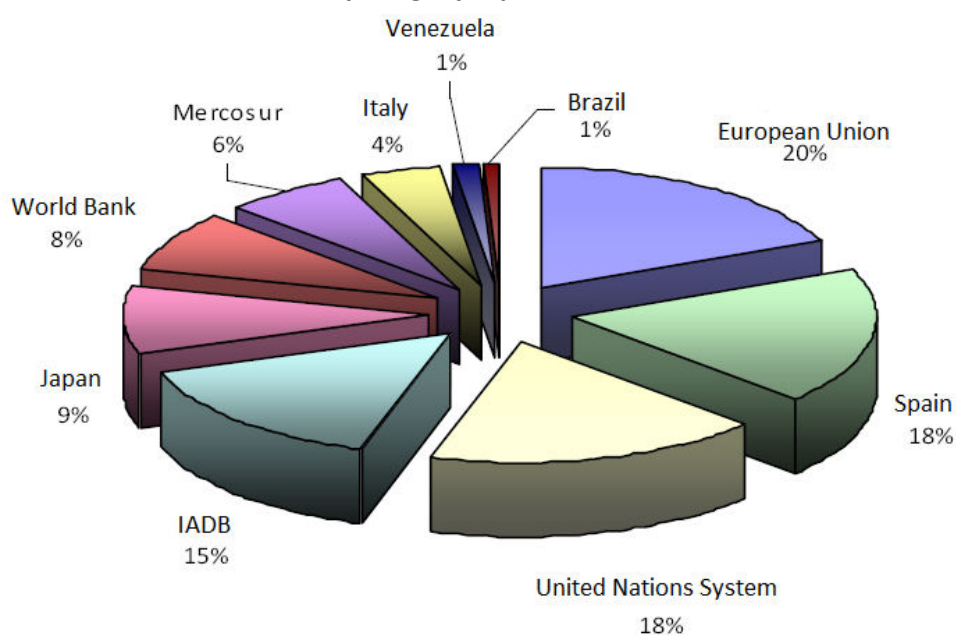
<sup>114</sup> The indicator of BDO expresses the load of organic contamination dumped by industries located in each department over one year (it indirectly measures the content of biodegradable organic material). The waste indicator expresses the volume of liquids generated in industrial processes and dumped by the industrial establishments in a given geographical area (industrial area or department) over one year.



funds coming from other countries or international organisms. However, OPP (2010) indicates some technical services and contributions from national institutions for the projects that are not included in these sums, which means that the global figure would be even higher.

The major sources of cooperation are the EU which represents 20% of funds, followed by Spain and the United Nations, both representing 18%, and finally the BID (Inter-American Development Bank) with 15%.

**Graph 1: Distribution according to source of international cooperation funds (IC) received by Uruguay. April 2010.**



Source: OPP (2010)

It should be pointed out that the general framework of International Cooperation has recently changed in Uruguay. In Law number 18.719 of the National Budget for the period of 2010-2014, the Uruguayan Agency of International Cooperation (AUCI) is launched as the new institutional framework for cooperation in Uruguay. According to Article 98 of the Law, this agency is created under the control of the Presidency of the Republic as a de-concentrated organism and with technical autonomy. It is presided by the Pro-secretary of Presidency and a governing Board integrated into the Ministry of Foreign Relations, the Office of Planning and Budget (OPP) and a delegate from Presidency. The AUCI is assigned the following competencies:

- Diffusion of technical international cooperation programs, including scientific and cultural programs, among the corresponding public organisms and private organizations.
- Determination of the areas, sectors and priority dominions in matters of international cooperation based on national objectives.
- Analysis of technical-financial suitability of the initiatives.

- Selection, according to applicable international norms, of development priorities and sector criteria.
- Monitoring and control of the execution of projects, periodical evaluations and the approval of revisions.
- Reception and diffusion of all information on technical assistance offered to the country by foreign governments and institutions in the form of scholarships.

The AUCI is the result of a process of reinforcement of cooperation in the national government that began in 2007 with the creation of the Uruguayan Institute of Cooperation, the embryo of the present-day AUCI. The Agency was created as a means to deal with challenges faced in the area of International Cooperation, characterized by a tendency to decrease recently (uncertainty in developed countries due to the crisis) with a greater concentration in Africa. This tendency could mean that Uruguay, a middle-income economy, could stop receiving certain aid to cooperation; moreover, it has also displayed a past attitude of little interest in recruiting IC.

With respect to decentralized cooperation or ITC, the position of the AUCI is to approach the Departmental Governments to support them in their search for cooperation, strengthen their capabilities and advise them, without appearing to want to take control of the processes, but rather of monitoring and support. One worry of the AUCI is that the Departments that attract the most cooperation are those that possess the largest capabilities (human resources, financial resources and experience) which has led them support territories with less capabilities who have more difficulties in gaining access to cooperation.

### **Uruguayan international cooperation with the EU and Spain**

In the programming of cooperation for the period 2007-2013 (European Commission, 2007) the modality of aid received was changed from a logistics of individual programs to that of the “framework”. Two priority areas were defined: i) Social and territorial cohesion and decentralization, and ii) innovation and economic development. These priorities were given expression through two umbrella programs:

- “Uruguay Integra” is a program for social and territorial cohesion launched by the OPP with a budget of 12 million Euros from the EU and 9 million Euros contributed locally. 75% was placed in a tenderable fund for projects to which Departmental Governments could apply along with national partners (Ministries).
- “Uruguay Innovates” with a budget of 8 million Euros from the EU and 4 million Euros of local matching funds with five components: i) support for the Pasteur Institute of Uruguay, repatriation of scientists and aid for the purchase of laboratory equipment and training; ii) aid to infrastructure for the Technological and Scientific Pole in Pando (Canelones); iii) aid for the Center of Software Testing aimed at its support and strengthening (along with the Faculty of Engineering of UDELAR, CUTI and the Chamber of Software); iv) promotion of clusters with the program PACPYMES (coordinated by the Ministry of Industry); v) training of human capital for innovation (scholarships and financing for R&D in firms).

That is to say, that in agreement with the UE, it was decided that aid received by Uruguay would be aligned with national policy objectives. This is why “Uruguay integra” supports the process of decentralization just beginning in the country based on the Law of Political Decentralization and Citizen Participation (Law 18.567, 2009) and the Law of Territorial Organization and Sustainable Development (Law 18.308, 2008). The program is located within the OPP which is the national organization with authority in planning and decentralization issues. “Uruguay innovates”, on the other hand, provides aid for priority lines of the PENCTI (National Strategic Plan for Science and Technology and Innovation) and is located within the ANII (National Agency for Research and Innovation) which is the organism in charge of the national strategy relative to research and innovation.

In 2009/2010, a medium term revision of EU programming was carried out and, for the rest of the 2011-2013 period, besides ratifying the other two areas mentioned above, a new area was identified (European Commission, 2010), referring to aid to the reform of the penal process and the condition of freedom for private individuals in Uruguay. The program has a budget of 5 million Euros (EU funds) and is managed from within the OPP. This new support area emerged from the negotiation with the National Government, addressing a priority identified by the government and objective of a national sector policy in the face of issues such as congestion of prisons in Uruguay and excessive delays in the penal process.

Therefore, the future of cooperation between the EU and Uruguay is expected to continue this line of financing of national policies previously defined by the country, with “framework” or “umbrella” programs, not individual projects, none of which will have budgets of less than 10 million Euros according new European directives on programs.

With respect to cooperation between Spain and Uruguay, in 2010 a framework agreement was signed (AECID-AUCI, 2010) which indicates the following priority areas of cooperation (in agreement with the comparative advantages of Spanish cooperation and the sectors in which other donors intervene):

- Democratic governability , including issues of social cohesion, human rights, citizen security, the penitentiary system, jobs, decentralization and citizen participation.
- Gender, including gender violence, sexual and reproductive health, gender in municipal policies and citizen participation.
- Environmental sustainability, climate and habitat change with emphasis on the strengthening of the National Response System to Climate Change, management of hydraulic policies, bio-diversity and energy.
- Culture and development, in support of institutional strengthening and inclusive policies, creative industries and the popularization of scientific culture.
- Transversal and geographic priorities: emphasis on gender, ethnical (African descendants) and youth issues, as well as actions aimed at giving priority to less-developed geographic zones in the country.

### **International Territorial Cooperation in Canelones**

In the case of Canelones, as with the rest of the departments in the country (except Montevideo) international cooperation had historically been channeled by the National Government, who received and managed the cooperation (with foreign countries or with

international organisms), besides administrating and/or executing its implementation. Therefore, it is not a country with a history of territorial cooperation. However, in the government elected in 2005 (and re-elected in 2010) the Intendencias take on a clearly active position toward the promotion of territorial cooperation. In fact, before 2005 there were no offices specialized in international cooperation in the Intendencias.

Moreover it should be noted that from the beginning, the Government of Canelones has had significant support on the part of the Government of Montevideo, which has had greater experience in ITC understood as the transfer of experience and “know-how” in cooperation.

As a part of this new administration process taken on by Canelones in 2005, the International Cooperation Consultancy was created by the explicit aim to use the international relations to promote the integral national, regional and international development. In this context one of the policies being carried out is that of generating channels for dialog and exchange with other cities in the region and world-wide, as well as networks and organisms that join local governments with similar problems together.

The current Government promoted the entry of Canelones into the URB-AL Network (Regional Cooperation Program of the EU whose objective is to reinforce relations between member states of the EU and countries of Latin America by fostering direct exchanges of experiences between government agents and territorial technicians from both continents in a territory to territory dialog). In particular, in the URB-AL Network 12 (Women and Cities) Canelones were able to participate in projects with other local governments in the region (for example, Rosario, Argentina), as well as in European projects (for example, through the Diputacion of Barcelona). Since 2009, within the URB-AL framework, Canelones is working with the City Hall of Hospitalet de Llobregat (Barcelona) and other local governments on the issue of emigration and local development (with the objectives of linking local development to the emigration issue, training of entrepreneurs, attracting emigrant savings for local projects and training trainers and public workers).

In 2005, Canelones also joined the Merco-cities network. This is the principle city network of MERCOSUR and an important reference for integration processes. It was founded in 1995 at the initiative of the principle Mayors, Intendentes and Prefects of the region to favor the participation of municipalities in the process of regional integration promote the creation of an institutional sphere for cities within MERCOSUR and develop exchange and horizontal cooperation between municipalities of the region, according to the stipulations of its Statutes. Since then, the network has expanded and incorporated new members. At present, there are 228 associated cities from Argentina, Brazil, Paraguay, Uruguay, Venezuela, Chile, Bolivia and Peru in an area with a population of more than 80 million people. In particular, in 2008 Canelones occupied the presidency of the Executive Secretariat of the Merco-cities Network for which it received territorial cooperation support from the Diputacion of Barcelona.

Other evidence of the role of territorial cooperation in this administration is the exchange with the Local Government of Rosario (Argentina, Santa Fe) with which there is also clear political affinity. In fact, one of the goals when taking over the new administration in 2005 was to design a strategic plan for the department. For this task, some elements were taken from a similar process in Rosario, a city which is a model in the region with respect to local development processes. Technical and political support was also received from Rosario. (It should be pointed out that Rosario is also studied within the TERCO project).

At present, the International Cooperation Consultancy is considering the possibility of adopting a more significant role as a provider of cooperation, for example, in the case of regions in Paraguay and Bolivia to which the Government of Canelones could contribute experience to support processes that they have carried out successfully. Ways to finance these activities are being sought out.

Contacts with emigrants from Canelones who live in other parts of the world are also being promoted. This action seeks to coordinate with the national policy for the “Departament 20” (there are 19 departments and “peregrine Uruguay” is number 20), connecting with Uruguayan communities abroad and, in particular, those from Canelones.

With respect to existing territorial cooperation agreements, several have been identified with various regions and cities abroad. In the first place, we are going to analyze the results of the CAWI survey to obtain a general context of ITC received in Canelones. Then we will concentrate on the ITC projects comprised in the case study, that is, cooperation received from the Canary Islands and the Diputacion of Barcelona.

**Table 8: Types of territorial cooperation according to the CAWI survey (27 responses)**

Percentage of answers that mention cooperation with each territory		Number of projects since 2007 (in %)			
		1 project	from 2 to 5	more than 5	Total
Spain	93%	38%	46%	17%	100%
Italy	30%	50%	38%	13%	100%
France	4%	100%	0%	0%	100%
Other European	11%	33%	67%	0%	100%
Twinning Cities	26%	50%	33%	17%	100%
Did not receive ITC	7%	-	-	-	-

Source: CAWI

By using the CAWI tool for Canelones, some general characteristics of territorial cooperation can be established. For this purpose, 27 responses on ITC between Canelones-Uruguay and Europe are considered for which 4 are from a national organization while 23 are from a local/regional organization.<sup>115</sup> The results can be seen in Table 8. 90% of the organizations received cooperation from Spanish territories (25 responses, half of which mentioned from 2 to 5 projects). Cooperation from Italian territories and twinning cities are mentioned respectively in 30% (8 responses) and 26% (7 responses) of the cases. Cooperation from territories in France are much fewer (only one response) or from other European countries (3 answers). Clearly, if the 7% that never received ITC are excluded, 100% of cases that did receive ITC mention some project with Spain.

On the other hand, Table 9 shows that in the cases of ITC involving Spanish, Italian or city twinning cities ties– the majority of the cases, the relations basically began between 2000 and 2006 or even since 2007. This is consistent with the above analysis of Canelones and the

<sup>115</sup> The CAWI responses from Spanish counterparts are not taken into account because they do not correspond, in this case, to transcontinental cooperation, but rather intra-European.

change that took place in 2005 in policy and vision of ITC, and its role in the project of developing the department.

**Table 9: Date territorial cooperation is initiated**

Territory	Date in which you were first involved in TC (International Territorial Cooperation)				
	before 1999	between 2000 y 2006	since 2007	No answer	Total
Spain	8%	40%	48%	4%	100%
Italy	0%	13%	75%	13%	100%
France	0%	0%	100%	0%	100%
Other European	0%	33%	33%	33%	100%
Twinnings	29%	0%	43%	29%	100%

Source: CAWI

If we focus on the Spanish territories (25 responses mention projects with Spanish territories), table 10 shows that in 56% of the cases, the Spanish partners are the same or mostly the same, in 16% there is an intermediate situation between new partners and former partners or with a greater presence of new partners, while only 4% (one response) mentions that all the partners are new. This is consistent with the fact that most relations begin in 2005 or even since 2007. There are also 24% that do not answer. The “did not answer” responses are probably due to a lack of knowledge about when the relation began with the current partners on the part of those polled who did answer (this fact was observed in the follow-up on the CAWI answers).

**Table 10: Change in TC partners since 2000**

Partners since 2000	Spain	Italy	France	Others in EU	Twinning Cities
All the same	24%	13%	0%	0%	14%
Mostly the same	32%	25%	0%	0%	14%
Intermediate situation	4%	0%	0%	0%	0%
Mostly new	12%	13%	0%	33%	0%
All new	4%	0%	0%	0%	14%
Did not answer	24%	50%	100%	67%	57%
Total	100%	100%	100%	100%	100%

Source: CAWI

### **TC from the Diputacion of Barcelona and the Canary Islands with Canelones**

The results of the CAWI survey and the statistics collected from other sources show that the choice of Spanish territories for the analysis of a case study was adequate since TC with Spain is the most significant for Canelones, both in resources and in number of projects.

To carry out a more in-depth analysis, cooperation with the Canary Islands and the Diputacion of Barcelona were selected within the TC with Spain. This choice was made, on the one hand because Canelones receives the greatest volume of funds through these

projects and, on the other hand, the projects address strategic areas for the Government of Canelones, which implies that their contributions can be framed within local policies with medium and long-term horizons. One of these areas is social cohesion which assists the neediest population (an aspect to which the cooperation from the Canary Islands has contributed through the “Canary Center” and “100 plazas”). Another is the promotion and revalorization of local patrimony and culture and the generation of a Canarian territorial identity (a very important aspect of cooperation with the Canary Islands). Still another is the institutional fortification of the Departmental Government and a more comprehensive and in-depth view of the process of decentralization and citizen participation (an aspect also supported by the Canary Islands and the principle area of cooperation with Barcelona and Catalonia, including aid from Merco-cities and URB-AL networks). Another area is the support of productive development with, for example, aid to the “Canary Technological Park”.

In Table 11, the projects that have been carried out since 2005 as a result of cooperation with the Canaries and the Diputacion of Barcelona are presented. In Annex 1, additional lists including cooperation with other Spanish territories and other parts of the world can be consulted.<sup>116</sup>

Summarizing, we can say that cooperation from the Government of the Canary Islands for Canelones in the period comes to 798,929€, which is almost 40% of total cooperation of the Canary Islands with Uruguay (including at the national level and Montevideo). To this sum one must add almost 100 thousand Euros more of the contribution from the Chamber of Commerce Canaries-Uruguay and the AECID for decentralized territorial cooperation generated by ties with the Government of the Canary Islands. Cooperation of the Diputacion de Barcelona with Canelones in the same period comes to 550,000 Euros which represents 33% of its total cooperation with Uruguay (including at the national level and Montevideo). 40,000€ must be added to this from the contribution from the *Associació Catalana de Municipis i Comarques*.

The fundamentals, dominions and potential of these TC relations with the Diputacion of Barcelona and the Canary Islands Government is analyzed in the following points of the report and therefore we will not go into depth on this subject at this point.

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<sup>116</sup> The information is from the following sources: i) Diputacion de Barcelona (2011) “Projects of Direct Cooperation of the Diputacion of Barcelona in alliance with the Municipalities/Intendencias of Uruguay”, ii) Government of the Canaries (2011) “Report on Canarian Cooperation Projects in Uruguay (2001-2010)” iii) Intendencia de Canelones (2009) “Compendium of Cooperation Projects of the Municipal Intendencia of Canelones. Period (2005-2008)”, Unit of Canarian Promotion, Project UDM PY UNDP URU04/007.

**Table 11: Cooperation of the Canary Islands and Diputacion of Barcelona with Canelones**

Cooperating Partner	Projects / intervention areas. Period 2005-2010	Year/Quantity
Government of the Canary Islands	<p>“100 plazas”: Pilot Program included in the Program “100 Plazas for Canelones” in which the construction of four squares in Canelones is financed. The purpose is to create physical convenience spaces in cities towns and villages of the department that will foster social cohesion and self-esteem of the citizens residing there. Status: Completed.</p>	2007: 100,000 €
	<p>“Canary Center”: Reconversion of the old hospital of Canelones into a Canary Center to accommodate various offices of the Intendencia as well as a cultural space in which the Canary immigration Museum is located as well as an amphitheatre in which various social-cultural activities take place. Status: Completed.</p>	2006: 200,000 € 2008: 296,929 € Total: 496,929 €
	<p>“Revalue the Patrimony of Canelones. Catalog of cultural patrimony of the Department”: the objective was the subsidy given to the Intendencia of Canelones to finance the elaboration of a catalog or effective register of the cultural assets of the Department which would lead to measures to conserve and exploit them by various public and private entities. Status: Completed.</p>	2007: 30,000 €
	<p>“Canary Patrimony”: This is an agreement between Canelones and the Cabildo of Tenerife which derives from an agreement between CEDOCAM (Center of Documentation of the Canaries and America) to consolidate collaboration ties between both territories starting from the revalorization of Canary culture, with the commitment to work on the recuperation and digitalization of Canary manuscripts as well as bibliographical and photographic collections in Uruguay. The program also aims to fortify communication with the Tenerife Museum of History and Anthropology so that this cultural space will act as a large center for historical documentation. Status: Completed.</p>	2010/2011: 30,000 €
	<p>“Pilot Project of modernization for decentralization of Canelones and Colonia”: The goal of the project is to improve tax collection and self-financing capability of the Intendencias. It includes the launching of a geographic information system a management system for the information that will lead to the consolidation of the municipal entities. It is the first pilot stage developed in the Intendencias of Canelones and Colonia, the local counterparts. The Foundation “Canary Model” was in charge of the execution of the Project. Status: Completed.</p>	2009: 54,000 €. (in addition AECID gave 50,000 €)
	<p>“Citizen Gateway/Webpage and evaluation of the fiscal-economic system, for the consolidation of decentralization in the Intendencias of Canelones and Colonia”: The objective is to complete the first phase to implant a system for the analysis of fiscal information and the creation of a Web-page or Gateway for citizens to be launched by the local electronic government as an pilot experience in the Intendencias of Canelones and Colonia Sacramento, who are the local counterparts. The Canary Model Foundation was the directing entity. Status: Completed.</p>	2009: 88,000 €



Projects / intervention areas. Period 2005-2010		Year/Quantity
Cooperating Partner		
Chamber of Commerce of Uruguay and Canary Islands.	“Casona of the Canary Technological Park (PTC)” : Infrastructure for the Industrial Agro-food Park and Fairground and exposition center. Status: Completed.	2007: 60,000 US\$
Diputacion of Barcelona	“Institutional Fortification of Mercocities”: Network of local governments in MERCOSUR”: Mercocities is a network of local governments in MERCOSUR whose key policy objective is to stress the importance of institutional acknowledgement of local governments, increase their voice and area of influence and participation in order to become key actors for decentralization in the agenda for the process of regional integration in MERCOSUR. The project consisted of supporting Canelones in 2009 in the campaign for the management of the Executive Secretariat of Merco-cities, which Canelones assumed control of in that year.	2008/2009: 100,000 €
	“Dialog for Decentralization. New Local Governments. The new institutional and its influence on local development”: This project, headed by the Intendencia of Canelones was also supported by the Catalan fund for Development Cooperation. The program is a joint initiative between the Merco-cities network and the Cooperation Funds (Catalan Fund, Andalusian Fund) and aims to support decentralization and the strengthening of local governments.	2008-2009: 50,000 €
Associació Catalana de Municipis i Comarques	“EMIDEL – “Local development and emigration in Latin America”: Financed through the EU Program URB-AL III, the principle priorities of this project are that of endowing three local Latin American governments located in Santa Tecla, Canelones and La Paz with mechanisms and instruments to boost local economic development and entrepreneurial initiatives in their territories. It is in partnership with the City government of Hospitalet de Llobregat (Barcelona), La Paz (Bolivia), Santa Tecla (El Salvador) and Canelones (Uruguay). Collaborating entity: Bolivian Federation of Municipal Associations.	2009-2012: 400,000 €
	“Canelones Grows with You”: Training and intervention to install a monitoring system of families in Canelones with nutritional deficit.	2008: 40,000 €

Sources: i) Diputacion of Barcelona (2011) “Projects of direct cooperation of the Diputacion of Barcelona in Alliance with Municipalities/Intendencias of Uruguay”; ii) Government of the Canary Islands (2011) “Memoria de Proyectos de Cooperación Canaria en Uruguay (2001-2010)”; iii) Intendencia of Canelones (2009) “Compendium of Cooperation Projects of the Municipal Intendencia of Canelones. Period 2005-2008”, Unit of Canary Promotion, Project UDMIPY UNUDP URU04/007.

## Methodological approach for the case study

### Definition of the case study

Based on the review of the literature on territorial cooperation in the framework of the TERCO project (*Territorial Cooperation: Literature Review*. TERCO 2010) and adjusting the case to transcontinental cooperation, the following potential explanatory factors were identified for Canelones:

- Shared culture and history of migrations.
- Active role on the part of local governments to encourage TC.
- A motivation to use TC as a way to re-evaluate historical and cultural local patrimonies aimed at building territorial identity.
- A shared strategy to strengthen the position of the territory opposite national governments by promoting decentralization spaces, citizen participation and empowerment of sub-national levels. This includes promotion of the instrument of local government networks and similar spheres.

These factors were determined after a first round of preliminary interviews. The objective was to confirm the selection of the case study, Canelones, and specifically determine what kind of TC was going to be analyzed. These interviews are listed below (some of these interviewees were later considered again for the in-depth interviews for the study, but some were not):

- Meeting with Gustavo Leal. Ex-consultant for the Intendencia of Canelones, ex Coordinator of the Unit for the Promotion of the Canaries, November, 2010.
- Meeting with Martín Mercado. Coordinator of the project “Canelones Grows With You” and ex-coordinator of the projects of the Unit for the Promotion of the Canaries. November 2010.
- Meeting with Igor Santander and Lourdes Robaina, respectively Coordinator and Technician of the Consultancy for International Cooperation of the Intendencia of Canelones. December, 2010.
- Meeting with Igor Santander and Martín Mercado. Respectively, Coordinator of the International Cooperation Consultancy of the Intendencia of Canelones and Coordinator of the “Canelones Grows with you” project. December 2010.

These preliminary meetings were useful in choosing the TC with the Diputación of Barcelona and the Canary Islands for the case study. They also facilitated contacts with the Spanish counterparts in the projects in order to communicate with them via e-mail and telephone, besides facilitating access to various sources of information.

### Methodological tools

In-depth interviews and a survey administered electronically (CAWI) were used to obtain the necessary information for the analysis.

The support of the International Cooperation Consultancy in the Intendencia of Canelones was instrumental in the selection of potential interviewees and persons to be surveyed, both in the identification of potential candidates and in facilitating contacts. Once the contacts were obtained,

these people were contacted and asked for other potential candidates to be interviewed or polled. In this way a sample was selected for each case, in-depth interviews and surveys.

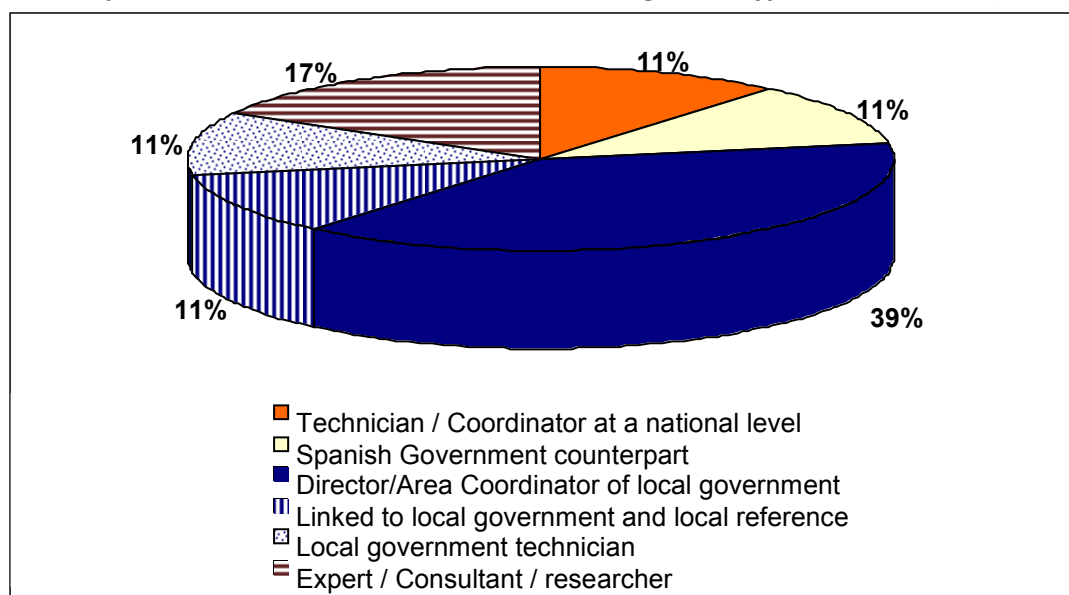
Information was also obtained from the following materials and documents (many of them supplied directly by the interviewees themselves): AECID-AUCI (2010); Barreto Messano (2008), Honorary Commission of Departmental Patrimony (2009), Diputación of Barcelona (2011); Government of the Canary Islands (2011); Intendencia of Canelones (2009); OPP (2010); UEC (2010).

The case study and the conclusions were obtained from the joint critical contrast and analysis of the three sources of information: documents, interviews and surveys.

### In-depth interviews

At the end of this report there is a list of the in-depth interviews which includes a brief description of the profile of each interviewee. An analysis of this list shows that an attempt was made to obtain opinions from a wide spectrum of public and private actors, mostly local or knowledgeable about the ITC projects in Canelones. There were also some interviewees who could offer a view of the subject matter from the national perspective. In the case of the Spanish counterparts in the Diputación of Barcelona and the Government of the Canary Islands the interviews were by telephone (with significant e-mail exchanges both before and after). The rest of the interviews were face-to-face with the researcher in charge of the case study. The duration of the interviews was from an hour and a half to two hours and followed the guidelines agreed upon within the framework of the TERCO project, that is, semi-structured which allowed for sufficient flexibility in the guiding of the interviewee.

**Graph 2: Distribution of the interviews according to the type of interviewee (18 answers)**



Source: By author

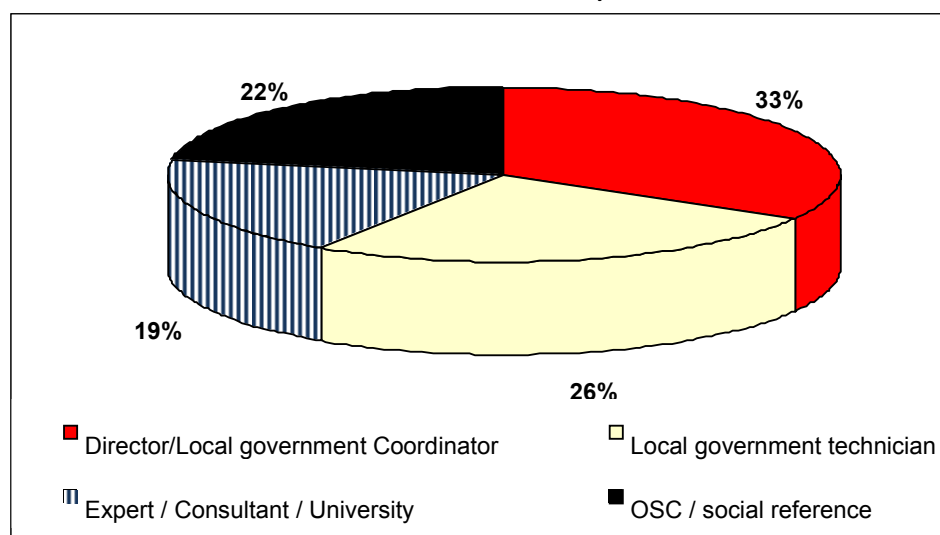
In all, 18 in-depth interviews were recorded. Graph 2 shows the distribution according to the type of interviewee. Summarizing, 61% correspond to persons linked to the public sector, 17% from the private sector, 11% are local government related and another 11% are Spanish counterparts. Of

those interviews to persons linked to the public sector, two answers from a national viewpoint since they have ties with a decentralized international cooperation program (ART Uruguay) and the National Government (AUCI), while the rest of the interviews respond from views that place more emphasis on a local or regional view. However, it is not always easy to make this distinction since many of those interviewed have profiles corresponding to more than one condition. Therefore, we recommend checking the profiles of the interviewees attached at the end of this report to have a better idea of how the sample is composed.

### CAWI survey

The polls are also adapted to the format agreed upon in the framework of the TERCO project. It is of interest to comment that, although the questionnaire was administered via e-mail, there was a monitoring by telephone of the questionnaire and personal assistance was even made available in many cases to help those polled to fill out the form. This means that in more than half the cases, those being polled were assisted in person or cleared up doubts by telephone. It allowed for greater knowledge concerning the difficulties in answering some questions and some reasons that explain why certain questions went unanswered (because it was not relative to the Canelones case, such as those that referred to cross-border cooperation, or for a lack of knowledge, as in the case of questions that referred to dates before 2005 for which present-day public employees would not have that information, for example).

**Graph 3: Distribution of profile types of those surveyed in the CAWI forms (27 answers)**



Source: CAWI

There were a total of 27 responses to the CAWI polls in the case of Canelones. Graph 3 shows distribution according to the type of profile of the persons polled. A third correspond to directors or area coordinators in the local government, 26% correspond to technicians of the Intendencia, 22% are significant social references or organizations of civil society (including, for example, two associations of Canary Islands emigrants) and, finally, 19% are experts, consultants or researchers

who have worked or continue to work with TC projects in Canelones and/or project areas related to the case study.

Two persons polled of the 27 did not respond to some sections because they were only linked to specific projects and did not have a more general viewpoint on TC (as they argued). In any case, the rate of no-answers is always presented in the tables of survey results in the body of this report. In the rest of the cases (25) those surveyed responded to all the corresponding sections.

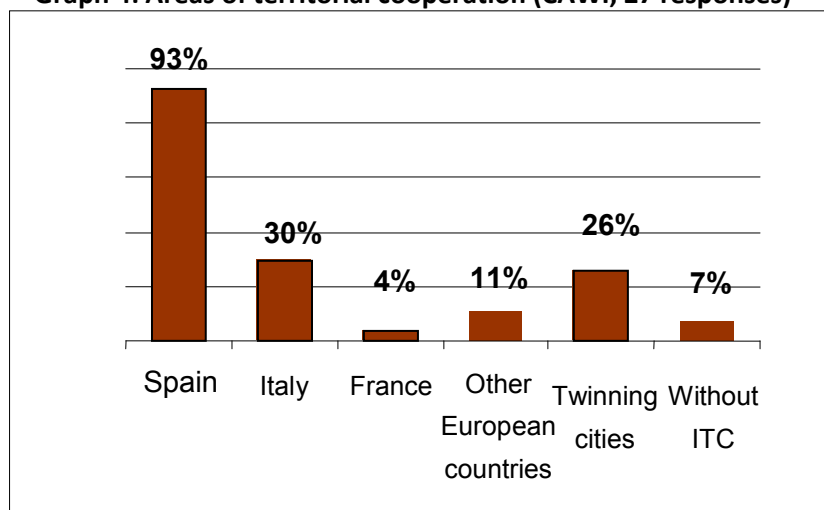
It should also be mentioned that two of those surveyed answered that their organizations had not been associated to TC projects. In these cases the reasons given were a lack of knowledge of the possibilities of TC or of potential partners, the exacting demands of EU regulations or the regulation demands in general, and the lack of funds to co-finance cooperation.

## 1. Physical areas of territorial cooperation

### The various types of TC depending on geographic area

As has already been analyzed, in 100% of the cases that did receive TC, Spain is mentioned with some project or another. Graph 4 shows how the responses of the poll are distributed according to territorial areas.

**Graph 4: Areas of territorial cooperation (CAWI, 27 responses)**



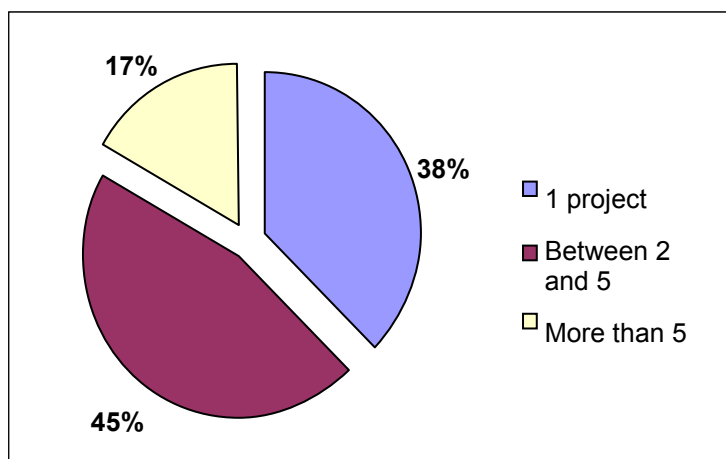
Source: CAWI

TC with Spanish territories clearly has the most impact in Canelones. Since 2007, TC relations, in most cases, have involved from 2 to 5 projects, as shown in Graph 5. Therefore, this relation has got a significant counterpart in agreements and specific actions in the territory in a relatively small time span.

Because of the importance of Spanish cooperation, in the rest of this report, we will concentrate on Spanish TC, with a few references to TC with Italy and the Twinning of cities, although much less significant. The results of the CAWI survey are totally consistent with the origin of the cooperating

partner in the TC projects who were identified in the interviews fieldwork and the revision of documents. These projects are listed in Table 11 and Annex 1. Once again it is shown that TC is mainly Spanish, particularly with the Diputacion of Barcelona and the Canary Islands (besides Andalusia).

**Graph 5: Quantity of projects since 2007 in TC relations with Spanish territories**



Source: CAWI

### **Competitiveness and relations between territories**

The results of the CAW survey show the impacts the TC has had in various areas that can be linked to competitiveness of the territory (Table 12). 52% of those polled who have TC from Spain point out that there is an impact on economic growth and 56% say there is an impact on employment. On the average, the answers show an impact between low and moderate. Between 60% and 72% point out that there are impacts on the standard of living, environment and the provision of services, with an average value indicating a moderate impact. In the case of TC with Italy, there is relatively less mention than in the Spanish case as refers to economic growth and job creation, but similar with respect to the rest of the factors. In the field of Twinning Cities, the responses refer to specific cases in which, depending on the agreement, one or another factor is favored with moderate impacts.

The CAWI survey shows that TC originating in Spain has positive impacts on promoting cooperation activities and also on the joint preparation of projects and activities of spatial planning (see Table 13). The result relative to the generation of cooperation among firms and firm access to entrepreneurial networks is somewhat lower. In those responses that mention this impact, the average is between low and moderate. The joint preparation of projects is mentioned in 60% of the cases in which there is TC with Spain and the impact is considered, on the average, between moderate and high. It is also significant that 40%-45% of the answers mention that TC has as an average moderate to high impact on the generation of confidence between people and institutions and in the networking activities of the OSC.

In TC with Italy, similar situations are observed although there are relatively higher values than those of Spain in the mention of the various activities (except in the joint preparation of projects), particularly in the responses that point out the positive effect on trust.

In the case of Twinning Cities, there is no general rule but rather the impact on each activity examined depends on each agreement.

**Table 12: Impact of TC on competitiveness-related factors (CAWI, 25 responses)**

Factors	Spain		Italy		Twinning Cities	
	% mentioning this area	Average impact (from 1 to 5)	% mentioning this area	Average impact (from 1 to 5)	% mentioning this area	Average impact (from 1 to 5)
Economic growth	52%	2.5	25%	3.0	29%	3.0
Job creation	56%	2.4	38%	3.0	14%	3.0
Quality of life	64%	3.4	75%	3.3	29%	3.5
Environmental management	60%	3.0	63%	3.2	14%	3.0
Services provision	72%	2.9	50%	3.0	14%	3.0

Note: Average of responses on impact based on the scale: 1- minimum; 2-low; 3-moderate; 4-important; 5-very important.

Source: CAWI.

**Table 13: Impact of TC on activities that favor cooperation and competitiveness in the territory (CAWI, 25 responses)**

Activity favored and impacted by the TC	Spain		Italy		Twinning Cities	
	% mentioning this activity	Average impact (from 1 to 5)	% mentioning this activity	Average impact (from 1 to 5)	% mentioning this activity	Average impact (from 1 to 5)
Networking cooperation among firms	28%	2.6	38%	2.7	14%	4.0
Networking among civil society groups/NGOs	44%	2.8	50%	3.2	14%	4.0
Mutual trust (between people and organizations)	40%	3.5	63%	3.4	29%	3.5
Follow up preparing joint projects	60%	3.1	50%	3.2	43%	2.7
Joint spatial planning	40%	2.8	50%	3.2	14%	2.0

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Note: Average of responses on impact based on the scale: 1- minimum; 2-low; 3-moderate; 4-important; 5-very important.

Source: CAWI.

In the in-depth interviews, it was found that TC with the Canaries and Barcelona, (in general with all cases) reinforces competitiveness in the territory in a broad sense, which includes the institutional aspect and the positioning of Canelones in the world. Some interviewees also mention that TC facilitates the generation of public-private cooperation processes which contributes to improve competitiveness in the territory.

The interviews also point out that TC improves relations among the actors and organizations in the territory because it leads to the exchange of experiences, joint tasking and the diffusion of good practices. On the other hand, perhaps the greatest value contributed by TC (pointed out in general by all the interviewees who hold executive positions in the Intendencia) is in the transfer of experience of how the coordination of actors, organizations and institutions was managed, what the difficulties were and how they were overcome.

In spite of the generally favorable response in the interviews concerning the impact of TC on improvement of relations between actors, one interviewee stated that he held serious doubts about how much of what was generated was limited simply to the personal relations between those tied to the projects. Experts and technicians are usually contracted by project and dismissed at the end of each project without actually leaving behind an asset or institutional accumulation as a result of the cooperation. This criticism, according to the interviewee himself, is toned down in the case of cooperation relative to networks and institutional frameworks such as Merco-cities or URB-AL, due to the inherent institutional nature of these relations.

In the case of TC with the Canaries, several interviewees from both the private and public sphere, pointed out that cooperation has been visible for the population of Canelones, that the ties between governments at the political level have been significantly strengthened and that the strategy of the “Intendencia” of defining itself as a “Canarian Comuna” has generated a very significant predisposition to continue advancing on the road of cooperation. In the sphere of this experience, the building of a Canarian identity in both the Canary Islands and Canelones can be interpreted as the search for a distinctive non-global common factor between cooperating territories. That is, these are ties that are highly charged with cultural, historical and affective components.

As for cooperation with Barcelona, there is a very positive impact in the relation of the Government of Canelones with other governments in America and Europe. For instance, the participation in Merco-cities and URB-AL (and in some projects and sub-networks headed up by Canelones) and the joint work with governments and organizations in the region (Argentina, Paraguay and Bolivia among others).

### **Potential new territorial areas and partners**

With respect to incorporating new territories and partners into the relation of Canelones with TC, the interviews suggest a tendency toward triangular cooperation which implies incorporating cooperating relations with less-developed territories in Latin America such as Paraguay and Bolivia, as well as a new modality in relations with European territories.



It is suggested that relations with Spain and Italy be strengthened and expanded due to the common cultural and historical factor. These are the territories with which cooperation ties have been most developed. But, in almost all cases, the answers propose the location of the territory in the globalization process and in the world, thus favoring exchanges with other territories. In this sense, one interviewee mentions a cooperation link that has emerged with Japan motivated by the interests of some flower producers of Japanese origin located in the Canelones municipality of Progreso. Another interviewee mentioned the relation that has emerged with the local government of Cahors (France) based on the location in Canelones of the international logistics firm of the same name. That is to say that the possibility of extending TC to other non-Spanish territories or even non-European territories is a current idea.

## 2. Driving Forces and domains of cooperation

### TC driving forces

As pointed out above, the government of Canelones places particular emphasis on promoting TC in order to position the Department in the national, regional and international context as a way of strengthening development strategy for the territory. It is for this reason that much importance was given to participation in regional and international networks. The cooperation with the Diputacion of Barcelona and the support and experience contribute by the Government of Montevideo, were key to participating in these networks.

Therefore, Canelones defined the strategy of actively participating in various municipal and local government networks at the international level, in particular with Merco-cities (within MERCOSUR) and URB-AL (EU), but not exclusively. The first contact of Canelones with the URB-AL program was through Network 12 which had a project on gender equality headed by Montevideo and Barcelona. Canelones joined this project in 2005/2006. In turn, the Diputacion of Barcelona along with Montevideo set up a Decentralized Cooperation Observatory between the EU and Latin America (see: <http://www.observ-ocd.org>) also within the framework of the URB-AL program. Given the relation between Montevideo and Canelones, the latter was able to participate on various occasions in training and contacts with ITC in a learning process that came to be very useful.

Another important strategy of Canelones was its participation in Merco-cities<sup>117</sup>, for which it received the cooperation support of the Diputacion of Barcelona during its aspiration to the Executive Secretariat of the Network for the period 2008-2009. In the framework of Merco-cities,

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<sup>117</sup> This network was founded in 1995 by the government heads of 12 cities and capitals of the Cono Sur. The network presently includes 192 associated cities of Argentina, Bolivia, Brazil, Chile, Peru, Uruguay and Venezuela. In the regional context, horizontal cooperation between cities has been actively promoted through work on Thematic Units. It is notable that as the network was coming into action, sub-networks of cities emerged while developing a large degree of operating autonomy in the analysis of specific problems as well as with the transfer of “good practices” and the forming of common projects as has been the case of the joint participation of various cities.

sub-networks are created with projects that receive ITC funding. In the Executive Secretariat assumed by Canelones, a thematic unit on environmental management was created with 12 cities with pilot awareness projects. The sub-network is financed by Canelones with the support of the Catalan Fund for Cooperation. Participation in Merco-cities has also fortified relations with other governments in the region. For example, the local government of Rosario heads the sub-network for the thematic unit on strategic planning in which Canelones also participates. Exchanges have taken place with Rosario, particularly in order to receive support from Rosario's experience in this area, for the definition of a strategic development plan for Canelones.

Canelones, along with other local governments, see Merco-cities as an instrument to endow MERCOSUR policy with a more territorial content, for example, allowing local governments to present projects to the Fund for structural convergence (FOCEM) foreseen in the integration agreement but so far had only been reserved to the national spheres of the various countries.

The Diputacion of Barcelona is an intermediate local government that groups 331 Municipalities in Barcelona and has the task of accompanying these Municipalities in their tasks and obligations, with no direct contact with the citizenry. Therefore, their capabilities and interests, which they transfer to their cooperation in Latin America, responds to matters of decentralization and governability with experience in the coordination of actors and policies in the territory, multi-level governance, technical training and planning.

Therefore, the relative level of development or poverty is not important for this kind of cooperation, but rather finding common themes in the sphere of local and other sub-national governments to transfer experiences and achieve joint learning by implementing direct cooperation with homologous governments. In South America, its cooperation is concentrated mainly in Montevideo, Canelones, Santa Fé (Rosario), Peñalolen in Argentina and Santiago in Chile (metropolitan area). They also support decentralization processes in Central America. On the other hand, since 2003, the Diputacion of Barcelona has participated in URB-AL.

These characteristics and circumstances explain why cooperation with Diputacion de Barcelona has an objective that is closely linked to institutional fortification for decentralization aimed at the building of governance, as well as an important component of participation in international networks of intermediate governments.

Another of the main reasons for the cooperation with Spain is the cultural factor and common history, particularly relative to migration processes from Spain to Uruguay in the 19<sup>th</sup> and 20<sup>th</sup> centuries.

In agreement with research financed by the Cabildo of Gran Canaria in Spain through the system of aid to research (2004-2006) and funding from the CSIC of the University of the Republic of Uruguay (2005-2007), one can observe that there are two Canary immigration waves to Uruguay (Barreto Messano, 2008):

- A foundational period which begins in the middle of the 18<sup>th</sup> century in a “directed migration” by the Spanish crown to populate empty spaces in America. Thus, Montevideo was founded in 1726 with the contribution of Canary families. In particular, the Department of Canelones was populated in the colonization period by families from the Canary Islands which led to the settlers in this Department being called “canaries”.
- But, according to this research (Barreto Messano, 2008) and the sources cited, a second period of migration that began in 1830 is much more important. These are migratory waves that arrive to Uruguay (and to other parts of America, particularly Venezuela and Buenos Aires) of Canary Islanders who are seeking a better future. Many are even illegal immigrants. The research establishes that this is the migratory wave relevant to explain the cultural ties and Canary influence in the Department of Canelones (that of the 19<sup>th</sup> century, not of the colonial period, which again peaks in the 20<sup>th</sup> century).

Some investigators reported in Barreto Messano (2008) estimate that some 8,200 Canarians arrived to Uruguay between 1835 and 1842. This number is very significant considering that the 1835 census for the whole country reported 128,371 inhabitants. Most Canary Islanders settled in Montevideo finding jobs in “chacras” (farms), brick ovens, mills and salting houses. They later began to reside in Canelones, located there to supply Montevideo. A request presented to the government by a Uruguayan entrepreneur in 1833 to bring into the country 700 to 1000 individuals, *coming from the Canary Islands, Cape Verde and the Basque countries ... persons of good conduct, farm-workers, farmers, artisans and other, of use in any job*” (Barreto Messano, 2008: p. 22) illustrates the migratory flows.

This view of the importance of historical and cultural ties is shared by the government of the Canary Islands which sustains the TC policy of establishing priority world territories where Canary Islanders are settled, not according to development levels. In this sense, the priority countries for TC with the Canary Islands are, in order of importance, Venezuela, Uruguay, Brazil, Argentina and Cuba.

In fact the governments of Canelones and the Canaries coincide in their interest in adopting an active role to make a place for themselves in the national and international context through the re-evaluation of their respective local historical and cultural patrimonies while committing to the building of territorial identity. This has led Canelones and the Canary Islands to find fertile ground for cooperation understood as revalorization and common building of a shared identity.

Historically, the identification of “canario” assigned to the settlers of Canelones (due to the immigration from the Canary Islands) was also associated for a long time with the condition of a rural “brute” settler, with a clearly negative connotation. The Government of Canelones turns this logic around and reevaluates the Canarian culture as the Department’s calling card. In this framework, a cross-sectional goal of all the projects is the generation and/or integration of Canarian identity. An example is the change in the institutional logo of the Intendencia to make itself known as the “comuna canaria” (see Figure 2, the official logotype of the Intendencia of Canelones). This strategy has crystallized in a strengthening of ties with the Canary Islands, fostering exchanges and specific cooperation projects.

These circumstances have meant that cooperation with the Canary Islands has a strong cultural and social component linked to the common historical ties and a shared motivation in building territorial identity as a factor driving development. As can be read in the web site of the Intendencia, in which the institutional strategy of the Government of Canelones is laid out, the issue of territorial identity is assumed to be key: “One could ask if in Canelones there is one or many identities; if there is only one identity, it must be based on diversity; either it is a melting pot or there is nothing. It is a debatable topic in which there can be many opinions. However, there can be no doubt that identity is an essential intangible capital for building the future” ([www.imcanelones.gub.uy](http://www.imcanelones.gub.uy)).

It must also be pointed out that, both in the case of Canary cooperation that from Barcelona, cooperation begins with the Intendencia of Montevideo, then spreads to Canelones (as well as other departments like Rocha or Cerro Largo at present). That is, the support obtained by the neighboring Departmental Government of Montevideo has been very significant (a sort of “big brother”, as one interviewee stated.)

**Figure 1: New logo of the Intendencia of Canelones since the period 2005-2010**



Source: web page of the Intendencia of Canelones

### TC domains of co-operation

**Table 14: Domains in which TC is relevant in the territory and its impact (CAWI, 25 answers)**

Domains	Spain		Italy		Twinning Cities	
	% mentioning this activity	Average impact (from 1 to 5)	% mentioning this activity	Average impact (from 1 to 5)	% mentioning this activity	Average impact (from 1 to 5)
Culture	68%	3.8	50%	3.7	57%	3.7
Environment	40%	3.6	38%	3.7	29%	3.5
Education	28%	3.6	25%	3.0	43%	3.7
Social Infrastructure	28%	3.4	38%	3.7	29%	3.0
Tourism	28%	2.9	38%	3.0	43%	2.7
Physical Planning	28%	3.6	25%	4.0	29%	2.5

Other physical infrastructures	24%	3.2	13%	2.0	14%	4.0
Economy	20%	3.4	50%	3.5	29%	2.0
Health	16%	2.5	25%	1.5	29%	1.5
Highways	4%	1.0	13%	1.0	14%	1.0

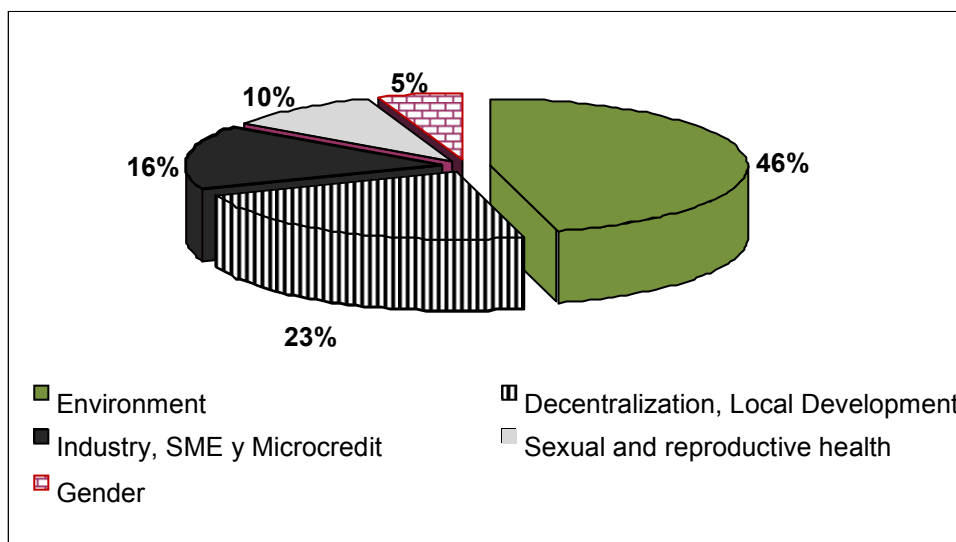
Note: Average of responses on impact based on the scale: 1- minimum; 2-low; 3-moderate; 4-important; 5-very important.

Source: CAWI.

Table 14 shows that the CAWI survey indicated the main domains of TC with Spain as culture with a high average impact. Environment is second, with physical planning, education, social infrastructure and tourism following with, in all cases, an average impact between moderate and high. It is noteworthy that there is little mention of TC in economic and health aspects, and practically none at all of infrastructure such as highways. On the other hand, the results shown in Table 14 for TC with Italy are similar to those of Spain except that the economy is one of the main TC areas. In the case of Twinning Cities, the situation depends more on the type of specific agreement of each twinning.

Graph 6 shows that there is not much of a direct relation between IC received by Uruguay with the domains that appear for TC in Canelones according to the CAWI answers. There is coincidence in the importance of environment and economic issues. However, the cultural area does not appear to be relevant at the national level, while it is very important in TC in Canelones.

**Graph 6: Domains in which Uruguay receives IC (April 2010)**



Source: OPP (2010)

In general the interviews showed similar opinions to the CAWI answers, pointing out that the major part of TC received by Canelones is channeled into the following areas: cultural and social matters, environment, particularly waste management, support for territorial zoning plans, decentralization and governance as well as improvement of public management. (In some cases a local approach to tourism was also mentioned.) It was also observed in the interviews that TC impact depends more on how the projects are instrumented and their modality than the sector area in which the project is

classified. With this exception, in general, significant impacts are mentioned in culture, management and governability, in the provision of services and social infrastructures, territorial zoning and, although somewhat less, environment.

As for culture, one of the privileged areas for TC both in the CAWI answers and the interviews, the latter confirm the significant impact of cooperation in this area. In 2006, with the support of Canary cooperation, the Patrimony Commission was created. It began to work in 2007 with the local towns and villages, involving local societies in the process. They achieve an important goal with the publication of the *“Catalogue of cultural heritage. Material and non-material patrimony in the Department of Canelones”*, which was in itself an important milestone in making the results visible. The most valuable aspect of the process, however, was the process itself, the more than two years of in-depth contact with the area’s patrimony. In effect, the Commission became stronger and more fortified, carrying out other projects such as the study of the Department’s architectural patrimony. Other on-going projects are: the elaboration of list of house facades in Canelones in order to select some of particular patrimonial interest to be refurbished, the creation of a Enological Museum in Las Piedras which will be inaugurated soon, the digitalization of Canary documentation in Canelones and Uruguay following an agreement with Gran Canarias (CEDOCAM), the project of the Immigration Museum which will explain how the towns and peoples of Canelones were formed, the organization of international seminars in Canelones and other initiatives.

Though the cooperation helped Canelones become aware of the need to work in the area of culture, sustainability of initiated processes should be a significant concern for the Government of Canelones, but also of the cooperating territories in this area. In effect, there is much yet to do in this area with the potential that TC will contribute a differentiating value. For example, it is an objective of the Patrimony Commission to draw up a patrimonial legislation for the Department which will put the task agenda into order and assign priorities. For this job the department needs, besides resources, the knowledge of how to proceed, the transfer of experiences in other territories where this task has been done, to know how the process works, what difficulties can be encountered and what solutions can be applied.

It is of interest to analyze Table 14 referring to the main domains of cooperation<sup>118</sup> in relation to Table 12 showing the general impacts of cooperation in the territory<sup>119</sup> (which could also be read as the contribution TC to territorial competitiveness). Table 12 shows how a large percentage of those answers declared that TC had impacts in terms of economic growth and job creation. However in Table 14, these areas are not shown to be those of greatest impact of TC. In this sense, one could infer that TC is having an impact on these aspects although, in general, it is not specifically focused on the economic issue (as seen in Table 14). Therefore, one can assume that TC has an impact in the domains of culture, cooperation, spatial planning, exchange of experiences, supported

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<sup>118</sup> In this case the poll question was: *If a kind of cooperation is important (contributes to development in its area), select the areas of activity/dominion, and evaluate the importance of this cooperation for territorial development in your zone (scale from 1 to 5).*

<sup>119</sup> In this case the question is: *Indicate the level of impact of TC in your municipality/region (scale from 1 to 5) for the options of economic growth, jobs, standard of living, environment and service provision.*

infrastructures of training and education which, in turn indirectly has an impact on territorial competitiveness and generates, therefore, economic impacts (at least moderate).

For example, one of the interviewees commented on how cooperation with the Canary Islands had emerged by way of cultural interest and the aspects of “Canarian” identity had led to the generation of funding for infrastructures that were a driving force for important economic processes. The support received by the Canarian Technological Park in Las Piedras, led to the attraction of investments which brought, for example, the location of the Japanese auto-parts firm Yasaki which now employs about a thousand workers. One cannot attribute this impact on employment directly to Canary support. However, one must acknowledge that in the beginning, Canary aid had something to do with the final result.

Interviews with the actors also concluded that the results observed above can be linked to the current situation in Uruguay of economic growth and low unemployment that leads the actors, even those involved in economic fields, to favor instead aspects such as training, environment and social infrastructure.

In other areas of cooperation mentioned in Table 14, there is definitely a more evident relation with Table 12 concerning general impacts of TC. In effect, Table 12 shows the impacts on standard of living, environment, services providers, i.e. aspects that do relate directly to many of the areas declared as relevant dominions of TC (culture, environment, education, social infrastructure and other physical infrastructures.)

As for the relation between the priorities of the Government of Canelones and areas developed in TC, according to the in-depth interviews, one can observe that, in fact, there is not a definition of the strategic lines as to priority areas for TC. For this reason, the areas receiving cooperation depend mainly on the sensitivity of managers and leaders of the various dependencies of the Intendencia who are involved in cooperation, as well as the projects presented by the cooperating partners.

However, there are, in fact, two clear objectives defined by the Departmental Government. Since it was indicated before, these are the objective of fostering TC as an element in the strengthening of the Canary identity of Canelones and the TC as a way to participate in local government networks in the region and the world to contribute to promote territorial development. The first factor is important since it is reflected in the high percentage of cooperation destined to culture, particularly, although not exclusively, culture from the Canary Islands. On the other hand, TC received by Canelones contributes significantly to participation in international networks and exchanges with local governments. This last factor is not reflected in Table 14 of the CAWI poll because those polled were not asked about the modality of cooperation. Therefore only the responses as to sector area are shown.

### **Implications of TC**

Another important aspect to be analyzed as to TC is its implications or sphere of influence, which refers to the modality of relations, between the counterparts in the participating territories, above and beyond the area or dominion of the specific cooperation. This could be even more relevant than the area of cooperation itself. We are referring to the possibility of exchange of experiences,

transferring various approaches to solve a common problem (even if the solution is actually different), sharing the same instruments to face a common problem, the joint execution of actions or investments (in physical infrastructures or in the joint organization of cultural festivals), or the joint execution of territorial strategies (design and implementation of long-term solutions).

**Table 15: Implications of TC with Spain (CAWI, 25 cases)**

Implications of TC	1 partner	From 2 to 5 partners	More than 5 partners	Total mentioned by some partner
Exchange of experiences	12%	44%	8%	64%
Joint implementation of common actions or investments	20%	16%	4%	40%
Joint execution of territorial strategies	20%	16%	4%	40%
Transfer of various approaches to solving a common problem	12%	20%	4%	36%
Sharing the same instruments to solve a common problem	12%	16%	0%	28%

Source: CAWI

Table 15 shows that the exchange of experiences is mentioned in 64% of ITC cases with Spain generally involving two to five partners. The other implications, such as joint planning and implementation of actions, the application of shared instruments or the transfer of problem-solving approaches, are also mentioned to a lesser degree.

Table 16 shows the implications of TC in the case of Italy in which the exchange of experiences, transfer of approaches and joint strategy execution are mentioned in 40% of cases. Table 17 shows the situation for twinning cities in which the exchange of experiences is predominant with 43% of the mentions.

**Table 16: Implications of TC with Italy (CAWI, 8 cases)**

Implications of TC	1 partner	From 2 to 5 partners	More than 5 partners	Total mentioned by some partner
Exchange of experiences	25%	13%	0%	38%
Transfer of various approaches to the solution of common problems	25%	13%	0%	38%
Joint implementation of territorial strategies	25%	13%	0%	38%
Sharing the same instruments to face a common problem	13%	13%	0%	25%
Joint execution of common actions or investments	0%	13%	0%	13%

Fuente: CAWI



**Table 17: Implications of TC in Twinning Cities (CAWI, 7 cases)**

Implications of the TC	1 partner	From 2 to 5 partners	More than 5 partners	Total mentioned by some partner
Exchange of experiences	29%	14%	0%	<b>43%</b>
Transfer of various approaches to solving a common problem	14%	14%	0%	<b>29%</b>
Sharing the same instruments to face a common affront a common problem	14%	14%	0%	<b>29%</b>
Joint implementation of common actions or investments	14%	14%	0%	<b>29%</b>
Joint implementation of territorial strategies/projects	0%	0%	0%	<b>0%</b>

Source: CAWI

The interviews indicate that the exchange of experiences and transfer of problem-solving approaches or the search for solutions to common problems are seen as the greatest value of TC. Thus cooperation with the Diputacion of Barcelona (in agreement with Canelones), is explicitly committed to the creation and promotion of dialogue and exchange between local governments. For this approach, the funding of internships and the exchange of technicians and scholarships are considered essential, as long as the actions are in keeping with processes of mutual learning and institutional strengthening.

Several responses in the interviews pointed out that TC adjusts best to the receiving territory when it revolves around a common problem. On the other hand, the possibility of generating synergies with the projects arises in various responses linked to two aspects. On the one hand, the project involves an area in which the receiving territory or government is already working in a planned and consistent manner. For example, Canelones has been working extensively since 2005 in the area of territorial organization and legislation. During that period, four decentralized offices were created (Las Piedras, Canelones, Pando and Ciudad Costa-Costa de Oro). In fact, TC received for the “Costa Plan” (territorial zoning of the Ciudad de la Costa) had significant effects on synergies with other projects being carried out in that territory. Thus all of these aspects were brought together in an umbrella strategy for the entire zone thus avoiding isolated actions. On the other hand, it is necessary that the increasingly integrated projects (as opposed dealing with a specific area) be implemented in such a way that participation of the various offices and areas of the Departmental Government is encouraged. In this way, the isolation of individual projects working on the same aspect is avoided. A good example of this type of management could be the project called “100 squares” which funded interventions to create public squares aimed at integrating the population. The project was coordinated by a commission formed by various offices and areas of the Intendencia, which avoided the project becoming a unilateral effort by a single authority. The commission was made up of the offices for Environmental Management, Territorial Planning, Youth

and Sports. In this way, the actions already being implemented or planned by these offices were better coordinated and the cooperation contributed to generate synergies instead of conflicts.

### **Factors that facilitate or hinder TC**

In the list of Spanish territories (Table 18), the aspects mentioned in the CAWI as factors that somewhat facilitate or very much facilitate TC are (from more to less number of mentions): positive historical antecedents, a common culture and previous experience in TC programs, followed by having a common language, a favorable geo-political position, an active civilian society and sharing similar environmental concerns. Also present, but less mentioned, are the following factors: similar institutional antecedents, similar political orientations and the presence of a group of entrepreneurs with external connections.

Also for TC with Spain, among the factors that some consider to “somewhat” facilitate cooperation (or not hinder it so much) are: the availability of funding, growth levels (development) in the territory, levels of infrastructure and the presence of minority groups in the region. For these factors, there is not a majority position as to whether they help or hinder cooperation for which we turn to the face-to-face interviews for more light on their interpretation.

In cooperation with Italian territories (Table 19), the aspects mentioned as facilitating TC (somewhat or a lot) are as follows (from more to less number of mentions): common culture, an active civilian society and positive historical precedents, followed by similar legal and/or institutional antecedents and common environmental concerns. The consideration of the availability of funds and growth levels (development) in the territory are aspects mentioned in at least half of the cases. The interpretation of these factors is ambiguous but there seems to be a certain tendency to consider that they somewhat hinder TC. There are others who mention the lack of experience in TC as an obstacle.

In the in-depth interviews, common culture and a history of migrations linking the territories emerge as facilitating factors to a degree that could be considered a consensus.

An additional facilitating factor that stands out is the change in attitude of the government of Canelones since 2005 in which the Intendente himself worked proactively to generate cooperation ties and act as a catalyst in attracting cooperation (trips abroad with delegations from the Department). There are also many who mention that experience in cooperation projects facilitates their management.

**Table 18: Indication of whether the following factors have facilitated or hindered TC with Spain (CAWI poll, 25 cases)**

Scale: 1-greatly hinders; 2-somewhat hinders; 3-somewhat facilitates; 4-greatly facilitates.

Factor	TC with Spain	
	% mentioning this factor	Average evaluation (from 1 to 4)
Availability of funds	72%	2.8
Positive historical precedents	64%	3.5
Common culture	64%	3.6
Previous experience in launching and developing ITC programs	64%	3.3
Growth levels (development) in their region	60%	2.9
Common language	56%	3.6
Favorable geo-political position	48%	3.3
Active civil society	48%	3.3
Common environmental concerns	44%	3.3
Similar legal and/or institutional background	40%	3.0
Entrepreneurs with external connections	36%	3.2
Shared political orientation	36%	3.2
Presence of minority groups in the region	28%	2.9
Levels of infrastructure	28%	2.7
Favorable physical geography	16%	3.7
Common religion	4%	3.0

Source: CAWI

A factor that is frequently mentioned, especially by those interviewed within the government of Canelones, is the location of the Department in a metropolitan area, near the main seaport and airport of the country, and the existence of very important productive and investment logistics in recent years, along with a wealth of complex factors (productive diversity, in all sectors, from the primary and technological industrial sectors to services and tourism) which make it attractive to cooperation projects.

The National government level appears in some responses as an important factor in empowering Canelones with possibilities to bring in cooperation. That is to say that

coordination with the AUCI would be desirable and could generate new opportunities for the territory.

**Table 19: Indication of whether the following factors have facilitated or hindered TC with Italy (CAWI poll, 8 cases)**

**Scale: 1-greatly hinders; 2-somewhat hinders; 3-somewhat facilitates; 4-greatly facilitates.**

Factor	CTI with Italy	
	% mentioning this factor	Average evaluation (from 1 to 4)
Availability of funds	63%	2.6
Growth levels (development) in their region	50%	2.5
Positive historical background	38%	3.3
Common culture	38%	3.7
Active civil society	38%	3.7
Previous experience in launching and developing ITC programs	25%	2.0
Similar legal and/or institutional background	25%	3.0
Common environmental concerns	25%	3.5
Presence of minority groups in the region	13%	3.0
Favorable physical geography	13%	4.0
Shared religion	13%	3.0
Common language	13%	4.0
Favorable geopolitical position	13%	4.0
Entrepreneurs with external connections	13%	4.0
Shared political orientations	13%	4.0

Source: CAWI

The civil society is mentioned as an important factor, not as a decision-making element but rather as an actor who should play a more relevant role. However, there are specific examples, some of them narrated in this report, of initiatives that originate from immigrant associations, NGOs, organizations of the civil society or influenced by some local reference.

In some cases political affinity of cooperating territories is considered significant, particularly to initiate cooperation contacts. However, in general, it would seem that cooperation ties,

once established, are maintained in spite of changes in political orientations of the counterparts. (At least this is what has been observed since 2005.)

One of the interviewees mentioned the advantage of Uruguay, as well as Canelones, in comparison with more disadvantaged territories due to its relatively small scale and relatively high levels of capability to pilot cooperation projects and interventions, to undergo the necessary learning process and then to be able to replicate the actions (of course with the necessary adjustments) in other territories with larger scales.

Finally, almost all of those interviewed manifested the importance of having “common problems” or “similar territorial scales” or “being pairs, governments at the same level” as crucial factors explaining TC.

Those interviewed considered that TC was hindered by the following factors: lack of funding for cooperation and the levels of development of the country which in the case of Uruguay is of medium income. In the context of a crisis in the developed world, this factor makes it difficult to receive funds due to the traditional logistics of aid to development.

In almost all the cases the deficit of human resources in the Departmental Government and territorial organizations to deal with cooperation processes, the difficulty of consolidating stable technical staffs and avoiding the logistics of temporality and contracts per project are factors mentioned which hinder TC. One must also add to this list the need to continue improving management skills.

Also identified was the need to advance in a more integrated view of TC in order to include it into the territory’s own development strategy, guiding it toward priority areas and avoiding the acceptance of any and every type of cooperation.

### **Cooperation for infrastructures**

In the first place, we should point out that there are few organizations in the territory participating in TC which, as a rule, invest in infrastructure as shown in Table 20. Investment in cultural installations stands out in the case of those organizations that participate in TC with Spain. In the rest of the cases, investment in infrastructure by the organizations receiving cooperation is hardly significant.

With respect to the adequacy of funding infrastructure with TC, if we consider the 27 CAWI polls, 33% think that it should be a part of cooperation (78% of these answers consider that infrastructure should be an area of Spanish cooperation, 44% consider that it should be present in twinning cities and 33% in Italian cooperation), while 52% believe that infrastructures should not be an objective of TC and 15% do not answer. That is, there is a tendency to consider that cooperation should not finance infrastructure, although there is no clear consensus on this matter.

**Table 20: Investment in infrastructure by organizations receiving TC (CAWI, 25 cases)**

Type of infrastructure in which the organizations participate	ITC with Spain	ITC with Italy	Twinning Cities
Roads	4.0%	0.0%	0.0%
Railway	0.0%	0.0%	0.0%
Drainage systems	8.0%	0.0%	0.0%
Water supply	4.0%	0.0%	0.0%
Schools	12.0%	0.0%	14.3%
Hospitals and medical installations	4.0%	0.0%	0.0%
Cultural installations	32.0%	0.0%	14.3%

Source: CAWI

In the in-depth interviews, there is general agreement that the country will not receive cooperation for infrastructure in the future since it is a medium-income country, at the same time that it can no longer be justified that these investments not be taken from the budget of the National or Departmental Governments. In general, it is considered that TC funds are better aimed at the exchange of experiences, the diffusion of good practices and the search for solutions to common problems. However, almost all those interviewed stated that TC investment in infrastructure was often the only way to place some projects on the political agenda, that is, as a catalyst for underlying processes.

Therefore, the general opinion leans more toward the idea that infrastructures should not generally be financed with TC except when accompanying other processes or when the investment cannot be carried out with local funds. (Moreover, it is considered that TC in general does not deal with such large sums of funding so as to generate significant impacts on infrastructure). They also expressed the view that TC might fund the feasibility studies for infrastructure projects, but not the infrastructures themselves.

Another important nuance in the opinions collected from the Canarian counterpart in TC, is that it is not clear that infrastructures should not necessarily be an object of funding in the future. In fact, cooperation with the Canary Islands has had a significant component of infrastructures (such as the investment in the infrastructure for the “Parque Tecnológico Canario”, the “100 squares” project and the recycling of the old hospital as a location for the Canarian Center). Thus, if the infrastructures respond to projects determined to be relevant and important to the development of the territory, they will continue to be funded.

In the case of cooperation with the Diputación of Barcelona, infrastructures are not contemplated in current projects nor will it be in the future. This is due to the fact that the type of ITC carried out is linked to the transfer of experiences in governability and governance, the coordination of actors in the territory, planning and technical training. However, infrastructures can be funded if they are a part of a broader concept of intervention. For example, the construction of a square in the neighborhood of Punta de Rieles in Montevideo was financed as part of a project (“Plaza Museo y

Memoria”) inserted in an integral intervention in the neighborhood where the former women’s prison was located during the dictatorship. *“This specific project aims to fulfill two clear objectives: recuperate the collective memory through the restoration of a public space and establish a social-cultural pole, with the participation of citizen neighborhood organizations with a high level of social compromise and mobilization”* (Diputacion of Barcelona, 2011).

In sum, after taking into account all of the opinions on this subject, rather than establish a strict rule, it would seem recommendable to perform a case-by-case analysis to determine if the funding of infrastructures is justified or not. When it is determined necessary to finance infrastructures, it would be advisable to integrate these works within a project with broader objectives associated to the processes being targeted.

### Future perspectives in the areas of cooperation

According to the CAWI poll, future areas of cooperation in the case of Spain should be culture and social infrastructure, followed by education, environment and spatial planning, which indicates certain continuity with the current areas of TC. With Italian cooperation, the priorities are environment, followed by social infrastructure, culture, spatial planning and economy, also reflecting continuity with the areas currently being attended, although with greater importance assigned to environment and spatial planning. Social infrastructure, culture and education are the major priority areas in future twinnings. In this case, a decrease in the importance of tourism and an increase in the valorization of social infrastructures stand out as cooperation areas.

**Table 21: Indication of the three principle areas of TC in the future, number of total mentions for each area in each type of TC (CAWI)**

Areas	Spain	Italy	Twinning Cities
Social Infrastructure	48.0%	37.5%	57.1%
Culture	48.0%	37.5%	42.9%
Education	32.0%	12.5%	42.9%
Environment	28.0%	50.0%	28.6%
Spatial Planning	28.0%	37.5%	0.0%
Physical Infrastructure	24.0%	25.0%	14.3%
Economy	20.0%	37.5%	0.0%
Tourism	16.0%	25.0%	14.3%
Risk Prevention	12.0%	0.0%	0.0%
<b>Total cases with ITC</b>	<b>25</b>	<b>8</b>	<b>7</b>

Source: CAWI

The results of the interviews are similar to those of the CAWI polls in emphasizing culture, social infrastructures, environment, spatial planning and territorial legislation. Since the interviews allow for flexible answers and the possibility of collecting opinions not foreseen in the polls, there is also a significant emphasis on fostering more exchanges of experiences. Above and beyond the areas suggested for future cooperation, most of which involve the continuation or expansion of areas already in progress, these results lead us to analyze which is the most relevant modality for future actions of TC. In this respect, there is a broad consensus in the interviews, both in local and national

views as well as in public and private views and even of the Spanish counterparts: the strength of TC lies in being able to jointly concur, or concur “in pairs” on the responses to common problems and in the process of continued learning (both for those receiving cooperation and for the one given cooperation). That is, understanding how others solve issues that are of concern to all, or, in the case that no one has a solution, searching for one together. This is very important when issues of acute local impact are concerned, such as migration, garbage disposal, social exclusion, transportation, governability and governance, citizen participation and increasing decentralization, among many others.

The in-depth interviews indicate a future in triangular and south-south cooperation. That is, Canelones should adopt a more active role in TC (in collaboration with a European or Spanish territory, for example), participating in triangular cooperation in a third, relatively less developed territory. In fact, the European (for example) partner would finance cooperation in a third territory while Canelones would contribute its technicians and experience in the field according to how it solved that particular problem in its own territory.

Some attempts at south-south cooperation are being carried out by the Mercocities network, through some twinning cities with departments in Paraguay and with the province of Pichincha in Ecuador. One factor causing difficulties in promoting these agreements are the legal limitations in the Intendencia of Canelones which is not legally able to contract technicians or make purchases in other countries. This could be solved by elaborating a national legal framework which would contemplate the modality of decentralized cooperation (for which there is currently no legislation at all) and facilitate its implementation.

ITC policy within the Diputacion of Barcelona also promotes processes of south-south cooperation for which it can contribute its experience and, above all, support local governments so that they can participate in these cooperation processes and not be limited to national ambits of countries of the “South”. One future objective of this type of TC is to work jointly with local governments to be able to influence the agenda of south-south cooperation in order to emphasize the importance of local actors and decentralization.

On the other hand, those interviewed who belong to offices of the Intendencia point out that it is necessary to align in-coming TC with the Departmental Government’s priorities. It is therefore essential to first more clearly define these Departmental development priorities and then plan ITC. If the TC project is not aligned to local government priorities, it will distract efforts that should be contributing to the goals marked for the Department.

Entering into south-south and triangular cooperation as well as aligning TC with development plans and priorities of the government of Canelones implies, in the words of one of those interviewed, “moving from management of demands (necessities) of the territory to an approach involving the management of what the territory can offer.” That is, Canelones would become a territory with its own development project, a territory that knows where it wants to go and what its goals are. It would be a territory with its own valuable resources and experience and capable of analyzing and determining what it can offer to other territories in terms of cooperation. In this scenario it would be able to identify what partners and what knowledge are necessary to remove pending obstacles and better take advantage of opportunities that arise. In sum, this approach would imply an important change in the way Canelones relates to cooperation. The road is long but some initial steps have been taken in this direction as has been mentioned above.



Moreover, from the point of view of the consultant and in the light of the experiences, it would seem adequate that TC were to be planned in coordination with on-going programs and projects at the national level (now within the orbit of AUCI). An example of positive synergies resulting from linking territorial cooperation with that managed at the centralized level is the initiative “Canelones grows with you” (training and intervention to install a monitoring system for families in Canelones with nutritional deficit), which emerged through Spanish TC but then was the structural basis for a much greater project within “Uruguay Integra”, a cooperation program between the EU and Uruguay. This project, financed with funds from the EU in the modality of centralized cooperation, maintains the same name of “Canelones grows with you”, and implies the continuation of a line of action identified by the Intendencia which had arisen from the TC.

Finally, an interesting area of cooperation for Canelones, related to its active participation in local government networks in the framework of the process of integration of MERCOSUR is the transfer of institutional technology and experience in the area of the European policies of FEDER and the Regions Committee.

### 3. Territorial structures and cooperation.

#### **Territorial structures of cooperation**

In this case study, the area receiving cooperation is all the administrative jurisdiction of the Department of Canelones. Some cooperation projects end up intervening in a certain locality or zone of a Department (for example, the Parque Tecnológico Canario in Las Piedras), but most have an impact which extends throughout the entire territory of Canelones (for example, cooperation to increase the value of Canary patrimony in the Department or support of decentralization – Municipalities – and territorial planning).

On the other hand, there is no a priori definition coming from the Departmental Government as to a particular territorial area for cooperation (for example, river basins, specific localities or populations). On the contrary, the Intendencia considers that all of the Department (within the administrative-political borders) is the object of the cooperation. However, the Government of Canelones has defined an organization of the territory into micro-regions as shown in Map 3. However, this division into micro-regions does not seem to have played a significant role in guiding TC. In this respect, some of those interviewed who have ties to the Intendencia pointed out that there was a potential for promoting TC aimed at the micro-region defined as technological and industrial priority (region 6) and the micro-region designated as touristic (region 4).

In any case, there is an enormous potential for TC in the area of supporting how to articulate the coordination of these micro-regions (defined from the point of view of economic-productive vocations in the various zones) with the recently created third level of government (the Municipalities) and the more general characterizations such as the creation of a territorial and cultural identity, improvement of government management and insertion of the territory into regional and international scenarios. In other words, how did other territories solve these questions?

Also, depending on the department (this is not the case of Canelones) there may be cooperation ambits in protected areas, an issue in which there is little experience in the country. Another relevant problem which also does not have to do with Canelones because it is an interior

department of Uruguay, is that of borders. For those departments bordering on Argentina or Brazil, the transfer of experiences concerning cross-border management of shared problems can be very important.

Above and beyond the topic of what territorial areas should receive cooperation, in the light of the considerations that those polled make on the virtues of TC (“transferring of approaches about how things are done there”, “sharing common problems”, “having common interests”, “speaking the same language between pairs”) one seemingly adequate criterion could be that both of the cooperating partners be local governments and territorial areas of similar size and characteristics. This observation was reported by some of those polled but was not a generalized response. Nevertheless it would seem compatible with the discourse of the majority as to their view of TC.

Finally, with the exception of those who identified training and contracting of ITC-specialized and qualified human resources as an important factor in taking maximum advantage of the potential benefit of cooperation, most of the interviewees pointed out that an investment to facilitate transcontinental cooperation was not necessary. Moreover, more qualified human resources would be required for management which would lead, in turn, to institutional strengthening of the organizations participating in TC, beginning with the Intendencia itself. However, no sort of physical investment to more efficiently promote TC was identified as necessary.

## 4. Governance and the implementation of cooperation

### Relevant actors and organizations for TC

Based on the CAWI poll, Table 22 shows to what degree the various local actors are considered to be relevant to TC processes. In general, a tendency to consensus in the responses can be observed as to the importance of local (municipal) authorities being involved. This consensus is even more evident in the case of Italy and the twinning situations. In this respect, it may be useful to reiterate the fact that in Uruguay the third level of government does not have autonomy in competencies nor in resources (in the strictest sense, the only attribute of the third level of government is the right to elect its authorities by democratic suffrage). However, local authorities (the Municipal Council and the Mayor) significantly participate in TC and are identified as committed actors although they do not actually have the authority to promote cooperation without the approval and support of the Departmental Government.

In fact the Departmental Government is also acknowledged to be one of the most implicated actors in TC in all cases (approximately 60 and 70% of the responses indicate a high commitment for this organism). NGOs and local residents are mentioned by somewhat more than 50% of those polled in each type of TC as committed actors, although in Italy they are assigned more significance than in other cases. In the case of TC with Spain, the commitment of entrepreneurs with cooperation seems less important compared to Italy and Twinning situations.

**Table 22: Involvement of the actors with respect to TC (CAWI poll)**

Type of actor	Spain		Italy		Twinings	
	% mentioning this actor	Average involvement (from 1 to 5)	% mentioning this actor	Average involvement (from 1 to 5)	% mentioning this actor	Average involvement (from 1 to 5)
Municipality	76%	3.9	100%	4.0	100%	4.3
Departmental Government	68%	4.0	63%	3.6	57%	4.2
Local residents	64%	3.0	75%	3.2	57%	3.5
NGOs	56%	3.6	88%	4.3	57%	4.3
Entrepreneurs	44%	2.5	50%	3.2	43%	3.3

Note: Average of responses on involvement based on the following scale: 1-very low, 2-low, 3-moderate, 4-high, 5-very high.

Source: CAWI

Table 23 points out the key institutional actors in initiating and executing TC processes according to the CAWI polls, which asked those polled to select up to three organizations or institutions. In the case of TC with Spain, the Departmental Government is the institution identified as most important in leading these processes, although it is seen as accompanied by the Municipality. However, one must remember the weak position of the municipalities. An important role is also reserved for the national government as a promoter of cooperation in the territory.

It is interesting to note that in the case of cooperation with Italy, the Municipalities are indicated as the most important institutions, with more relevance even than the Departmental government. This may be due to the types of projects promoted, but after analyzing the case of Canelones in the face-to-face interviews and with the legislation in hand (Law of Political Decentralization and Citizen Participation), it would seem that there is an over-evaluation with respect to the role of the Municipalities as opposed to the fact that the competencies and authority are in the hands of the Departmental Government. It may be possible to agree that this type of cooperation with Italy may be initiated locally (by, for example, the Municipality of a town) but it cannot be defined and launched without the Intendencia placing at least equal interest in the initiative. The Municipalities cannot participate in agreements of any kind (they can't even have a bank account). It is the Departmental Government that has the authority to take these actions (although later it may decide to use the Municipality for the actual operative implementation).

In the case of twinning cities, similar importance is assigned to the Departmental Government, the Municipality and the National Government, but one must point out that 40% of those polled did not respond to this question (3 cases out of a total of 7). From the interviews, it was revealed that some twinning cities arose from casual actions such as a visit of foreign authorities or based on a trip abroad of a delegation from the Department. There is hardly any documentation as to how many of them began (the persons who had this

information were no longer with the organization consulted); thus the low rate of answers as to how these programs were initiated is not surprising.

**Table 23: Indication of up to 3 key organizations in the initiation and execution of TC; number of responses assigned in each case (CAWI poll)**

Type of actor	Spain	Italy	Twinning Cities
Municipalities	56%	88%	43%
Departmental Government	72%	50%	43%
National government	48%	38%	43%
Development agencies	16%	13%	0%
Chambers of commerce	8%	13%	0%
NGOs	28%	13%	14%

Source: CAWI

On the other hand, in the in-depth interviews, the Departmental Government appears in first place of importance as the relevant actor in promoting and executing ITC. The figure of the Intendente and his attitude toward cooperation are even mentioned above and beyond the institution itself. The associations of immigrants (both Spanish and Italian) are also considered very important and, to a lesser degree, the role of actors from the civil society. As an example, one interviewee mentioned that an NGO that works with teenagers with the support of the UNDP, generated an initiative that later became the seed of the cooperation program “Canelones grows with you”. Another mentioned the proactive role to mobilize cooperation on the part of local professional associations (such as the Canelones Society of Agronomics Engineers); in other interviews the role of some organizations in small localities emerged (such as the Association of Pensioners and the Retired in Tala). As for entrepreneurs, the general opinion is that they are only now slowly beginning to participate and assume some sort of role in these processes.

The interviews, on the contrary of the CAWI poll, do not consider that the Municipalities have, yet, an important role in generating and executing cooperation. In spite of the previous thing, there is a quite generalized opinion that local communities should be given more participation (although there is uncertainty as to whether the figure of the Municipality as it is defined at present will be a good instrument).

From the perspective of the cooperating partners, Canary Islands and Diputación of Barcelona, TC follows a general policy of direct cooperation with local governments, that is to say, they relate directly with the Departmental Government of Canelones. Anyway, in practice, cooperation has resorted to NGOs and organizations of the civil society. For example, the Foundation “Modelo de Islas Canarias” has been charged with the enactment of cooperation (see Table 11). In turn, the relation with associations of Canary Island immigrants in Uruguay is also important (although it does not result in much financial support given directly to these associations), as well as the relation between the Uruguayan and Canary Islands Chambers of Commerce. In the case of TC with the Diputación of Barcelona,

projects work with NGOs and private actors in the territory in coordination with the local government.

### **Legislation and regulation**

In several interviews the requirements of the TOCAF (Legal Text of Accounting and Financial Administration of the General Accounts Office of the Nation) are mentioned as hindrances within the national legal regulations, particularly in the management of the time periods and deadlines which are considered to run counter to the need for agility and flexibility required by cooperation projects.

Another aspect mentioned as a difficulty takes place when a project involves international cooperation from various sources, each one with its formal and legal requirements.

One of the interviewees pointed out that difficulties were encountered in receiving the transfer of equipment and durable goods which were treated as imports.

A very important issue is the fact that there is no framework or mechanisms in the national legislation which foresee or facilitate decentralized cooperation (TC). In the framework of the recently created AUCI, the issue of decentralized cooperation will surely be endowed with some sort of formal framework, but at present there is no such mechanism.

In the case of Canelones, the study points out that it is also necessary to promote agreements between universities, social organizations and the Government of Canelones in the area of cooperation. This would strengthen the territory, thus generating continuity and greater permanence, as well as lead to more adequate project proposals with greater potential for ITC relations.

### **Forms of governance and good practices**

In relation to the most adequate structure of governance for TC, there is general agreement among those interviewed that TC should be managed in a decentralized way. The idea behind a decentralized structure is based on the fact that if management is centralized, cooperation will be limited and runs the risk of not adequately taking into account the needs and concerns of the territory. Moreover, a large part of TC emerges from informal and personal bottom-up exchanges, which would be strangled in a more centralized scheme.

Since already it was said, the constitution of the Municipalities is very recent and it is not considered possible at this moment that they will become the main managers and executors of TC. However, ITC should be an instrument in reinforcing the third level of government in order to progress toward the creation of strictly local competencies through a truly bottom-up logistics. Nevertheless, there is no consensus on this opinion due to the incipient nature of the decentralization process in Uruguay.

An argument in favor of greater participation of local governments, the Municipalities, is that they can represent the interests of the local community above and beyond political signs or their relation with the Departmental Government. There is an example in the case of ITC

received from Galicia to build the “Casa del Viejo Pancho”<sup>120</sup> a Cultural Center in the town of Tala in Canelones. This initiative was led by local actors and the Local Junta of Tala, with the support of the Uruguayan Galician Center, between 2005 and 2009. When this project was first launched with Galicia, the Junta of Tala belonged to the same political party as the Departmental Government, but, since 2010, with the constitution of the Municipality of Tala, there is a Mayor from the opposition party. However, the project is being developed on the same lines as the initial project for the Cultural Center and with the same commitment on the part of local actors.

There is also general agreement that the civil society should participate more in TC processes, thus making governance more horizontal. There are no visible legal problems to their participation, but the cost and bureaucracy involved in acquiring legal status, as well as the need to build up a culture of participation, are important obstacles.

In sum, the Departmental Government is identified as the main actor in TC, coordinating with civil society and fostering participation in a broad sense. There is also general agreement that cooperation should be coordinated by the National Government within the framework of the AUCI, although avoiding that the national level control and strangle the processes that should naturally be guided by interests between pairs with equal concerns and problems. That is the advantage and value of territorial cooperation: it is more flexible and adaptable to the needs of the territory, based on concerns that are nearer to the citizens and social organizations of the territories facing similar challenges.

Several opinions were collected from the in-depth interviews as to good practices. The following are the best examples:

One aspect that is suggested should be corrected is that institutional strengthening has been aimed at persons or teams that are temporary, and therefore, the real effect of fortifying the institutions is weakened. It would therefore be advisable that TC operate within the local government’s institutional improvement strategies which would guarantee their own technical budgeted teams instead of generating parallel structures of consultants contracted to end of project. As it is, the capabilities created are lost at the end of the project.

An example of a good practice is the emphasis placed on participation and linking of citizenry to the projects. An example is the TC from the Canaries in the project “100 squares”. Although this cooperation could be viewed as support to infrastructures in public spaces with the objective of social integration, the procedure employed in the execution of the project transformed it into something much more profound. The implementation of the project determined that the decision as to the location of the square and the way of intervening would be determined by a process of participation of the local community (neighbors and neighborhood organizations). This procedure was successful in committing

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<sup>120</sup> José Alonso y Trelles was known as “El Viejo Pancho”. He was originally from Ribadeo, a town in Lugo, Galicia. He settled in Tala in 1877 and was an important narrator, poet and playwright. His best-known book of poetry is titled “Paja Brava”, published in 1916.

the townspeople to the new infrastructure and its maintenance. But it was also beneficial from the point of view of supporting the general policy of the Departmental Government to promote citizen participation. Another aspect of this project considered a good practice was the transversal character of its management toward the interior of the Intendencia by creating a commission formed by different areas. This allowed a good coordination and positive synergies.

Other case is the project with Canarias culminated with the publication of a catalog of cultural assets of the department (Honorary Commission of Departmental Patrimony, 2009), but, again, the real value of the project was the process. The final product could have been obtained by a commission of experts and notable persons. However, the organizers decided to involve the local communities in the process of identification and selection of the tangible and intangible patrimony. Local commissions were organized in each locality, in charge of debating and proposing the cultural assets to be included in the catalog. All of the participative process, the photographic developing and the necessary logistics – besides the final publication – were financed by the TC.

Although not a cooperation project in itself, the research funding system of the Cabildo of Gran Canarias worked optimally in funding research into the Canary identity of Canelones (Barreto Messano, 2008). Moreover, the relation between CEDOCAM (Center of Documentation of Canaries and America) and the Intendencia of Canelones was also optimal and led to an agreed focus for historians and local anthropologists whose objective was to consolidate collaborative ties with libraries and public and private archives to digitalize books, magazines and other types of materials related to the Archipelago. The collection of Canarian-Uruguayan bibliographic and photographic manuscripts is among the most novel aspects of the project. This collection can be observed and consulted in a virtual museum of digitalized documents and photos.<sup>121</sup>

Another example of good practice in the area of territorial legislation was the project to support the “Costa Plan” with funding from the Junta of Andalusia between 2006 and 2010 which involved cooperation of approximately 50% in infrastructure and 50% in technical consulting and advice. The “Costa Plan” is considered a priority plan by the Intendencia to attend to the needs of the area of greatest population growth in the Department, an area of multiple problems due to the disorderly nature of the growth. As a part of the cooperation project, a fish market was built which improved the conditions of fishermen and contributed to better organize the territory. A Civic Center was also built and the infrastructure for urban equipment in the Avenue Giannattasio was improved. These infrastructures were included in a larger territorial planning project, many of them, such as the fishermen’s market, showing that the zoning plan was in fact a valid and necessary tool. Other constructions, such as the Civic Center, had a central function in the project as a way of endowing with identity a city that grew chaotically with neither administrative nor local emblematic points of reference.

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<sup>121</sup> See: <http://patrimonioscanariosdelacomuna.org.uy/cedocam>

This is a good practice because TC supported the strategic line of action defined as a priority by the Government of Canelones thus enriching the initial strategy and generating synergies with the actions that were already foreseen. On the other hand, the greatest value of the cooperation can be found in the technical exchange and transfer of experience in the cooperant territory.

### Implementation and financing

In answer to the CAWI question of what would have happened if the projects had not had cooperation funds, in the case of TC with Spain, 68% responded the project or action would have taken place anyway with objectives similar to those of the TC. In the case of TC with Italy, the percentage is similar (63%). At any rate, 30% to 40% of cases did not respond to the question (which leaves the doubt as to whether they did not know what would have happened or they didn't wish to answer) or answered that similar actions would not have been carried out.

Table 24 shows that without TC the activities would have been carried out somewhat more slowly, on a smaller scale or, exactly the same, with a lower or equal budget, but referring to different projects or actions from those carried out with TC.

**Table 24: Responses as to how the projects would have been without TC in the cases in which they might have carried out similar activities (CAWI poll)**

Variable	Average of responses on TC with Spain	Average of responses on TC with Italy
<b>Time</b> (1-much slower; 2- slower; 3-the same; 4-faster; 5- much faster)	2.1	2.5
<b>Scale</b> (1-much smaller ; 2- smaller; 3-the same; 4-larger; 5- much larger)	2.4	3
<b>Budget</b> (1-much smaller ; 2- smaller; 3-the same; 4-larger; 5-much larger)	2.3	3
<b>Areas/projects</b> (1-very different; 2-different; 3-somewhat similar; 4-similar; 5-the same)	2.6	2

Source: CAWI

The results of CAWI responses as well as the in-depth interviews may have various interpretations. One is that without cooperation, there would be fewer resources to finance the actions, and the budget would therefore be lower. But in some responses in the face-to-face interviews, it was also mentioned that when TC is involved, the costs are higher because intermediations and bureaucracies must be created and financed. These costs are not necessary when funding is obtained locally. These considerations lead one to take a closer look at what kind of actions should preferably be financed with TC. It seems to be



better to finance the transfer of knowledge not available in the territory (transfer of “know-how”, technical exchange, access to networks, among others) over the funding of infrastructures.

**Table 25: Availability of resources to participate in TC (CAWI poll)**

**Scale: 1-minimal; 2-few; 3-almost sufficient; 4-sufficient; 5-significantly important**

Resources	Average of answers for TC with Spain	Average of answers for TC with Italy	Average of answers for Twinnings
Funds	2.1	2.5	2.0
Human Resources	2.9	2.3	2.2

Source: CAWI

Table 25 shows the availability of resources for local organizations and institutions to participate in TC. In general an important deficit of financial and human resources can be observed. This data hides a significant heterogeneity in that some organizations are better endowed while others are worse off, but on the average, one can conclude that more resources are needed in order to take better advantage of the TC, particularly if TC agreements are expanded.

**Table 26: Participation in the source of funding for TC (CAWI poll)**

**Scale: 1-very low; 2-low; 3-medium; 4-high; 5-very high**

Origin of Funding	TC with Spain		TC with Italy	
	Percentage of cases mentioning this type of funding	Average of responses	Percentage of cases mentioning this type of funding	Average of responses
Own resources	80%	2.7	50%	3.0
Public/private associations	20%	2.0	13%	4.0
Foreign partners	52%	3.2	50%	2.7
EU funds/programs	48%	3.2	63%	3.2
National funds	72%	2.4	50%	2.7

Source: CAWI

According to the CAWI polls Table 26 shows that TC has different funding sources, none of which are excessively significant. In TC with Spain, the organizations use its own funds and national sources, with a medium to low participation in the total budget. On the other hand, in half of the cases, funds coming from foreign partners or EU programs are very relevant with an average participation of approximately 50%. In TC with Italy, funding is obtained with similar weight from EU programs, national sources, foreign partners and own resources. In both cases public-private associations rarely provide resources.

But not all problems or solutions refer to financial funding. Several interviews point out that many of the existing problems could be solved with better planning and by establishing priorities more carefully for the cooperation, through more efficient and solid elaboration and management of the projects and by involving transversal areas of the Intendencia in ITC projects thus avoiding excessive fragmentation.

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### List of in-depth interviews

The interviews were held face-to-face, each interview lasting from one and a half to two hours. The two Spanish counterparts were interviewed by telephone, in addition to e-mail exchanges both before and after the telephone interview.

Interviewee	Profile and organization	Contact
Igor Santander	Master in International Cooperation. Director of the International Relations Consultancy in the Intendencia of Canelones. He is the main contact in the Intendencia for the present research, having coordinated the tasks to be carried out in order to facilitate access to relevant sources of information.	<a href="mailto:igorsantander@hotmail.com">igorsantander@hotmail.com</a> cell: 00598 – 99511763
Isabel Barreto	Anthropologist, researcher in the University of the Republic; publications, funded by Canary cooperation, on immigration of Canary Islanders to Uruguay.	<a href="mailto:loumes@yahoo.com">loumes@yahoo.com</a> cell: 00598-99915742
Yamandú Costa	Director of the Canary Technological Park (a project carried out with Canary cooperation). President of the Uruguayan-Canary Chamber.	<a href="mailto:desarrolloproductivo@adinet.com.uy">desarrolloproductivo@adinet.com.uy</a> cell: 00598 - 99435813
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Interviewee	Profile and organization	Contact
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M <sup>a</sup> Consolación Dapena Boixareu	<p>Head of the Social Action and Cooperation Office in the General Direction of Emigration. She is in charge of Canary cooperation in Latin America. Santa Cruz de Tenerife (Spain).</p>	<p>mdapboi@gobiernodecanarias.org Tel: 0034 – 922533355 Telephone interview</p>
Laia Franco Ortiz	<p>In charge of “Cooperació Directa Amèrica Llatina”. Office of “Cooperació al Desenvolupament”. “Direcció de Relacions Internacionals” Presidential Offices. Diputació de Barcelona (Spain).</p>	<p>francool@diba.cat Tel: 0034 – 934020676 Telephone interview</p>

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## **2.9 Case Study on Spain – Morocco**

The case of the Andalusia co-operation with Tangier -Tetouan

Autonomous University of Madrid



- **Physical areas of territorial cooperation**

**Strengths:**

1. The actions that have worked best are those in which Andalusia can contribute added value due to its own experience in development: decentralization in the areas of administration, health, rural development policy and agriculture.
2. A broad spectrum of actors involved: workers unions, universities, chambers of commerce, NGOs, city halls, “Diputaciones” (provincial government), entrepreneurial associations, regional administration, associations of local entities, development agencies, international organisms and foundations.

**Weaknesses:**

1. Varying interest in the cooperation.
2. Deadlock in the agreement on the Instrument of European Neighborhood Policy, which prevents the carrying out of joint projects in better conditions.
3. Lack of funding as a consequence of the economic crisis in Europe.

**Future:**

1. Find more common interests.
2. There is a wish to work in a dynamic of triangular cooperation, which would allow for cooperation with Morocco on projects that would benefit other African countries.

- **Driving forces and domains of co-operation**

**Strengths:**

1. Work in social and cultural spheres has led to intervention in other areas such as infrastructure or local economic development linked to improved standard of living in general.
2. The projects with the best results are those that are carried out jointly and adapt to Moroccan needs in agreement with its territorial development strategy which was previously defined or has been planned due to previous actions to improve Synergies have been established among projects with different sources of funding as a consequence of mutual contact and a network of agents established in Andalusia for cooperation among the various local entities and other social agents.

3. Bottom-up cooperation has greater impact than centralized cooperation because it is programmed at the local level based on the needs of the local population within a common strategic development plan in Morocco.

**Weaknesses:**

1. The decision-making mechanism in Morocco, representative and executive lines of responsibility, can make relations difficult if a delicate balance between both lines is not maintained, because the representative current has budgetary and decision-making limitations while representing the municipalities and social agents.
2. Limitations imposed from the EU on visa policy, which make it difficult for the actors in Moroccan cooperation to travel to Spain.

**Future:**

1. Greater technological equipping in the Moroccan digital platforms.

- **Territorial structures and specific border cooperation**

**Strengths:**

1. Maintenance of organizational structures in Morocco: permanent office presence of Spanish Chambers of Commerce and vice-versa, of Spanish development agencies and some foundations and associations from local entities.
2. Cooperation on Biosphere Reserve of the Strait of Gibraltar as a model for environmental cooperation processes between continents and, as a protocol for joint action in the case of environmental threats.
3. Territorial cooperation has led to informal bilateral relations between both regions even at moments in which diplomatic relations had been suspended.
4. The Strait of Gibraltar as a geo-strategic platform constituting a competitive advantage for the cooperating territories.

**Weaknesses:**

1. Lack of Moroccan funding for territorial cooperation.
2. Different institutional and legal systems and divergent cultures.

**Future:**

1. The creation of twinnings would lead to lasting personal relations and would be transmitted and maintained by trusted local administrations.
2. Increased Moroccan funding for territorial cooperation.

3. Training in the management of decentralization within democratic processes and in the management of local entities in Morocco.
4. Cooperation from the position of equality and respect. The relations established should be understood as relations between partners, not as aid-givers/receivers. If this is not adequately taken into account, cooperation may be understood as sequels of colonialism.

- **Governance structures and implementation of cooperation**

**Strengths:**

1. Coordination and concentration of actions at the time of the designing and presenting of cooperation projects, after which decentralization of the projects among counterparts from both territories should take place in order to avoid overlapping and dispersion of efforts and to take advantage of joint action synergies on the part of the various entities interested in the cooperation.
2. Twinning, but only if they are based on solid personal relationships of trust maintained between the corresponding local leaders.

**Weaknesses:**

1. Coordination problems as a consequence of excessive decentralization of Andalusian cooperation.
2. Sporadic problems of a bilateral strategic nature between Spain (EU) and Morocco which can affect cooperation.

**Future:**

1. Greater coordination between the Spanish AECID and FAMSÍ and the Moroccan Regional Council of Tanger-Tetouan and Art-Gold Program of the UNDP (PNUD).
2. Reinforcement of the support of Moroccan universities which are not sufficiently involved in Moroccan territorial development.
3. Evaluation of the actions of decentralized cooperation to verify its impact on socio-economic development in each project.
4. Development of mechanisms which would maintain permanent Spanish structures in Morocco at the expense of Moroccan funds in the framework of joint projects, and permanent Moroccan structures in Spain at the expense of Spanish/European budgets.
5. Good practices are being transferred from Europe to Morocco, but it is hoped that there will be transfer mechanisms in the future from Morocco to Europe so that action is not only based on the idea of solidarity.

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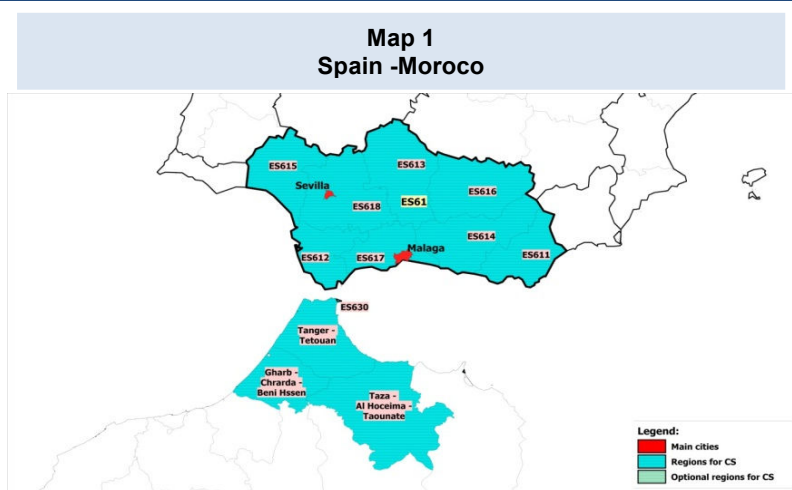
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## B | Abbreviations

<b>AACID</b>	Agencia Andaluza de Cooperación Internacional para el Desarrollo (Andalusian Agency for International Development Cooperation)
<b>AECID</b>	Agencia Española de Cooperación Internacional para el Desarrollo (Spanish Agency for International Development Cooperation)
<b>FAMSI</b>	Fondo Andaluz de Solidaridad Internacional (Andalusian Fund for International Solidarity)
<b>FEDER</b>	Fondo Europeo de Desarrollo Regional (European Fund for Regional Development)
<b>FMI</b>	Fondo Monetario Internacional (International Monetary Fund)
<b>HCP</b>	Haut Commisariat au Plan (High Planning Commission)
<b>IDE</b>	Inversión Directa Extranjera (Foreign Direct Investment)
<b>IDH</b>	Índice de Desarrollo Humano (Human Development Index)
<b>IEDT</b>	Instituto de Empleo y Desarrollo Socioeconómico y Tecnológico (Institute of Employment and Socio-economic and Technological Development)
<b>ONGs</b>	Organizaciones No Gubernamentales (Non-governmental Organizations)
<b>ONU</b>	Organización de las Naciones Unidas (Organization of the United Nations)
<b>PIB</b>	Producto Interior Bruto (Gross Domestic Product)
<b>PNUD</b>	Programa de Naciones Unidas para el Desarrollo (United Nations Development Program)
<b>POCTEFEX</b>	Programa de Cooperación Transfronteriza España-Fronteras Exteriores (Cross-border Cooperation Spain – Foreign Borders Program)
<b>RGPH</b>	Recensement Général de la Population et de l’habitat (General Census of the Population and Housing)
<b>UNCTAD</b>	United Nations Conference on Trade and Development

## C | Introduction



Source: TERCO, Interim Report.

### Background Information about the Case Study

#### **1. Historical relations between Northern Morocco and Andalusia**

The fact of having shared the same process of geological genesis has led to the birth of very similar ecosystems, with the Mediterranean Sea between them as if split into two contradictory parts. In this way, the soil, the morphology of the terrain and the riverbeds are repeated on both sides of the split and the climate and the various vegetable and animal species therefore make for extremely similar landscapes.

Historically, in spite of sharing extremely strong ties such as natural and, in part, cultural patrimony, geographic proximity has meant that historical frictions have increased even as ties between “natural blocks” also increase (Krugman, 1994). This has led to an inverse effect, due to religious, political, cultural and socio-economic differences, and reinforced by factors such as economic and political instability on some points of the borders and large differences in income over recent centuries, all of which is transformed into what are at times outrageous prejudices between the two parts.

In spite of this fact, ties between Morocco and Spain throughout history have been quite close. Since Phoenician times, after the foundation of ancient Gadir (Cadiz at present), throughout the Carthaginian influence (whose empire was located in present-day Tunisia), or Roman and Arabic colonization, the relations between the two peoples of Andalusia and northern Morocco have been of great intensity (Lomas, 2005).

Roman ruins in northern Africa, some of great value and not always known to Europe, follow the same guidelines as those found in Spain. Some Islamic

monuments in Seville or Granada are practically twins to those of Marrakech or Fez. Since the first millennium before our era, probably even before, there is evidence of human movement and the exchange of materials between the southern Iberian Peninsula and northern Morocco, facilitated by a common political environment of the empires that have succeeded each other in the Mediterranean, the epicenter at times on the north shores – Greeks, Romans and Byzantines – and at others on the southern shores – Phoenicians, Carthaginians and Arabs – but always with a joint view of the arc drawn by the sea (Chic, 2009).



Source: United Nations. (It is necessary to ask for permission by e-mail to publish this map).

With the arrival of the Roman Empire, culturalization of both zones was quite intense due to the creation of population nuclei managed by Romans, which established a lifestyle modeled on Rome. In fact, the peninsular south and the Moroccan north were considered the same administrative division: the *Betica*; There were greater distances between two peninsular regions than there were between present-day Andalusia and northern Morocco.

With the Arab conquest of the Iberian Peninsula, the political influence from northern Africa was extended to Andalusia for eight centuries until the year 1492. In fact, all of the administrative structures coming from the south were effectively installed, although not always in total harmony with already-existing structures; in fact



both structures often coexisted (Collins, 1989; Vernet, 2002).

The 19th century and the first half of the 20th was a period of conflict when what are known from the Spanish viewpoint, as the “wars of Africa” took place. In the Treaty of Algeciras of 1906, Spain was allotted the north of Morocco as a Protectorate. Morocco, in turn, had had control over Western Sahara since 1875 and had been allotted the territory of Sidi Ifni since 1860, while the rest of the country had been turned over to France. This Treaty was in force from 1912 on when Spanish and French troops began to occupy their corresponding areas. The Protectorate regime was accepted by the sultan but not by the outlying Berber tribes of Rif who raised arms against the Spanish and French troops under the leadership of Abd al-Krim. There were various military episodes, particularly in the decade of the 1920s; specifically, the Battle of Annual (July 22, 1921) was a disaster for Spanish troops. The war of the Rif did not end until 1925 when Miguel Primo de Rivera disembarked in Alhucemas with his Spanish troops. The Spanish Protectorate did not mean great change in the standard of living of the population of northern Morocco, in spite of the fact that that was precisely the political justification for colonization. Besides the military personnel and their families, some groups of peasants, workers and Spanish civil servants settled in Morocco and were characterized by a deep admiration for the country. As great believers in reinforcing relations of all types between Spain and Morocco once the latter obtained its independence on April 7, 1956, once the Franco regime as well as the French was willing to accept it (Fernández, 2008).

Some conflictive aspects have emerged in the history of cooperation and collaboration with Morocco, such as those related to the territories that Spain possesses in northern Africa (Ceuta and Melilla, the Peñón de Vélez de la Gomera, el Peñón de Alhucemas or the Chafarina Islands) which have been claimed repeatedly by Morocco. Moreover, the case of the Sahara in which Spain is a key mediator due to its status as a former colonial power, which means that Spain has had international presence in this controversy. Spain however is not directly affected by the conflict as the issue is more involved with tensions between Morocco and Algeria.

Since 1986, when Spain joined the EU, many of the former relations maintained at the national level, fell under the authority of the EU. This fact led to Morocco receiving preferential treatment which materialized in an “advanced statute”. Thus, in questions of Cooperation and Neighborhood, the EU is the main actor in mediation and attempts at finding solutions which means that cooperation is driven by the EU,

endowing it with even more force in the international arena.

Moreover, from the moment of Spain's adhesion to the EU, the corpus of EU legislation, therefore all those aspects in which Morocco and its citizens were participants automatically became part of the Spanish national legislation as was the case of the Association Agreement in 1969 and the Cooperation Agreement of 1976 through which Moroccan workers benefitted from free circulation in Spain. Although the most influential role of the EU has been in the sphere of immigration and border issues which clearly exerts great influence on all topics shared by Spain and Morocco, particularly since 1995 when Spain began to apply the Schengen Agreements of 1985 and 1990 and integrated into the Treaty of Amsterdam to become part of EU legislation. These agreements directly have a bearing on the concession of short-term visas and the control of ports, airports and terrestrial borders with Morocco.

## **2. Geography**

### **2.1. Natural and environmental resources<sup>122</sup>**

The region of Tanger-Tetouan is made up of a great variety of climates and reliefs. Areas of abrupt morphology occupy more than 80% of the regional territory where four zones can be distinguished:

1. The Tangeroise in the Strait of Gibraltar.
2. The Mediterranean coast.
3. The Jbala inland mountains and valleys.
4. The Low Loukkos River valley.

The climate is Mediterranean with oceanic influences and the temperatures are therefore mild in winter and moderate in summer. The pluviometric index is one of the highest in Morocco and there is normally snow in the winter above 1000m altitude.

The main environmental locations in the region are the following:

1. Perdicaris Park in the city of Tanger.
2. The Tahaddart, an area of biological and ecological interest in the province of Tanger-Assilah.
3. Talassemrane Park in Chefchaouen (60,000 hectares).

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<sup>122</sup> This section is based, although not exclusively, on information made available in the report on the Art Gold Program for the region (Pedraza, 2009).

#### 4. Regional Natural Park of Bouhachem (76,000 hectares).

These areas, along with the Natural parks of the Cádiz and Malaga mountains near the Strait of Gibraltar constitute the Intercontinental Biosphere of the Mediterranean which includes a million hectares on both shores and constitutes a model of transnational and transcontinental management and an element of territorial cooperation of significant transcendence for sustainable development in Andalusia and Tanger-Tetouan.

36% of the territory of the region is covered with forests, an element of unquestionable wealth for rural inhabitants, although the area is subjected to great pressure and there is a high risk of accelerated deforestation (Targuisti, 2011).

The situation of the integral water cycle poses risks of contamination of aquifers and the sea, the need to improve sewage treatment and solid wastes, etc. which put new activities in the region, like tourism, at risk. These issues are difficult to solve in the short term since they are caused by unplanned development of urban areas in the region as a consequence of the rural to urban emigration. However, rapid solutions are required from the perspective of lasting, long-term development.

### **2.2. The population of Tanger-Tetouan and distribution in the territory**

Tanger-Tetouan is the most dynamic region economically and socially in northern Morocco, as well as the region of greatest geo-strategic interest for Europe as a consequence of the maritime proximity (14 kilometers) by way of the Strait of Gibraltar. The geographic extension of the region is 13,712 square kilometers. It is bordered on the west and north by the Atlantic Ocean and the Strait of Gibraltar, on the East by the Mediterranean Sea and the region of Taza-Alhucemas and on the south by this same region and the Garb-Chrarda-Beni hsen region.

According to the latest official census (2004), the region of Tanger-Tetouan has about 2,504,000 inhabitants, 8.15% of total Moroccan population, of which 58.24% live in urban zones. According to estimates of the High Planning Commission (HCP), the population for 2008 could be about 2,625,000 inhabitants, with 60% living in urban areas.

From an urban point of view, the region is bipolar since the two major cities contain about half of the population: Tanger (669,685 inhabitants) and Tetouan (320,539) are located at a distance of only 60 km from each other. Moreover, these cities concentrate most of the economic activity: 86% of all industry is concentrated in Tanger where the main activities are agro-food industry, manufacture of machinery

and electrical equipment and the textile and handicrafts industry. On the other hand, the area served by these cities concentrates the main national and foreign investments: the Tanger-Med port, highways and tourist centers, including the creation of two new cities around the new port and in the area of Tetouan.

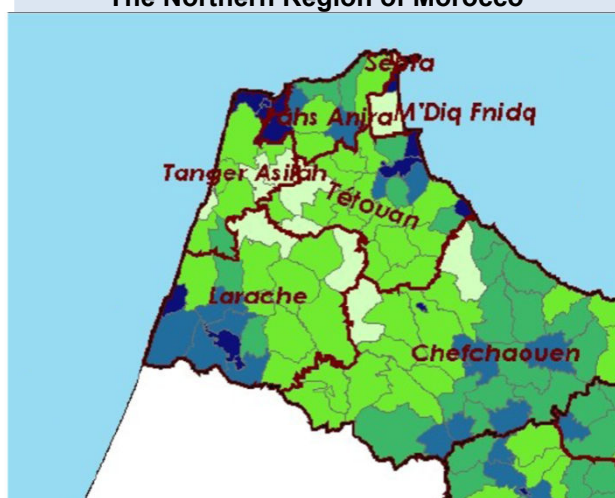
**Tabla 1**  
**Evolution of the population in the región of Tanger-Tetouan in thousands of residents**

	1982			1994			2004		
	Urban pop	Rural Pop	Total Pop	Urban Pop	Rural Pop	Total Pop	Urban Pop	Rural Pop	Total Pop
Tanger-Asilah	312	124	436	526	102	628	724	53	777
Tetouan	228	158	385	367	170	537	475	147	622
Larache	137	182	319	201	230	432	222	253	475
Chefchaouen	26	283	309	43	396	439	56	475	531
Total Region	703	747	1449	1137	898	2036	1477	928	2405

Source: RGPH (1982, 1994 Y 2004).

Larache and Ksar El Kebir are the next two largest urban concentrations with a total population of around 100,000 inhabitants and an urbanization rate of 49% for 2004, although there is no appreciable growth rate for Ksar El Kebir. There are also other lesser urban areas, particularly the coastal cities near Tetouan (Martil, Mdiq and Fnidq), oriented toward commerce and tourism, which have high growth rates. In contrast, the inland area of Chefchaouen has a growth rate of approximately 1.3% and a low urbanization rate.

**Map 3**  
**The Northern Region of Morocco**



Source: HCP, 2004.

The cities in this region have collectively registered an annual growth rate of about 2.4% over the inter-census period of 1994-2004, which confirms the tendency toward

decreased growth rates as compared to earlier data: 4.09% between 1982 and 1994 and 3.8% between 1971 and 1982. The contrary is true in rural areas which showed a growth rate of 4% between 1994 and 2000 as opposed to 1.9% and 1.65% respectively, in earlier periods.

The population density is 42.8 inhabitants per km<sup>2</sup>, similar to the national average of 43 inhabitants per km<sup>2</sup> although this statistic seems distorted when observing the coastal density of more than 600 in habitants/km<sup>2</sup>.

**Table 2**  
**Urbanization rates in the Tanger-Tetouan region**

Province / Prefecture	Urban Population			Total Population			Urbanization rate		
	1982	1994	2004	1982	1994	2004	1982	1994	2004
Tánger-Asilah	312,227	382,061	703,614	436,227	447,704	762,583	71.57%	85.34%	92.27%
Fahs-Anjra*				50,544	74,379	96,497	0.00%	0.00%	0.00%
Tetouan	227,291	367,349	463,968	384,955	537,290	613,506	59.04%	68.37%	75.63%
Larache	137,434	201,485	219,577	319,250	431,476	472,386	43.05%	46.70%	46.48%
Chefchaouen	26,499	42,914	54,762	309,024	439,303	524,602	858%	977%	10.44%
Tanger- Tetouan region	703,451	993,809	1.441.921	1,500,000	1,930,152	2,469,574	36.45%	42.03%	44.96%

\*Urban populaton: there is no data. 1982 Total population is estimated according to HCP data.

Source: *Etude du bi-pôle Tánger–Tetouán, 2003, Recensement Général de la Population et de l'habitat (RGPH), 2004.*

**Table 3**

**Evolution of the urban milieu in the region of Tanger-Tetouan**

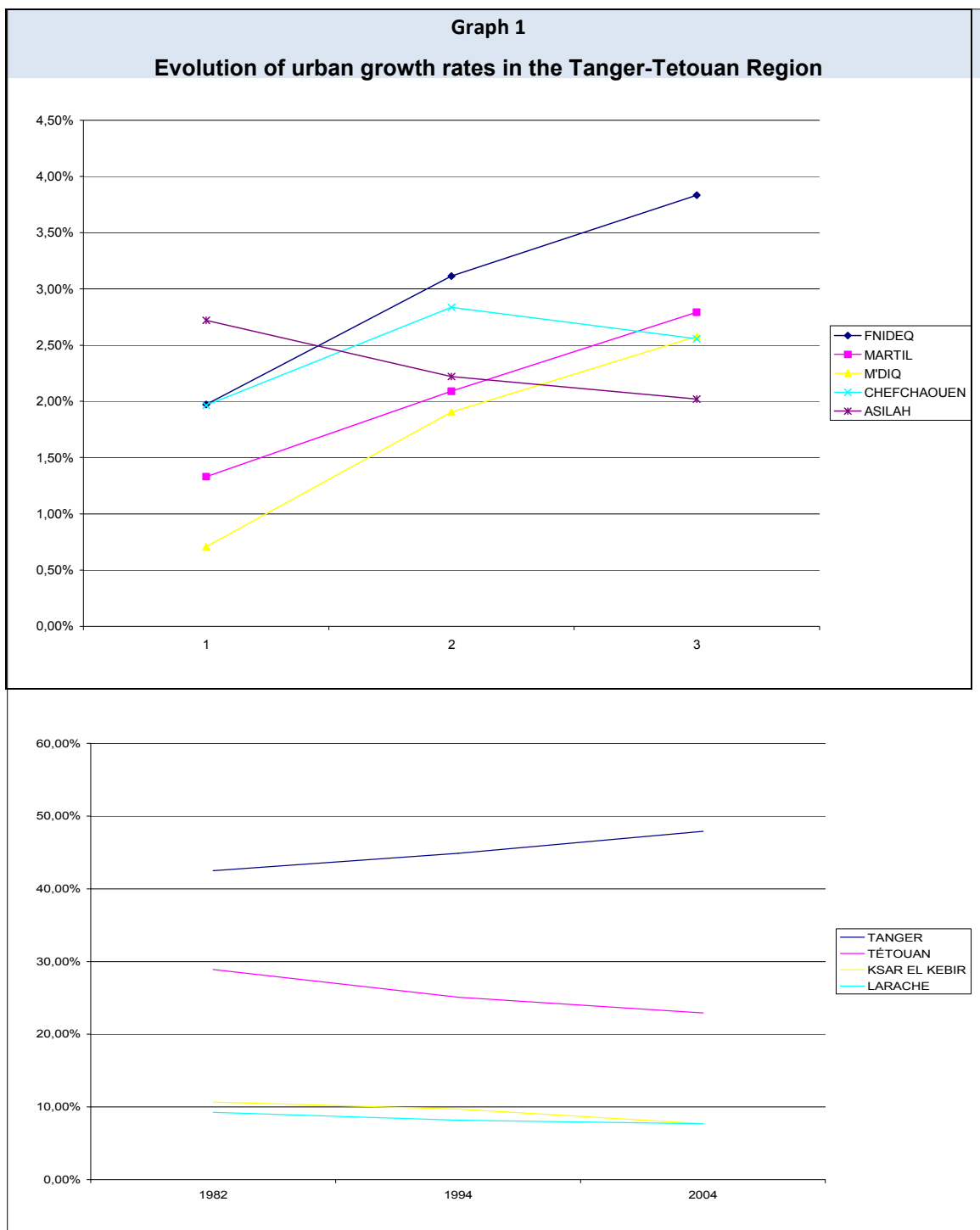
	1.982	1.994	2.004
TANGER	293,446	497,147	669,685
TETOUAN	199,615	277,516	320,539
KSAR EL KEBIR	73,541	107,516	107,380
LARACHE	63,893	90,400	107,371
FNIDEQ	13,613	34,486	53,559
MARTIL	9,185	23,143	39,011
M'DIQ	4,878	21,093	36,011
CHEFCHAOUEN	13,563	31,410	35,709
ASILAH	18,781	24,588	28,217

Source: (RGPH), 1892, 1994 y 2004.

The urbanization rate has gradually increased in recent decades: in 1982 it was 48.5% reaching 57.5% in 2004. Speaking generally, the Prefecture of Tanger registered an increase rate of 90.5% last year followed by the province of Tetouan which grew 75%, undoubtedly showing the extensive concentration of the population in the large cities of the north on the Tanger peninsula as well as the coastal areas of Martil, Mdiq and Fnideq.

The inland provinces of Larache and Chefchaouen show an urban rate of 45% and 10% respectively. The province of Fahs Anjra, located near Tanger is a rural territory although the situation may change radically in the next census of 2014 since, according to the projections of the HCP, launching of the Tanger-Med port is expected to greatly increase urbanization in the area.

In the Tanger-Tetouan region, migration is more significant to urbanization than natural growth since the fecundity rate is only 2.1% and even less in the city of Tanger itself. However, Tanger attracts a great number of immigrants (40%), followed by Tetouan with 30% and Larache with 19% according to the 2004 census. Immigration is mainly due to the extensive exodus from rural to urban areas, a parallel process to the occurring in Andalusia.



Source: HCP, 2004.

Contrary to the situation in other areas of the country, Tanger-Tetouan has undergone a process of redynamization motivated in good measure by the arrival of large foreign firms due to accelerated development of civil society fabric as well as increasing urbanization of the territory. The increased attraction of the region is obvious in the increase in population. Nevertheless, this process of economic

development has been accompanied by a parallel process entailing not only a rural exodus toward the major urban nuclei of the region, but also the appearance of disadvantaged peripheral areas, a more precarious social situation and unhealthy living conditions in some areas.

**Table 4**  
**Evolution of the population of the agglomerations of Tanger**

	Population 1994	Population 2004	Growth rate
<b>Urban area of the district of Tanger</b>			
AR Béni Makada	144,154	238,382	5.2%
AR Charf-Moghogha	108,577	141,987	2.7%
AR Charf-Souani	105,882	115,839	0.9%
AR Tanger-Médina	138,534	173,477	2.3%
Total área urbana	497,147	669,685	3.0%
<b>Periferal municipalities of Tanger</b>			
C.R. Boukhalef	18,744	18,699	-0.78%
Centre Gueznaia	1,967	3,187	4.49%
C.R. Al Bahraouyine	7,258	10,501	3.8%
C.R. Al Aouama	10,286	20,541	7.2%
<b>Total Peripheral municipalities</b>	<b>38,255</b>	<b>52,928</b>	<b>3.3%</b>
<b>Total Agglomerations of Tanger</b>	<b>535,402</b>	<b>722,613</b>	<b>3.0 %</b>
<b>Total Marocco</b>	<b>26,073,717</b>	<b>29,891,708</b>	<b>1.4 %</b>

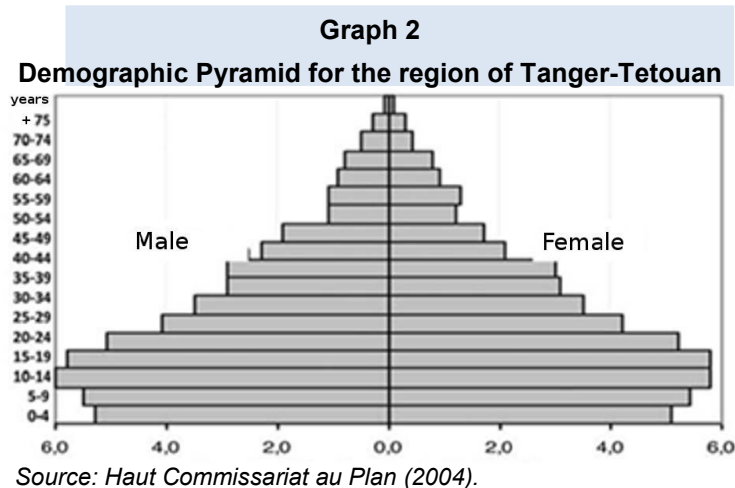
Source: HCP (1994 and 2004).

The urban areas that have built up around Tanger are concentrated in four urban settlements and three rural peripheral municipalities. These have registered a growth rate of 3% in the inter-censal period of 1994 to 2002, although HCP estimates are higher for the year 2010.

According to the most recent data from the 2004 census, the population in these four municipalities increased by 70,000 inhabitants, while in the nearest rural towns the increase was 30,000 inhabitants with the town of Al Aoumer, near Beni Makada, at the head of growth with a maximum rate of 7.2%, well above the rural average of 1.1%. A sign of the arrival of a more urban life-style, the number of homes has increased in a greater proportion than the increase in inhabitants with an annual average growth of 4.1% before 2004, growing from 96,694 homes in 1994 to 144,297 in 2004.



The demographic structure shows a clear pyramidal form. The age group of less than 15 years-old reached 33% of the population; including those less than 19 years old the figure reaches 44.6% and this tendency is accentuated in rural areas. The medium-term consequences will include the need to incorporate a new working population thus creating greater pressure on the labor market.



### 2.3. Transportation infrastructure.

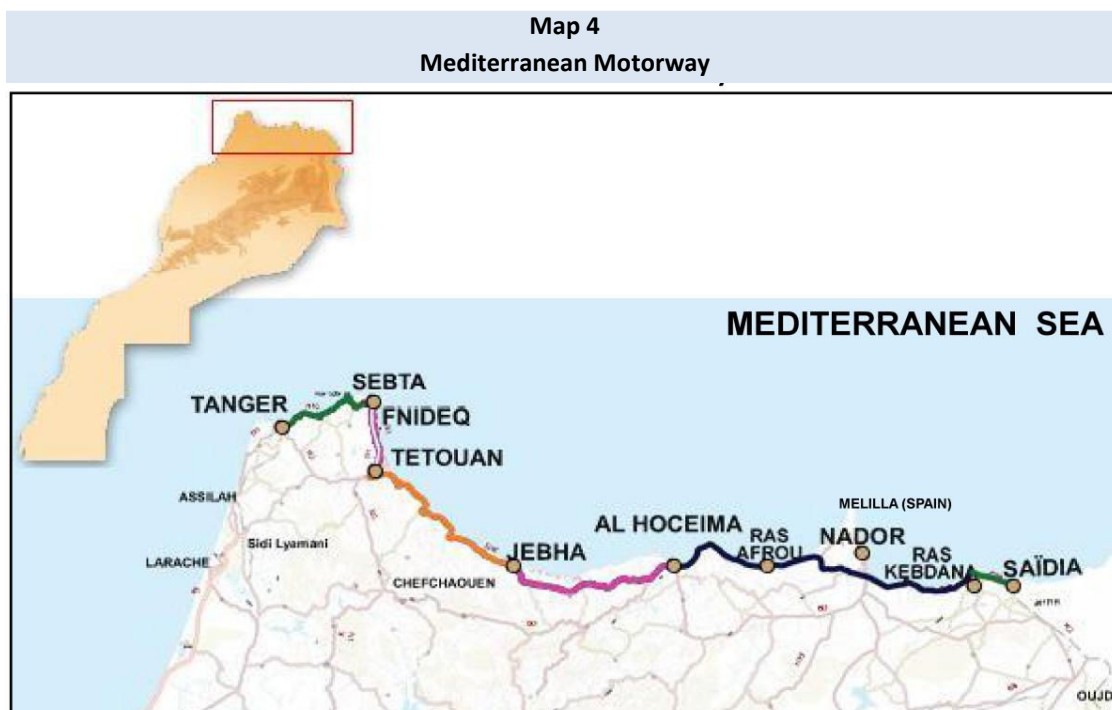
In the north of Morocco, communications by road have been undergoing improvement over recent years. At present, Tanger has motorway and traditional road access to Ceuta, the Tanger-Med port and Tetouan (see Map 3) as well as to Rabat. This last route serves the Atlantic coastal area of the region. The Mediterranean Motorway from Tetouan to the Algerian border, communicating the towns of the coastal area, is still under construction. This ambitious project is executed in stages. The Tanger-Tetouan stage is very advanced and is already providing the major cities with good connections to major strategic points of commercial interests in Andalusia. In general, the rest of the region lacks a good road network in the more rural areas. Moreover the quality of existing roads leaves much to desire as many of them are not paved and can only be classified as country roads.

Railway transportation is limited and only joins the city of Tanger with the major southern cities, Fez and Rabat, although this does lead to a double north-south articulation of the Atlantic Coast region (motorway-railway) which benefits the city of Larache.

The Tanger-Med port transports most freight traffic and is one of the major investment actions of the Moroccan government in the region. There are also small fishing villages and the Tanger City Port which are currently being promoted as touristic enclaves. In Map 4, the integration

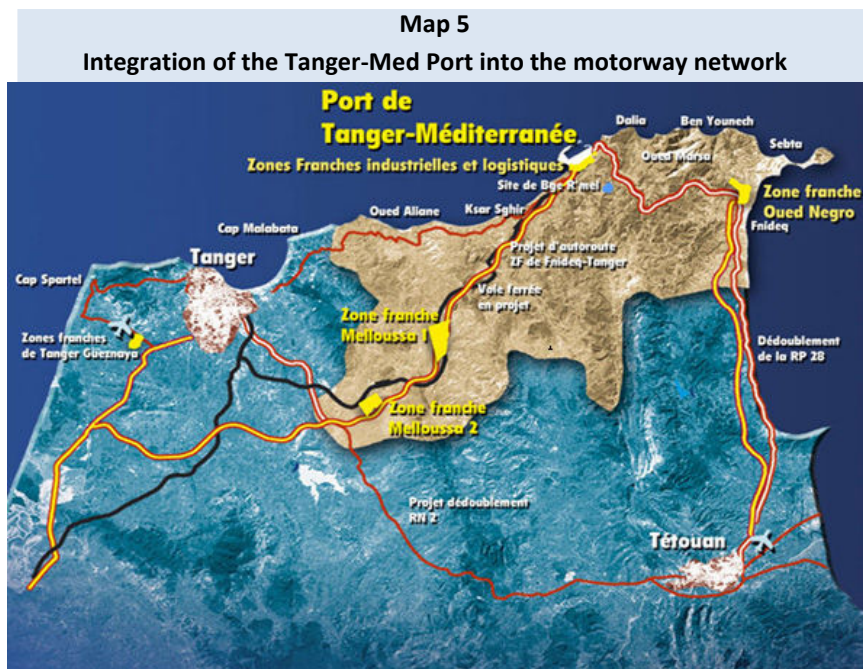
of the Tanger-Med into the national highway and motorway network can be observed, particularly the junction with the Tanger-Rabat Motorway.

The region has two airports located in the cities of Tanger and Tetouan. The Tanger airport has the most international connections and is one of the major communication platforms in the region with the rest of the world, along with the ports of the Strait of Gibraltar.



Source: Ministère de l'Équipement et du Transport (2011).

Communication and transport connections on the north shore of the Mediterranean are mainly maritime, the ports of Tarifa and Algeciras with connections to Tanger and Ceuta. The ports of Malaga, Motril and Almeria have connections with Melilla, and the latter also with Nador and Alhucemas. As for air communications, the heliports of Algeciras and Malaga fly to Ceuta from which one has access by terrestrial borders to the region of Tanger-Tetouan, and there are flights from Malaga and Almeria to Melilla. To connect with the airports in the north of Morocco, it is necessary to fly from Madrid or make a stop-over in Morocco.



Source: Ministère de l'Équipement et du Transport (2011).

### **3. Administrative Structures**

The region (see Map 5) is composed of 7 provinces and 110 “comunas” or municipalities. The principle urban municipalities are Tanger, Assilah, Martil and Fnideq which together contain the majority of population in the territory. The other urban municipalities are Alcazarkebir, Larache, Ouezzane, Chefchaouen and Ouad Ladu.

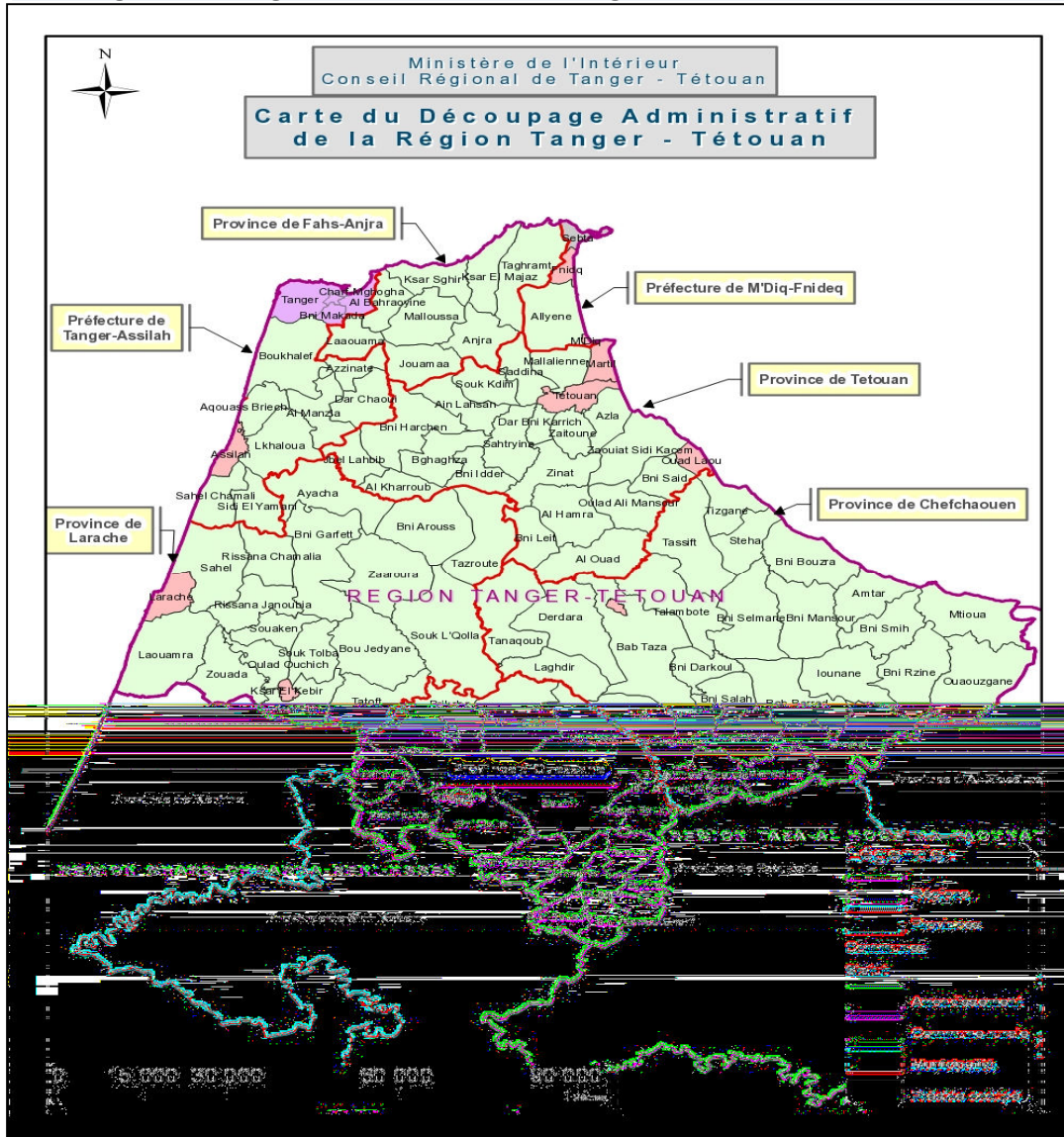
Administrative organization can be described as follows: the lowest level is the comuna which also refers to rural administration, while municipality is used in urban contexts. The next level is the prefecture or the province, prefecture referring to urban areas and province to rural zones. Finally, the highest level of territorial decentralization is the region.

Besides this typically European organization, there are atypical structures such as the Wilaya which refers to territories of high urban density. In this case, both Tanger and Tetouan are wilayas. This structure lends the region a bicephalous structure. Tanger-Assilah is integrated into the Wilaya of Tanger as is the province of Fahs Anjra. The provinces of Tetouan, Chefchaouen, Larache, Ouezzane and the prefecture of Mdiq-Fnideq are integrated into the Wilaya of Tetouan.

#### **3.1 Governance**

Since 1997, regions have had legal and financial capability in 13 areas: budgets, urban planning, social security, employment, economy, health, agriculture, rural development, urbanism, sustainability, education, culture and vocational training.

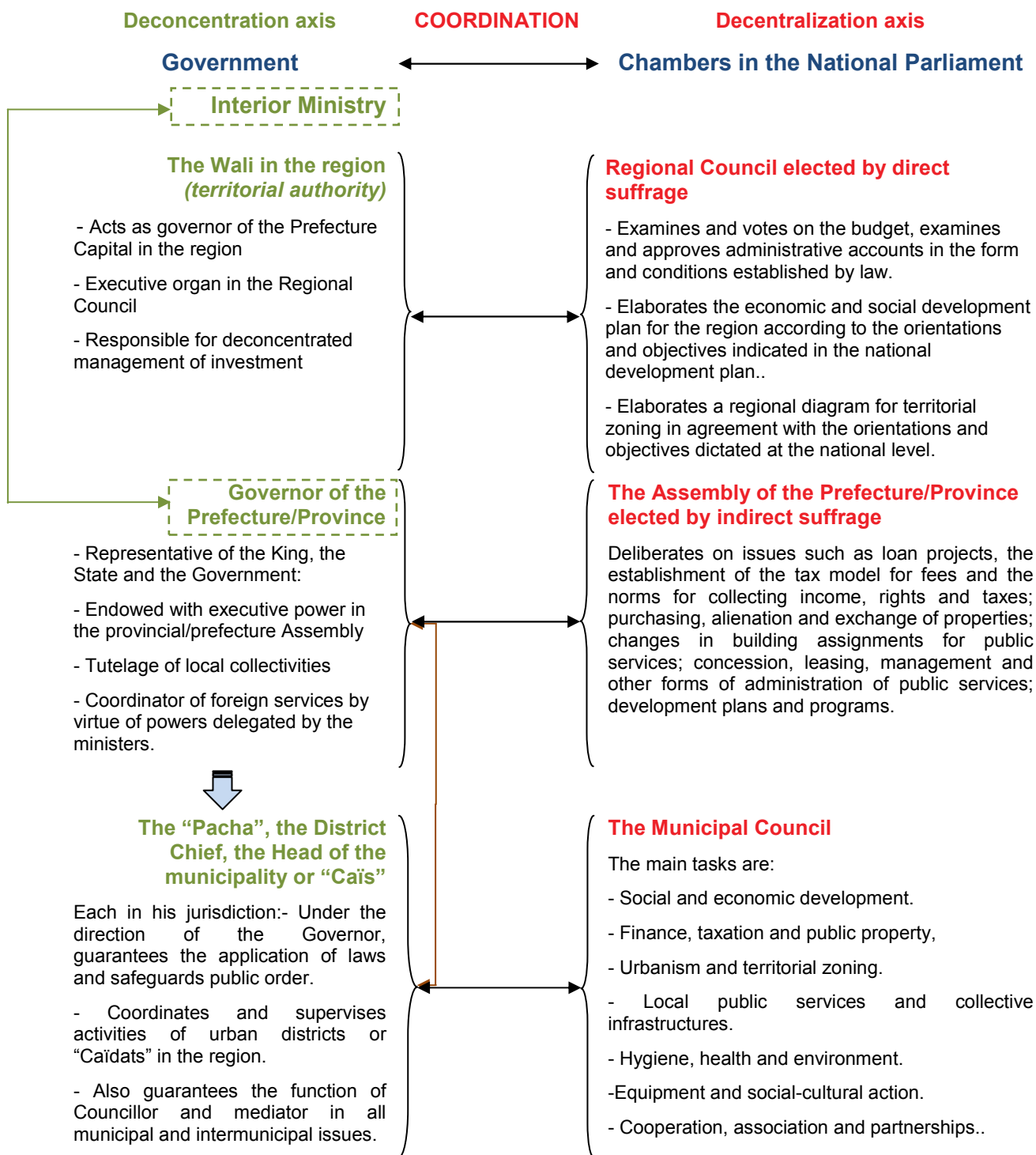
**Map 6**  
**The region of Tanger-Tetouan after new regionalization in Morocco in 2011**



Source: Ministère de l'Intérieur (2011).

Territorial and administrative organization in Morocco shows dual responsibility lines (see Table 5). There is one line of government, under the control of the king, with executive power and decentralized royal power within each region. The other line of responsibility is democratic and created for the political decentralization. A process of coordination is established between the two lines.

**Table 5**  
**Diagram of political-administrative organization**



Source: Pedraza, 2011.

#### 4. **Economy**

In accordance with the terminology of the UNDP, Morocco is a medium human development country and was one of ten countries that have most advanced in the Human Development Index (IDH) in the last 40 years, with life expectancy increasing by 20 years. However, it is in 114<sup>th</sup> place of 169 total countries, while Spain - a country of very high development - is in 20<sup>th</sup> place. This information illustrates the differences between both shores of the Strait of Gibraltar. In absolute figures, Spanish GDP is 19 times the Moroccan figure (Klugman, 2010).

Unemployment in northern Morocco is around 10% in the last 10 years, with much higher numbers in urban than in rural areas, higher among women than in men and higher among those under 35 years old than those over 35 (Pedraza, 2011).

The activity rate of the population in the region in 2008 was around 44.5% while in 2009 it was around 42.8%, far below European standards, but at levels similar to those for the entire country. The differences increase even more when data is broken down by gender since 79% of men are active while only 13.7% of women are. The regional unemployment rate (8.9%) (Rouyame du Maroc, 2009) is somewhat lower than the national average, although there is a high percentage of informal economy. By sectors, activity is distributed as follows: primary sector, 44%, secondary sector 22.5%, tertiary sector 33.5% (Pedraza, 2011).

According to the last population census, total working population is distributed among the following occupations:

<b>Table 6</b>	
<b>Distribution of the working population by occupation in the Tanger-Tetouan Region</b>	
Category	% over total active population
Works for an employer	39.20 %
Self-employed workers with their own premises destined to the activity	22.00 %
Family caretakers	21.20 %
Public employees	7.00 %
Travelling salesmen	6.50 %
Entrepreneurs with wage-earning employees	1.70 %
Persons self-employed at home	1.30 %
Apprentices, trainees	1.10 %

Source: RGP, 2004.

The region is receiving significant flows of foreign investment tied to activities needing intensive labor as a consequence of decentralization strategies in European industry over the last 20 years. Due to this fact, the region has become the second industrial pole in Morocco. Major activities are in textiles and leather (15.9% of the country) and electrical, electronic and mechanical activities (31.5%), closely tied to international assembly lines. In particular, the Renault's mega-project in Tanger is worthy of mention. The project was initiated in 2005 with the manufacture of the Logan and the creation of 6,000 direct jobs and 3,000 indirect jobs. Other important suppliers in the automobile sector followed as is the case of Valeo, among others, which employs more than 4,000 workers in Morocco, and other lesser firms that are currently consolidating their installation projects<sup>123</sup>.

In any case, the evolution of gross value added (table 7) over recent years indicates an increased orientation toward the tertiarization of the economy as urban and cultural tourism, along with beach activities mainly on the Mediterranean coast, have begun to stand out. All the same, the primary sector is still present to a high degree in comparison to European standards. Agriculture and livestock, as well as fishing are still carried out in the traditional ways which explains the high proportion of working population in these activities with, however, a reduced production.

<b>Table 7</b>				
<b>Distribution of Gross Value Added in the Tanger-Tetouan Region</b>				
	2004	2005	2006	2007
Primary	16.3	14.6	16.8	13.7
Industry	22.2	21.6	20.8	20.5
Construction	6.3	6.7	6.4	6.8
Services	55.2	57.1	56	59

Source: *Royaume du Maroc (2009)*.

Although the regional economy shows significant potential for growth, there are several factors which continue to limit its development among which the following stand out:

- An economic structure that is excessively dependant on the primary sector.
- The existence of a significant informal economy (52.9% of total employment) (Klugman, 2010).
- A not very competitive industrial sector concentrated on only a few industries.

<sup>123</sup> See Mella (2011) for a more detailed analysis.

## 5. Social Dimension.

Morocco has enormous deficiencies in the area of the Welfare State. In education, for example, although formal education is compulsory until 14 years of age, the social perception is that the enforcement of these limits is not as rigorous as one could expect from the European perspective.

In any case, official data (Table 8) reveals great differences between rural and urban areas as well as the great effort being made on the part of Moroccan society to improve these results.

Gender	1994			2004		
	Urban	Rural	Total	Urban	Rural	Total
MEN	80.0	50.3	65.1	91.3	66.1	79.1
WOMEN	75.0	18.6	47.7	91.5	54.8	73.9
TOTAL	77.8	34.8	56.5	91.4	60.6	76.5

Source: RGPH (1994 y 2004).

Using the HDI (Human Development Index) to measure social welfare, Morocco's position in per capita income (\$2,769) is 104<sup>th</sup>. This means that in the area of education and health, the Moroccan situation is worsening: the social dimension is weaker than what the per capita income would seem to indicate. Another significant indicator is child employment: 8% of children between 5 and 14 years of age work (Klugman, 2010).

In the Tanger-Tetouan region there is a high level of illiteracy, 41.5% in the total population, 29.20% among men and 53.90% among women, although this rate is currently decreasing (table 9).

AGES	1994			2004		
	Men	Women	Total	Men	Women	Total
10 – 14 years	27.7	47.5	37.6	12.1	19.9	16
15 – 24 years	30.8	55.7	43.2	21.1	40.1	30.6
25 – 34 years	39.6	68.4	54.4	27.4	53.7	40.8
35 – 49 years	41.8	79	60.2	36.7	68.7	52.8



+ 50	61.2	96	78.7	50.2	88.2	69.1
Total	39.1	67.9	53.6	29.2	53.9	41.5

Source: RGPH (1994-2004).

This data is reverberates in the qualification of the working population, particularly in rural areas (Table 10).

LEVELS	URBAN	RURAL	TOTAL
UNSCHOOLED	29.4	60.0	41.6
PRE-SCHOOL	5.1	9.2	6.7
PRIMARY SCHOOL	30.7	21.4	27.0
COLEGIAL	17.9	6.1	13.2
SECONDARY	10.3	2.0	7.0
SUPERIOR	6.6	1.3	4.5

Source: RGPH (2004).

## **6. Political Dimension**

**A) From the Moroccan perspective,** territorial cooperation with Europe has two basic objectives of great strategic importance (European Commission, 2007):

- 1. Improving the socio-economic conditions of the population** (Mohammed VI, 2005; Royaume du Maroc, 2010). In this sense, decentralized territorial cooperation plays a significant role (AECID, 2011).

Within this objective, we can also identify the impressive projects of socio-political modernization on which the Moroccan State has recently embarked: the reform of the Family Code in 2004, the new Labor Code of 2003, the Political Parties Law of 2005 (Martín, 2006), the new regionalization and, most fundamental, the new Constitution, both in 2011, that somewhat reduce the power of the King over the government although without becoming a parliamentary monarchy similar to the European monarchies.

- 2. Economic liberalization and increased ties of Morocco with the European Union in conditions of equality:**

The Association agreement of 2000 represented a qualitative step toward trade liberalization since it created a free trade zone in 2012 with reciprocal

trade concessions as opposed to the unilateral and asymmetrical concessions conceded by the EU in previous agreements (Jaidi, 2011; Mella, 2011).

**B) From the European perspective**, besides the trade advantages that these agreements create – it has been estimated that a supplementary 10,000\$ of income generates 1,300\$ for EU exports in Morocco (Khader, 2010) -, territorial cooperation with Morocco contributes to two political objectives of great strategic importance (European Commission, 2007):

**1. Socio-political stability which reduces risks on the southern border of Europe:**

The Advanced Statute Morocco-EU of 2008 offers Morocco the possibility of integration in European markets without being a member of the EU. It is a greater approximation towards a total integration of Morocco in the single European Market, and not merely a Commercial Agreement of Association, which means a speedy legislative convergence towards an undivided cultural community (Escribano, 2009).

However, so far there have been no significant advances in bringing Morocco closer neither to EU legislation nor in EU support of Morocco in achieving this possibility (Kausch, 2010).

The European Neighborhood Policy has a decisive impact on the adhesion of Morocco to trans-European transportation and energy networks, of great importance to Spain, as well as on a complementary market for inter-territorial division of labor. However, the European Neighborhood and Partnership Instrument, which makes funds available to develop joint projects in the framework of the European Neighborhood Policy, cannot be used because neither the Spanish nor the Moroccan State have been able to agree on a joint program which is imperative in order to carry out cooperation projects. This problem is due to disagreements on bilateral policy, but this does not prevent them from using the transitory financial instrument: Cross-border Cooperation Spain-Foreign Borders Program (POCTEFEX).

**2. Contain immigration from the southern shore of the Mediterranean:**

In the context of the foregoing approach, Moroccan cooperation, along with police control, has been essential in reducing illegal immigration toward Europe. Nevertheless, the large differences in income between the two shores of the Strait of Gibraltar constitute a powerful magnet toward Europe for immigrants not only from Morocco, but also from Africa in general, who use Morocco as a transit country.

According to a poll on the values of the Moroccan population (Rachik, Bourquia, Bencherifa and Tozy, 2005), 29% of those polled expressed a desire to emigrate in any case, and an additional 27% wished to emigrate only if the decision brought them better job conditions (Escribano, 2009). Taken together, 56% of Moroccan active population may wish to emigrate to Europe.

For many years, Morocco stimulated emigration toward Europe because it brought a double advantage to those who govern the country: in the first place, it reduced the need for social attention for the rural population as well as migratory tension toward the cities, and, secondly, it increased the entry of remittances (Iskander, 2010). But illegal immigration is considered by Arab countries to be caused by irresponsibility in the countries of origin in not maintaining the people in satisfactory conditions in their home country (Hroub, 2010).

At present with the economic crisis, the possibilities of finding work in Europe have decreased drastically. Unemployment mainly affects immigrants, reducing their remittances. The job horizon in Morocco and the rest of Africa is not able to absorb the active population. Therefore, territorial cooperation for development of northern Morocco is of strategic political interest for Europe and the Kingdom of Morocco, particularly in the current climate of political instability brought about by the “Arab Spring” movement.

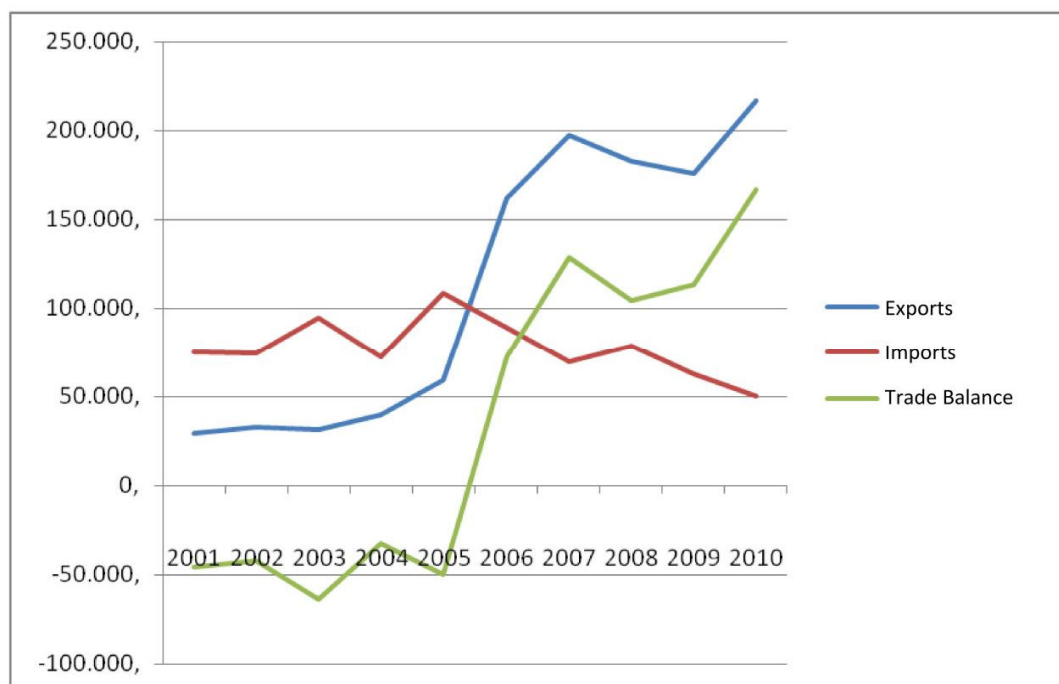
## **7. Transcontinental Flows**

### **7.1 Movement of Merchandise and Investment in the Strait of Gibraltar.**

The province of Cadiz showed commercial flow with Morocco of almost 288 million euros, a large part of which is with the region of Tanger-Tetouan. This sum represents a third of all Andalusian exchanges, 40% of which are exports from Andalusia and 19% imports. Exports from the province of Cadiz to Morocco have progressed favorably over the last decade increasing from 28,991 million euros in 2001 to more than 233,517 million for 2010, an increase of 700% for the period, many times greater than production growth.

The imports have shown a tendency to decrease in recent years thus showing lower numbers for 2010 than for 2001, due, at least in part, to the fact that many of the products imported were directly related to construction. In the following graph the highest values take place between 2003 and 2006.

**Graph 3**  
**Exports and Imports of the province of Cadiz with Morocco**



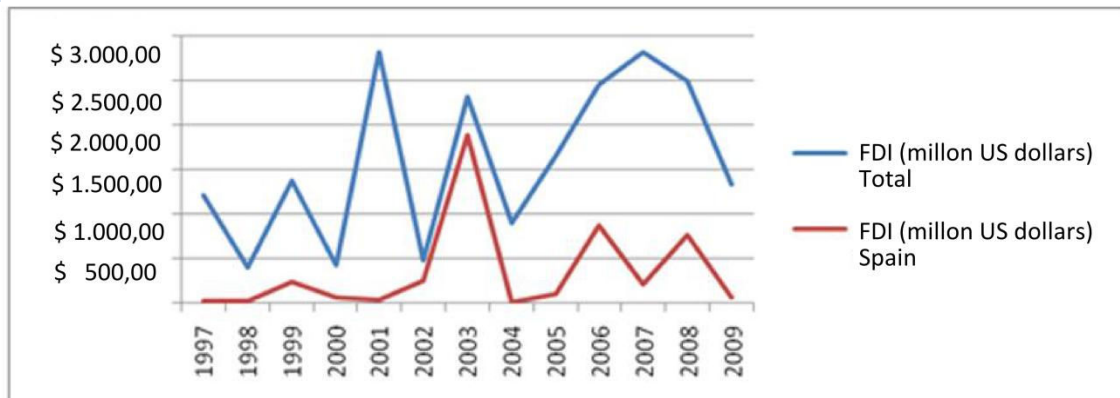
Source: By author with data from Estacom, 2011.

There is no doubt that one of the main factors driving the economy of the province of Cadiz is the port of Algeciras which in 2010 continued to be the port with the greatest activity within the National Port System, especially in the area of liquid and solid bulk products (Port Authority of Algeciras, 2010). The opportunities for socio-economic development in the areas of Cadiz and Tanger-Tetouan are many since most commercial flow is to be found between the ports of Tanger and Algeciras. Thus, a Spanish-Moroccan network logistics platform has been launched, financed by POCTEFEX funding (Annex 1) which, among other objectives, aims to provide a range of products and complementary logistics services to improve the quality of supply and its adaptation to European legislation, the creation of a logistical structure for the storing of merchandise from various points of origin to be processed and marketed, and the creation of a large market including extensive distribution of production from the Spanish and Moroccan territories for eventual marketing.

From the national point of view, foreign direct investment (IDE) in Morocco did not have any significant importance in the total economy until 1983 in which the Plan for Structural Adjustment was adopted. This plan aimed to orient the economy toward occidental postulates, by leading the private sector to more prominence at the

expense of the public sector, a policy promoted from the start by the International Monetary Fund (IMF). Even so, this investment has not been regular over time but has rather responded to evolving guidelines marked mainly by the privatization of certain sectors or activities. Over time, however, investment has tended to increase.

**Graph 4**  
**Foreign Direct Investment in Morocco**



Source: UNCTAD (Conference of the United Nations on Commerce and Development) data base, 2011.

Spain is the second investor in Morocco after France. The consolidation of Spanish investment is of great interest because it has not been affected by the occasional privatizations. Although data from 2009 places Spain in third place due to various factors such as the current economic crisis on the one hand and the continual surpluses existing in petroleum-exporting countries. Kuwait, an example of this situation, is now the second investor, after France with almost 15% of investment in Morocco, mainly in real estate and tourism, sectors in which Spain has not participated in operations of appreciable volume.

## 7.2. Movement of individuals in the Strait of Gibraltar.

The Port of Tanger is the main point of entry and exit of persons in the region, transferring approximately 3,000,000 people a year (Ministère de l'Équipement et des Transports, 2010), more than 1,000,000 of which pertain to the well-known "Operation Crossing the Strait" aimed at facilitating the return home in summer of emigrants residing in Europe in coordination with Spanish ports. Moreover, this entry, along with the border of Ceuta, the fastest connection, is the principle face to face meeting point between Andalusian and northern Moroccan citizens, mainly from the region of Tanger-Tetouan. The airport in Melilla provides the fastest entry in the eastern regions of the north.

The airport of Tanger, however, has seen a cumulative annual increase in passengers of 14% and this tendency is expected to reach a million passengers in 2011 (Office National des Aéroports, 2010), essentially due to the increase in industrial business derived from the installation in the region of European manufacturing plants whose representatives use this means of transportation to the region if they come from outside of Andalusia, whether from Spain or the rest of

Europe. There are direct flights from Paris, Madrid and others, but most flights are routed through Rabat. Tetouan also has an airport but passenger flow is much less.

Another important strategic factor in the movement of persons is immigration to Europe. Moroccan immigrants in Europe, legal or not, naturalized or not, are 6 to 7 million people, mainly residing in France (Khader, 2010). In Spain there are 769,929 Moroccans (INE, 2011).

Spain was a transit country for immigration to other European countries up to the nineties. After 1988, awareness grew as concerns the serious problems of illegal immigration. It is estimated that since then there have been 18,000 deaths (Bejarano, 2008). Just in the Strait of Gibraltar, between 1999 and 2005, more than 60,000 people have been detained for attempting to arrive illegally by sea (Ministerio del Trabajo y Asuntos Sociales, 2005). Since 2004, improved border police control and cooperation with Morocco has led to decreased illegal immigration in this area, although much of it has simply been diverted to the Canary Islands and southeastern Spain, mainly Granada, Almeria and Murcia.

Even so, it is estimated that in Spain alone there were 349,000 irregular immigrants in 2008, of which 17% came from Morocco (González-Enrriquez, 2009). But the importance of Morocco, and particularly of the Tanger-Tetouan region, is that not only is it a focus of emission but also a transit space for Sub-Saharan emigration: some 20,000 frustrated attempts are estimated for Sub-Saharan emigration to Europe every year (Khachani, 2006), a problem that requires the essential collaboration of the Moroccan government.

Only between 2000 and 2005, the Moroccan police intercepted 173,756 illegal immigrants (Ministerio del Interior, 2006). It is for these reasons that Spanish Development Cooperation includes as one of its strategic objectives “to solve the alarming immigration problem” (Castejón, 2004).

## **8. Cooperation Programs**

Andalusia has been participating in decentralized territorial cooperation with the region of Tanger-Tetouan since the 1980s and, with special intensity, since the end of the twentieth century. From 2000 on, decentralized cooperation activities have been channeled through the *FAMSI* (Andalusian Fund for International Solidarity).

Besides decentralized cooperation, Andalusia has had funding from the EU initiative **Interreg** since 1994, which led to the cross-border cooperation actions listed in Annex 1. This report emphasizes those that have created permanent structures for collaboration such as the Dos Orillas Foundation, those that have developed long-term strategic collaboration agreements such as the Strategic Plan for Collaboration of the Province of Cadiz with the Tanger-Tetouan Region, and the Cross-border Campus of the Strait of the Universities of Cadiz and Abdelmalek Essadi in Tanger-Tetouan.

In any case, actions in the province of Cadiz included basic infrastructures and improved competitiveness of SMEs, training and standard of living. In the province of Malaga, a center for fairs and expositions was built in the city of Malaga for the promotion of business cooperation with North Africa.

In the period from 2000 to 2006, The initiative **Interreg III-A** Spain-Morocco, , was made reality in the province of Cadiz with the Ma'arifa and Arrabt projects, which aim to improve competitiveness and sustainable development capability in the province of Cadiz and the region of Tanger-Tetouan along the following axes: Urban and social development, traditional crafts and Andalusi culture, university cooperation, tourism and patrimony, entrepreneurial development and new technologies.

In the province of Malaga and the North of Morocco the Interreg III-A initiative Spain-Morocco financed the CDTEC project to facilitate the process of cooperation in technological development between northern Morocco and the province of Malaga and contribute to the diffusion of the Information Society through the Alkántara Project, aimed at improving tourism in the province of Malaga and northern Morocco, and the Alkaraouia Project whose goal is the cross-border promotion of women in rural areas of Malaga and Tetouan.

For now, the Spain-Morocco 2007-2013 program, financed with funds from the European Neighborhood and Association Instrument, is still in the stage of negotiation. The Cross-borders Spain-foreign borders cooperation program of the FEDER (POCTEFEX) 2008-2013 is on-going. Eligible Andalusian territories are the 8 Andalusian provinces, although Huelva, Cadiz, Malaga, Granada and Almeria, due to their coastal location, are considered of a basic nature while Seville, Cordoba and Jaen are adjacent. In the case of northern Morocco, eligible territories are the regions of Tanger-Tetouan, Oriental and Taza-Alhucemas. There are a wide variety of development projects currently on-going (Annex I).

Besides the afore-mentioned cooperation programs, there are others of a different nature such as the case of the Intercontinental Mediterranean Biosphere Reserve consisting of the Natural Parks of the sierras of Cadiz and Malaga near the Strait of Gibraltar and the protected natural ecosystems of the Tanger- Tetouan region which covers a million hectares on both shores and establishes a model of trans-national and trans-continental management which constitutes an element of territorial cooperation of transcendental importance for sustainable development in Andalusia and Tanger-Tetouan.

## 5. D | Methodological approach to the case study

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Following the project's theoretical proposal (TERCO, 2010) and after discussion within the study group, the different possibilities to be chosen in order to approach

the case under study; it was decided to make a bibliographical sweep, as well as Web sites on the territorial cooperation experiences between Andalusia and Northern Morocco.

After this first task, persons were selected who could offer important information so as to better determine the case in study. For this, prospective interviews were made with those responsible for local and regional firms in Andalusia, among which some were interviewed more thoroughly later on. The information provided by the civil servants of the Junta de Andalusia, Provincial Government of Malaga, Provincial Government of Cadiz, the University of Cadiz, the Provincial Government of Jaen, the University of Jaen and the Andalusian Municipal Fund for International Solidarity, as well as the analysis of part of the bibliographical material gathered in the final list, led the research team to focus the case under study on the territorial cooperation between Andalusia and the region of Tanger-Tetouan. The reason for this is the strength and endurance of the relations between them, besides the geostrategic importance that the platform of the Strait of Gibraltar represents.

Once the territories to be studied were determined, the need to approach the work from a double thematic perspective was discussed. On the one hand, the territorial cooperation stimulated with the different editions of the Interreg Initiative had to be studied, which focused the greater part of the study towards the provinces of Cadiz and Malaga (in Andalusia). On the other hand, we should also analyze the effect of decentralized territorial cooperation, the so-called “solidarity funds” which are, from Andalusia, mainly focused towards the Tanger-Tetouan region in multiple and varied projects, with a great variety of agents involved and spread out in micro-projects and microfinance initiatives; among a large part of the thousands of local entities in Andalusia. This has led to certain complications when gathering fieldwork data.

To this twofold analytical objective (the Interreg Initiative and decentralized cooperation) a double effort has been put with respect to designing the questionnaires. On the one hand, from the Andalusian perspective the cooperation with Morocco under different programs has been asked about. On the other hand, from the Moroccan point of view, the questions should have been directed towards those European territories that have maintained cooperation with the Tanger-Tetouan region and why. Thus, their interpretation throws interesting information in order to perceive the different positions towards territorial cooperation according to how the issues are seen from one side of the Strait of Gibraltar to the other.

The choice of the Andalusian sample of local entities to which the questionnaire was sent was made keeping in mind the capacity for their action in recent years, according to the information provided by FAMSÍ and the Junta de Andalusia. The rate of response has been conditioned by the period of time, particularly sensitive, in which the field work was carried out. On June 11, 2011 a change in the administration of the local governments took place, as a result of the elections, which has caused changes among the executive and managerial departments and in the



personnel who were to answer the questionnaires. These difficulties have been overcome thanks to personal visits as well as telephone interviews in order to re-direct the questionnaires sent by e-mail during the summer to the appropriate individuals. Finally, 34 answers were obtained, out of 50 sent out in Andalusia (<http://www.esponterco.eridanus.org/info/>).

The choice of the sample for the Tanger-Tetouan region was made with the help of the Art Gold Program team of the UNDP, directed by Cristino Pedraza, who has provided us with the data base with the main actors involved in territorial cooperation in Andalusia. The field work in Morocco required a previous contact and information mission with the politicians in charge in Morocco, both in Rabat and Tanger, in order to show our interest in carrying out the research. Finally 24 answers were obtained, out of 49 sent out (<http://www.esponterco.eridanus.org/list/?lanf=fr>).

The field work was carried out through in-depth interviews of principle agents for cooperation in Andalusia and the Tanger-Tetouan region such as those responsible development cooperation agencies and coordinating organisms of decentralized cooperation at the regional level such as the Andalusian Agency for International Development Cooperation and the Municipalities Fund for International Solidarity. In Morocco we interviewed those responsible for cooperation in the General Direction of Local Collectivities of the Interior Ministry of the Government of Morocco and those responsible in this same area both in the Wilaya of Tanger and the Regional Council.

At the local level, those responsible for cooperation in local and provincial entities on both sides of the Strait of Gibraltar were interviewed as were representatives of NGOs.

Moreover, sources of the Institute of Statistics of Spain and Morocco have been consulted as well as national sources on both sides of the Strait of Gibraltar.

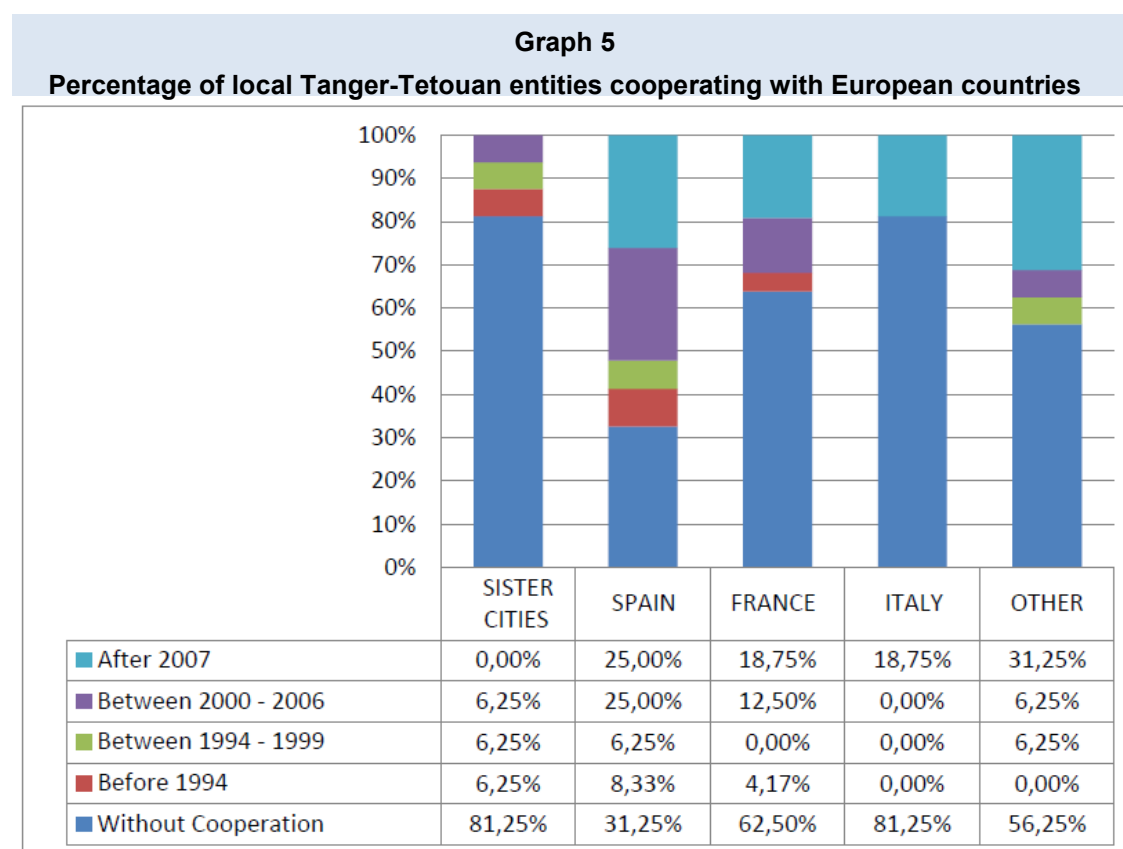
Also used were the statistical analysis of the CAWIs for the Andalusian and Moroccan sample and as well as documents from European programs and research studies on cooperation and economic development in both territories in general, as can be seen in the Bibliography.

In general, the participation of the interviewees is considered positive; they expressed their opinions freely and helpfully in the hopes of contributing to the success of the research and of being able to receive some sort of feed-back in exchange for their collaboration that would improve their work in the future.

## 1. Physical Areas of Territorial Cooperation

As explained above, there are various types of territorial cooperation. As can be seen in Annexes 1 and 3, the importance of decentralized cooperation in Morocco is very high. Over recent years, NGOs have proliferated with the support of the Moroccan State through increased funding from decentralized cooperation institutions, particularly the European institutions, at the same time that the capabilities of local actors have improved (Chaara, 2011).

As can be seen in Graph 5, although Spain is not the only country involved in territorial cooperation in the Tanger-Tetouan region, it is with this country that the most local entities are involved and with whom they have maintained the longest and most continuous ties.

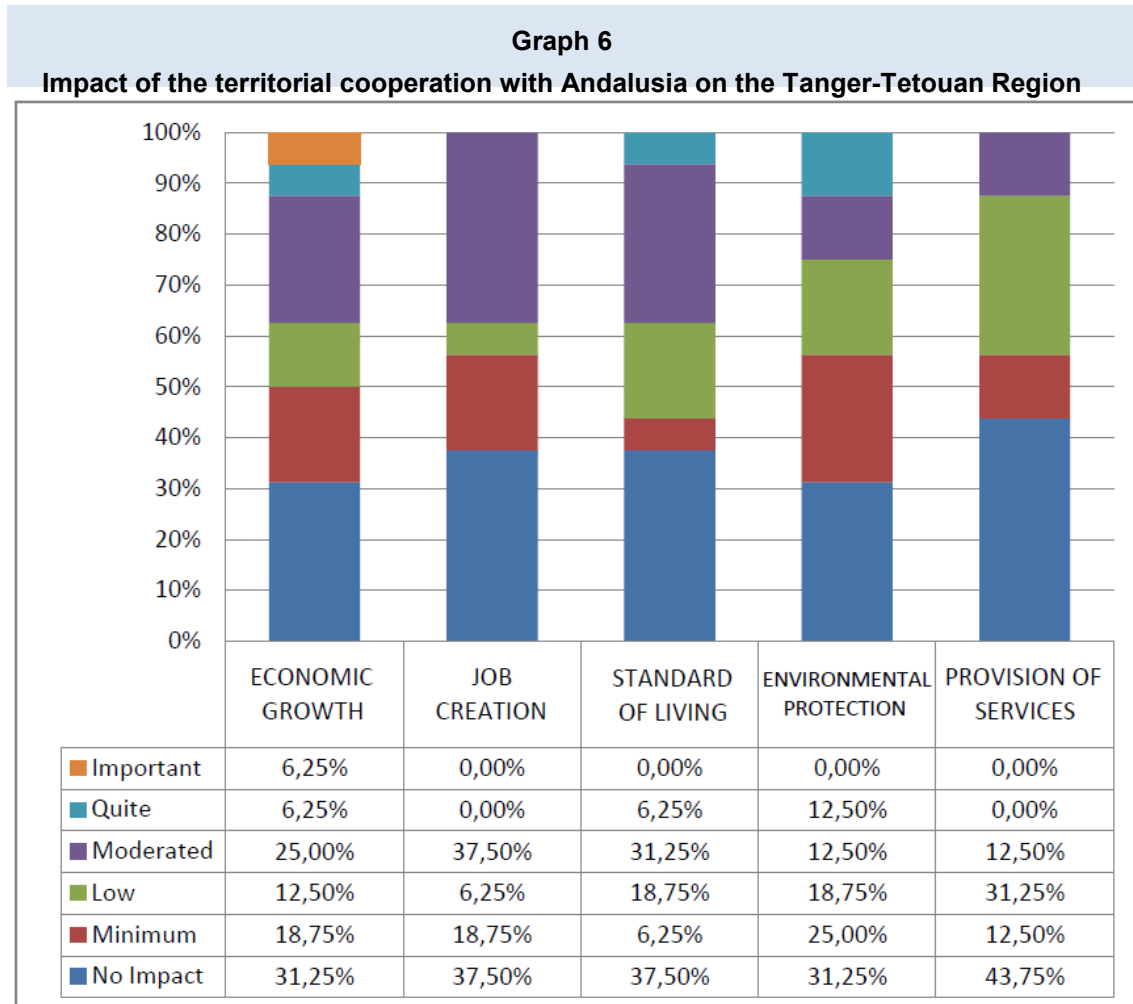


Source: CAWI.

Territorial cooperation has varying impacts depending on whether the viewpoint is Spanish or Moroccan. This is due to the characteristics of cooperation programs. In effect, in the case of Interreg A programs and POCTEFEX, 90% of the expenditure must come from the European Union which obviously leads to greater interest on the part of Andalusian localities and the perception of greater impact on their territory.

However, from the Moroccan perspective, decentralized transcontinental cooperation is perceived more positively since 100% of the budget excepting perhaps administrative expenses, are invested in Moroccan territory. The person

responsible for cooperation in the Tanger-Tetouan region expressed this perspective as follows: “often the European partner seeks a Moroccan partner for an Interreg project because it is necessary to obtain funding but with little concern as to what the needs or interests of the Moroccans are.”<sup>124</sup>



Source: CAWI.

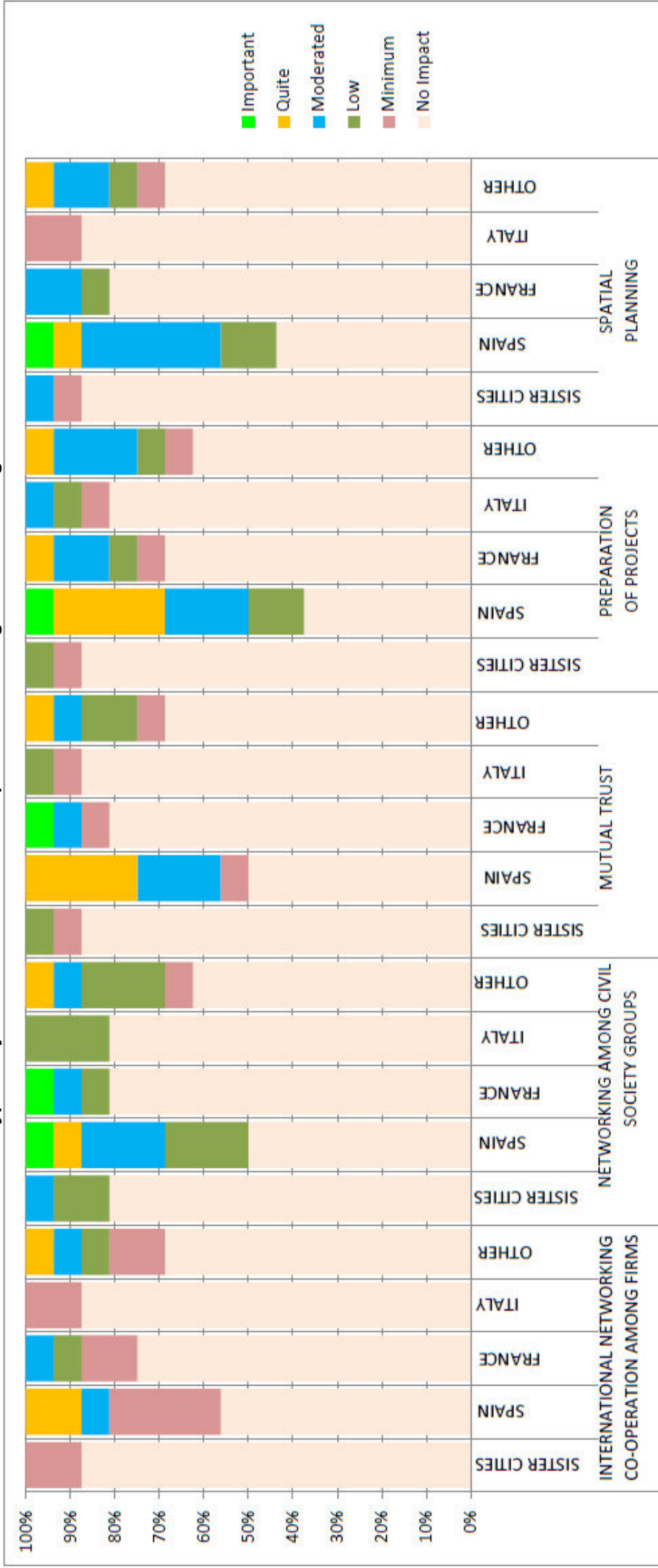
The impact of Andalusian territorial cooperation (graph 6) is noticeable in most of the localities of the Tanger-Tetouan region. Particularly in the variables that influence economic growth and standard of living, as well as those with an important impact on job creation and environmental protection, and somewhat less with respect to provision of services.

The joint actions that are best adapted to improving competitiveness in the Tanger-Tetouan region are the preparation of projects and spatial planning (graph 7). This can be explained by the process of deconcentration and decentralization in

<sup>124</sup> It should be taken into account that Morocco does not contribute any funding at all to any of the projects financed with European funds. In the case of decentralized cooperation, Morocco can intervene since the project is carried out in their territory with local agents and organizations.

which the Moroccan state is currently immersed for which it needs “know-how” from European territories that have already undergone a similar process as is the case of Spain. One interviewee responsible for the Andalusian Agency of International Development Cooperation confirmed this tendency: “The actions that have worked best are those in which Andalusia can contribute an aggregate value from its own development experience such as the decentralization of rural development and the health system”. An interviewee responsible for Moroccan cooperation stated, “there should be a policy of awareness of cooperation; without cooperation we cannot progress in Morocco because we have much to learn about processes of participation, and strategic management.”

**Graph 7**  
Types of joint actions and their impact on the Tangier-Tetouan Region



The process of territorial cooperation which has been administrated and fortified since the 1990s has undoubtedly reinforced relations among the actors and organizations of the territory as can be concluded from the fact that 50% of the interviewees in Morocco state that mutual trust with Spain (Graph 8) has improved. More than 40% of Spanish interviewees agree, with more than 30% perceiving substantial or much improvement.<sup>125</sup>

This mutual trust has meant that even in the worst moments of the bilateral crisis between Spain and Morocco, cooperation between Andalusia and Tanger-Tetouan has been maintained as a consequence of the fact that “personal ties have been created which are above and beyond other issues”, in the words of one director of Spanish cooperation.

As a consequence of this trust, new projects are beginning to emerge that were not originally foreseen in the planning of cooperation programs. Such is the case of the common project of the Andalusian-northern Morocco Biosphere Reserve, a case of inter-university cooperation as well as between professionals and entrepreneurs on both shores. This occurs as a consequence of lasting cooperation, but, in the words of one executive of Andalusian cooperation, “everything is easier when the pilot project is elaborated in such a way that it has capability of response.

Territorial cooperation with Morocco is conceived strategically by the actors involved and, in spite of the physical barrier of the Strait of Gibraltar and the Alborán Sea in the Western Mediterranean, it is not considered an impediment to cooperation due to the fact that the round trip can be done in a single day which facilitates face to face meetings. In any case, although new information and communication technologies have overcome the possible physical barriers, as one director of cooperation in Andalusia stated, “a bridge would make things easier,” but the Strait is not an impediment to working jointly. Even so, “greater technological expertise on the Morocco side” could advance cooperation since Spanish online platforms are used often, and well, by Moroccan actors but the contrary is not true. An economic policy in this area of cooperation and in others of mutual interest such as patrimony and tourism could be an interesting choice for improvement of territorial cooperation processes.

Due to its proximity, the region of Tangier-Tetouan is, the one with the most cooperation projects with Andalusia. However, in recent years the other regions of northern Morocco are increasing their participation in joint projects. On the Andalusian side, the POCTEFEX regulation has also led to the participation of new actors beyond the traditional territories of Interreg A which were limited to Cadiz and Malaga.

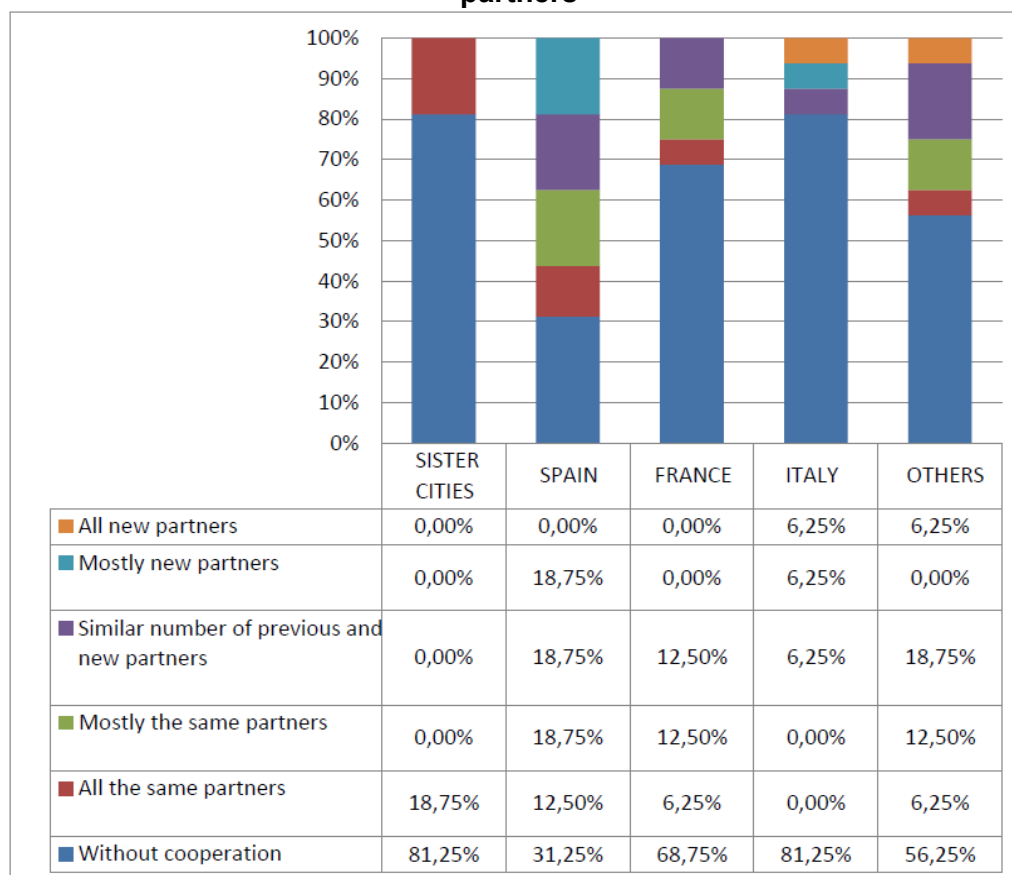
Both in the case of the Interreg and POCTEFEX programs and decentralized cooperation, a large number of actors have become involved: worker unions, universities, and chambers of commerce (see corresponding Annexes) in such a way that there is actually one process to concentrate decentralized efforts (the case of FAMSI), and another to decentralize concentrated projects which is the case of Interreg and POCTEFEX managed by the Diputaciones (provincial governments) of Cadiz and Malaga through their respective organisms (IEDT, 2008; FAMSI, 2010).

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<sup>125</sup> There is a significant distinction to draw here since this large percentage refers to decentralized cooperation while the percentage is much lower in the case of Interreg programs.

This flexibility has led to the entry of new partners into the cooperation between Andalusia and Morocco (Graph 8).

**Graph 8**  
**Cooperation of Tanger-Tetouan collectivities with long-standing and new partners**



Source: CAWI.

## **2. Driving Forces and Areas Cooperation**

In Andalusia, the principle actors in cooperation are the municipalities, the provincial governments (Diputaciones), the Andalusian development agencies (AACID) and the Spanish Agency for International Cooperation and Development (AECID). The municipalities and Diputaciones have constituted the Andalusian Fund for International Solidarity (FAMSI) which groups together to local administrations in their objectives of international cooperation.

Both Spanish and Moroccan NGOs<sup>126</sup> are key elements in territorial cooperation since they carry out the projects in the field, often using the funding directly conceded to them by the agencies of international development cooperation, the municipalities and others integrated in projects coordinated by organizations like FAMSI, for example. But Chambers of Commerce, unions, universities and other legally recognized entities with counterparts in northern Morocco, also participate.

In the Moroccan case, the main actors in cooperation are the Art-Gold Program, belonging to the United Nations Development Program (UNDP) in collaboration with the Moroccan State, the Regional Council (in this case, the region of Tanger-Tetouan) and, to a lesser degree, the collectivities involved (Pedraza, 2011).

For some of these actors from northern Morocco, cooperation offers clear opportunities to gain entrepreneurial market share and to improve their competitiveness by expanding the possibilities of delocalization of the most labor-intensive processes, especially in some Spanish industrial sectors (Escribano, 2009).

For Spanish cooperation in general the strategic objective is extremely important. It has always been so, but more so since the increase in illegal immigration (Castejón, 2004). EU interest in having stable neighbors on the southern border is increasing the importance of this objective (AECID, 2011).

In Annex 1, the projects carried out by decentralized Andalusian and Moroccan cooperation are explained. They can be grouped into three areas:

In the **economic area**, projects have mainly aimed to create jobs:

1. The Workshop schools (Escuelas Taller) which have contributed to the maintenance and safeguard of patrimony in the old city-centers and medinas.
2. The promotion of enterprise which also seeks professional insertion for young workers.
3. Projects to promote rural development.

In the **social sphere** actions on 5 fronts have been carried out:

1. Gender equality and access of women to jobs.
2. The support of associations of the handicapped.

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<sup>126</sup> Moroccan NGOs have increased considerably in recent years under the umbrella of development aid. However, their contribution to territorial development processes is inferior to their quantitative importance (Chaara, 2011).



3. Programs for the maintenance of schools and protection of children.
4. Urban equipping: waste treatment, sewer systems, etc.
5. Installation of information and communication centers.

In the **political sphere** twinings between territories of both regions such as Vejer de la Frontera with Chefchaouen particularly stand out. These relations between cities have led to new cooperation projects as a consequence of the personal relationships established between the mayors of twin cities, as acknowledged by several cooperation agents in the province of Cadiz who have benefitted from these ties. There is also a twinning between the province of Cordoba and the province of Chefchaouen and between Tanger and Cadiz. In this area of actions, a network has been created called AN<sup>^</sup>MAR, one of whose objectives is the constitution of a twinning network between cities in Andalusia and Morocco which could increase the potential of this instrument in improving cooperation relations in the future.

Infrastructure projects that have been implemented with decentralized cooperation are linked to another objective of a cultural, social or health nature, such as the construction of a museum, a slaughter house or a health center. However large investments are generally not destined to infrastructure, but rather to equipment. In the case of Interreg (now POCTEFEX), investments are focused on local socio-economic development projects (Ministerio de Economía y Hacienda, 2010). Spanish aid workers do not believe that investment in infrastructure should be financed unless “they are of a social nature, such as the repair of roads for the circulation of ambulances”, as they state in an interview.

Among interviewees who have not participated in international cooperation, the reasons that stand out are lack of funding, lack of information as to potential partners and the required administrative processes. That is to say, the problem is due to lack of technical and financial training which could be overcome by the integration of a larger number of organisms in FAMSÍ cooperation processes on the Andalusian side, and in the Regional Council of Tanger-Tetouan on the Moroccan side so that access to the necessary information is guaranteed.

In the future, the most relevant aspects of cooperation, indicated by half of the Moroccans polled on the three priorities for future cooperation, may be related to environment and spatial planning. In the Spanish case, the future priority was centered on the reception of funds to carry out decentralized cooperation projects (with more than 57% of the responses in this line) as a consequence of the decrease, and even, elimination, of funds assigned to international cooperation for the development of some local municipalities due to the economic crisis. Without a doubt, funding has decreased considerably as will be seen below.

In any case, synergies created between the various areas and actors of cooperation lead to potential interventions from various perspectives. Such has been the case of the participation of the provincial government (Diputación) of Cadiz in the installation of playgrounds for children in the province of Larache, as cooperation technicians in the Diputación explained, due to the synergy created from collaboration in areas financed by European funds and those using solidarity funds without having set up a previous project nor a work plan and no formal possibility of carrying out joint projects. This can be interpreted as an informal process, resulting from knowledge of the structure of Spanish cooperation and of the needs of covered the Tanger-

Tetouan region. These processes of mutual trust are consolidated over many years of joint work.

In this same line, the possibility of working more in the rural areas should be explored. So far, rural cooperation has been much more limited except in those communities that have a dynamic agent with contacts in Andalusia, such as Chefchaouen, whose cooperation is a result of personal relations derived from its twinning with Vejer de la Frontera.

On the other hand, from the regional strategic point of view, the possibility that Morocco could form part of a triangular cooperation project is being considered. This would involve Morocco and Andalusia in joint cooperation with other African countries, by taking advantage, for example, of the influence of Moroccan universities in Africa and the cooperation that Andalusian universities already have with them: “this is being considered and it will be done. Now, what with the issue of the Arab Spring, this idea is getting much more attention,” says one agent responsible for Andalusian cooperation in the Magreb.

### **3. Territorial Structures and Cross-borders Specific Cooperation**

From the strictly physical point of view, the Strait of Gibraltar is the structure that most facilitates cooperation in Andalusia since the province of Cadiz is the most active territory and, on the Moroccan side, the Tanger-Tetouan region, along with the eastern region of northern Morocco, are the territories that cooperate most with Andalusia. The Intercontinental Biosphere Reserve of the Strait of Gibraltar is the only physical structure of international cooperation which includes, as said above, environmental protection on both continents and along the maritime fringe. There are also other kinds of cooperation such as the “Operation Cross-the-Strait” between port and customs authorities to facilitate the holiday return home of Moroccan immigrants in Europe.

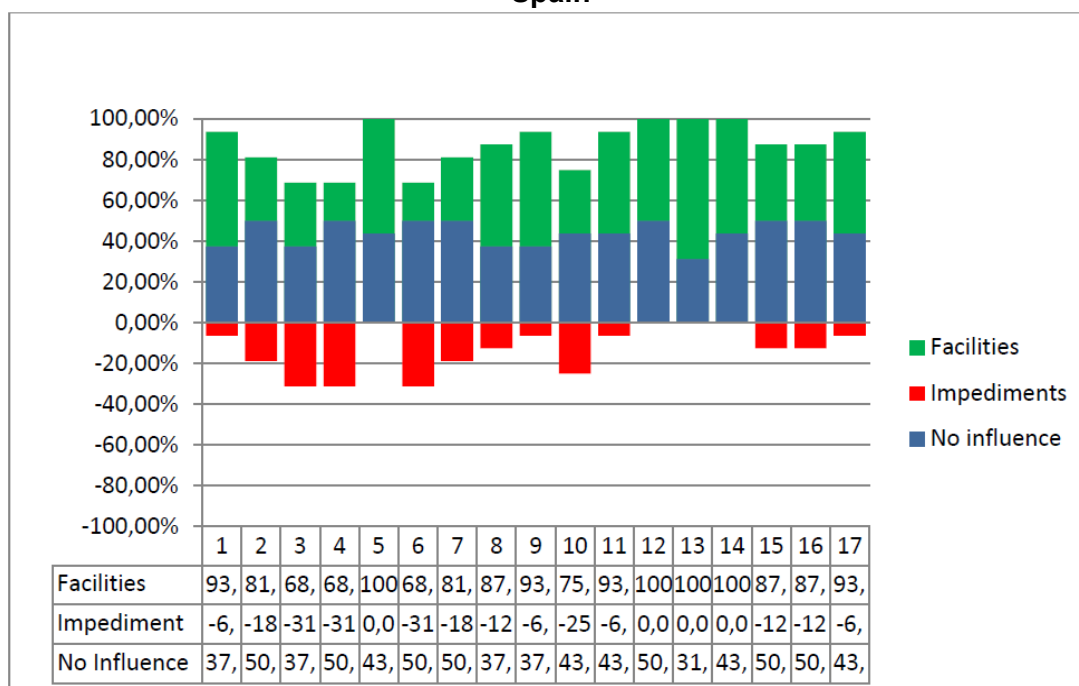
But the cooperation structures exceed the physical realm and are mostly of an organizational nature such as the city network AN^MAR which establishes, as noted above, the twinning of cities between Andalusia and Morocco, which can be understood as a territorial structure in the broadest sense. The “Classroom of the Strait”, now called the Cross-border Campus of the Strait within the new framework of the POCTEFEX program, is a permanent fixture in the University of Cadiz and the University Abdelmalek Essadi funded by the Interreg program. There are also foundations and organisms of permanent cooperation such as the Foundation “Dos Orillas”.

Graph 9 shows the factors, extracted from the questionnaires, which influence territorial cooperation. In general, it can be observed that there are more facilities to cooperation than there are impediments. From the Moroccan perspective, there are no impediments as far as the historical, legal and institutional contexts are concerned, nor are there difficulties with the civil society nor with shared environmental concerns. From the Spanish point of view, physical proximity, historical context, their own trajectory of cooperation, a shared environmental concern, having businesses in common with the exterior and political willingness are all considered facilitating factors. The aspects that facilitate cooperation, then, are many and there are no difficulties perceived from either perspective.

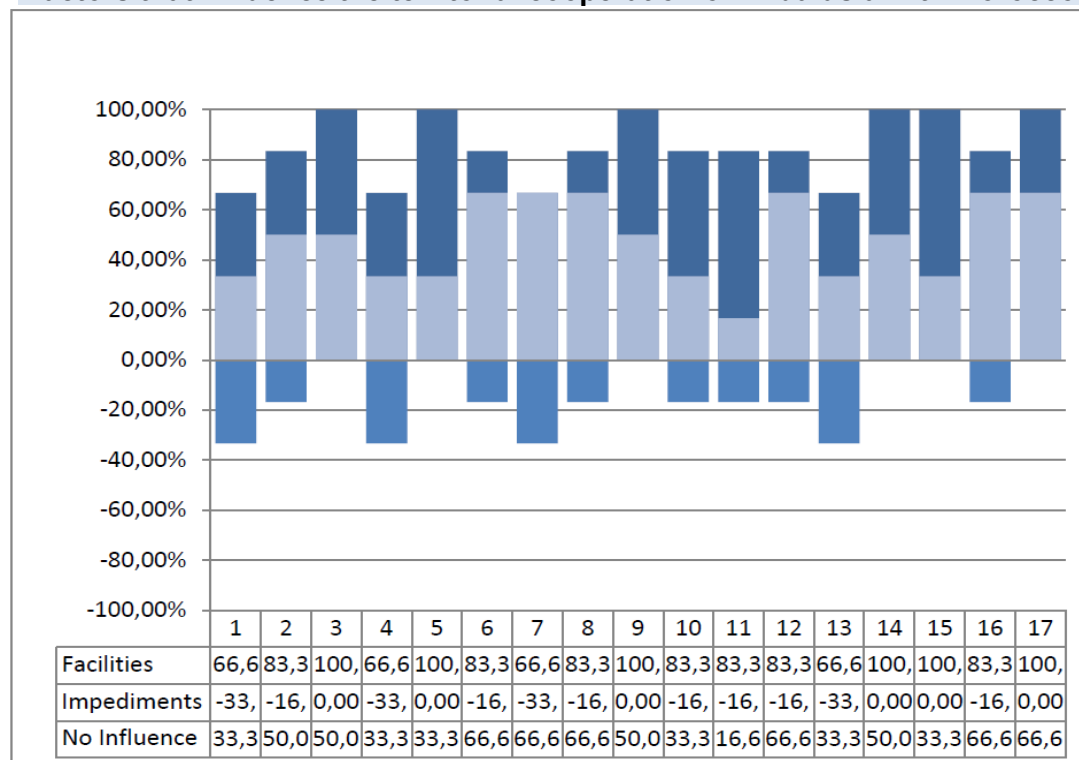
There are other areas in which the interviewees identify difficulties but only in the case of the physical geography (from the Moroccan perspective), the level of infrastructures, religion or availability of funds these are compensated or exceeded by answers that consider that these same variables facilitate cooperation. From the Spanish perspective, only language, the level of infrastructures, religion, common culture or legal context cause more difficulties than advantages.

In any case, even when the difficulties are more than the facilities, there is always a greater number of answers that consider that these factors do not influence cooperation. Therefore, we can conclude that the process of territorial cooperation between Andalusia and Morocco, in spite of differences that could be expected *a priori*, does not present particular difficulties in its present-day execution nor in the future since the factors that facilitate or do not have an influence one way or the other, easily outnumber the factors that make territorial cooperation difficult.

**Graph 9**  
**Factors that influence the territorial cooperation of Northern Morocco with Spain**



**Graph 10**  
**Factors that influence the territorial cooperation of Andalusia with Morocco**



Source: CAWIs

Legend:

1. *Level of growth (development) in the region*
2. *Presence of minority groups in the region*
3. *Favourable physical geography (e.g. absence of natural barriers)*
4. *Level of infrastructures*
5. *Positive historical background*
6. *Common religion*
7. *Common/similar language*
8. *Common/similar culture*
9. *Previous involvement in international Territorial Co-operation projects*
10. *Availability of funding*
11. *Geopolitical position*
12. *Similar legal and/or institutional background*
13. *Active civil society*
14. *Shared environmental concerns*
15. *Common business interests abroad*
16. *Member of the EU*
17. *Political will*

Territorial cooperation between Andalusia and northern Morocco has greatly improved foreign relations between both territories since personal ties considered above and beyond occasional organization and/or political problems have been established and often lead to the elimination of obstacles, an observation that has come up in all the interviews on both sides of the Strait of Gibraltar.

Down this same line of thought, 40% of those polled in Morocco assert that commercial flows, direct investments, migratory movements, trips for work have improved with more or less intensity. This percentage increases to 45% in the case of student mobility and to 55% in the case of tourism. From the Spanish point of view these percentages vary from 50% and 60% for the same concepts, but only if referring to decentralized cooperation of a transcontinental nature; that is, they don't believe that projects financed with Interreg funds have the same effect. As already indicated above, this is the result of the reduced impact of European Interreg funding has in Morocco.

To improve these results, the specialists consulted suggest that actions within the European Neighborhood Policy Instrument (presently being negotiated) should move forward since it would bring about greater Moroccan funding and make it possible to carry out projects on a more equal plane, since with POCTEFEX, only 10% can be invested in Morocco and total funding comes from the EU.

Moreover, it would be necessary to respond to the needs expressed by the Moroccan that is, the demand for technical training of intermediate leaders in order to contribute to the regional decentralization process and democratization in Morocco. In this field, Spanish "know-how" is very useful of Morocco as perceived by those polled in Andalusia and the Tanger-Tetouan region with extensive experience in decentralized cooperation financed by European funds. There is a broad consensus on both shores of the Mediterranean as to this subject.

#### **4. Governance Structure and the Implementation of Cooperation**

As mentioned above, the structure of the governance of territorial cooperation can be divided into two fronts:

1. Decentralized cooperation. Here two forms of governance are distinguished:

Indirect

Andalusian cities, towns and provinces, as well as the Spanish and Andalusian cooperation agencies turn over funds to NGOs who are in charge of carrying out the projects in Morocco. This brings about serious coordination problems for the NGOs because some municipalities that had promised funding did not finally contribute to the project. In some cases, there Moroccan capital is also present as occurs in the Assabil Center in Tanger carried out by Don Bosco Solidarity, as one person responsible for this entity confirmed in an interview. From the local Spanish point of view, their criteria are based more on solidarity than on strategic interest in a particular territorial space, and, in this case, they simply grant a subsidy to an NGO who is then the real actor of cooperation, carrying out the project in the target territory. In some cases the NGO maintains a project over several years with diverse funds from various local entities. In this case these entities only act as contributors of funds but do not intervene in the project.

Direct

FAMSI is in charge of coordinating Andalusian decentralized cooperation and giving technical support. Thus, besides turning funds over directly to NGOs for the execution of projects, Andalusian city and provincial governments associated with FAMSI organize their development aid programs through FAMSI. Various social actors and public enterprises that lend technical assistance to the projects, such as public foundations, are also implicated in this task.

Specifically, FAMSI in Morocco collaborates with the United Nations Art Program which works within a territorial perspective with local task groups in defining their own priorities and with a National Coordination Committee in which the General Direction of Local Collectivities is involved. The Art-Gold Program has funding for the actors of European decentralized cooperation.

The AN<sup>A</sup>MAR network channels 90% of FAMSI funds for development in Morocco, mainly in the Tanger-Tetouan region. The other important partner is the UNDP's Art-Gold, on the Moroccan side, 65% of whose finances come from AECID.

2. Cooperation with European funds

This type of cooperation is managed directly by provincial governments (diputaciones) and their dependent organisms with Interreg funds (now POCTEFEX). These agents act directly in the territory and must work with local partners. The Cross-Borders Campus of the Strait is an example of this line of funding. Some

coordination problems arise with the Moroccan partners and even with partners in decentralized cooperation because, institutionally, the programs belong to FAMSI, but they carry out the territorial cooperation action independently and with different criteria. Although it is a matter of the same territory and often the same actors, the procedures used are different which creates confusion and malaise with the Moroccan partners as they themselves state. According to one interviewee from Andalusian cooperation, “perhaps our excessive decentralization sometimes confuses the Moroccans.”

Even so, the organisms that receive financing from the POCTEFEX funds belong to various organizations, acting as concentrators within a policy of decentralization of cooperation, assigning the same tasks and the same partners in northern Morocco. This is the case with the Institute of Employment and Technological Development of the Diputación of Cadiz which agglutinates in its projects chambers of commerce, city halls, unions and other organisms that carry out the work packages within a large project of cross-border territorial cooperation. “This kind of territorial cooperation is more productive”, says one agent of a European program.

The idea of agglutinating efforts to prepare a project financed with European Interreg funding, but executing the project in a decentralized way has had good results in territorial cooperation with Morocco.

The work of FAMSI, which agglutinates decentralized cooperation funds, facilitates an increase in the intervention capabilities of many Andalusian municipalities and provinces that, individually, would not have had sufficient mass to collaborate strategically.

This is a bottom-up approach in which one entity acts as coordinator of cooperation, allowing freedom to establish decentralized actions within a larger project. Thus there is sufficient flexibility and acting power by taking advantage of organizational and cognitive proximity shared by agents doing similar tasks on both shores, such as the chambers of commerce.

The inconveniences that have been found to the implementation of some territorial cooperation actions are relative to the different legislations and especially, to the atypical (from the European standpoint) double governance system in Morocco. In effect, as has been described above, the Regional Council of Tanger-Tetouan, one of the key agents in cooperation in the Moroccan territory, does not have executive power, which rather lies with the decision channel depending on the Interior Ministry (the Wilaya). To overcome this problem, after years of cooperation, the Diputación Provincial of Cadiz substituted this actor with the General Direction of Local Collectivities of the Moroccan Interior Ministry which has led to broader reaching cooperation projects.

In the case of FAMSI and the Art-Gold Program which administrate funds for development cooperation not carried out with Interreg financing, overcome this problem by means of a delicate balancing of both Moroccan government channels, by informing one channel of the actions carried out by representatives of the other channel, so that projects can be implemented without hurting feelings, as occurred with the Regional Council of Tanger-Tetouan and the Diputación of Cadiz. The

interview with the person responsible for international cooperation in the Council confirms this incident.

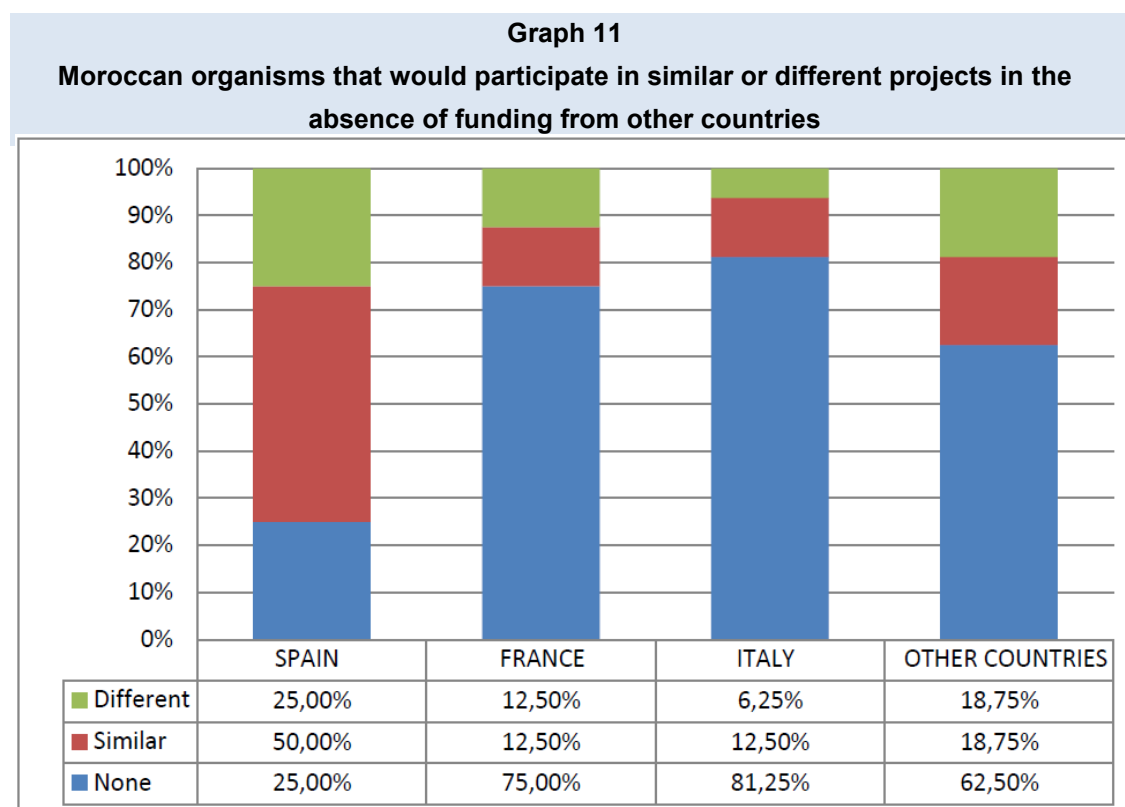
These obstacles derive from the different legislation existing on both sides of the Strait of Gibraltar. There may be some correction of this problem if Morocco continues progressing in the framework of the Advanced Statute with the European Union and in the European Neighborhood Policy which would facilitate, for example, the contracting of permanent personnel in Morocco under the umbrella of collaboration projects financed in the sphere of Interreg. As indicated by some interviewees, the persons responsible for these projects in Andalusia would like this to take place in order to improve the coordination of these projects. It is not in vain that in Morocco the regional government is understood to be the most important actor in territorial cooperation with Spain (half of all interviewees believe this, with a large gap over other cooperation agents).

Moreover, another of the great inconveniences is that Moroccan bureaucracy is slow and sometimes appears to lack interest in making cooperation projects a reality. The fact that European and Moroccan rhythms are very different means that many projects are brought to a standstill. The Moroccan civil servant mass is, in general, operationally deficient, according to high-level Moroccan public employees.

The economic crisis is having negative effects: funds are being reduced. Thus, while Morocco received 1,600 million euros from the European Union from 1995-2006, only 708 million euros were received between 2007 and 2010. It is predicted that the country will receive only 580 million from 2011 to 2013 (AECID, 2011). Of this total, Spanish cooperation participated with 340 million euros between 2007 and 2009, 160 million in the last year alone. However in 2010, only 80 million were handed over (the same level as 2007) and it is foreseeable that 2011 may close with a participation of no more than 80 million euros, less than half the 2007 budget (Ministerio de Asuntos Exteriores y Cooperación, 2011).

For these reasons it is important to know if Moroccan institutions would be willing to carry out development actions in the absence of funding from European and Spanish cooperation. Graph 10 is very illustrative in this respect: local organisms of the Tanger-Tetouan region value Spanish cooperation to the point that 50% of these actors would be willing to work on projects similar to those they have worked together on in the past. However only 20% of the persons polled would be willing to continue similar projects with other countries. Even so, a fourth of those polled would not be able to carry out actions and this percentage increases to 75% in the case of actions with other countries. However, it is understood that in the absence of cooperation, the projects would be longer term and in general somewhat smaller.





Source: CAWI.

From the Spanish perspective, local corporations and other cooperation agents do not have funds available to finance the projects except, of course, those they can obtain by participating in public contests of the EU, AECID and AACID. With a few exceptions, the absence of funds to carry out development actions would endanger the projects considerably and more so in the present economic situation.

On occasion, some municipalities have proven not to be very trustworthy in cooperation, from the Moroccan point of view, in the opinion of a representative of the Regional Council of Tanger-Tetouan. Some of them have not fulfilled commitments acquired with NGOs to finance development projects in Morocco which has led them to seek, when possible, alternative sources as acknowledged by the Andalusian municipalities themselves.

In sum, for Andalusia, the most obvious benefits of cooperation center on the reduction of illegal immigration, opening possibilities of insertion in the labor market for the young in Morocco through projects that contribute to improve the standard of living in the Tanger-Tetouan region. On the other hand, from an economical point of view, the advantage is centered on maintaining Andalusian and Spanish influence in the region which will lead to their preferential participation in the process of

decentralization of productive stages. Decentralization will reduce labor costs within the Strait of Gibraltar international logistics platform.

For Morocco, the benefits of cooperation can be found in the projects for economic and social development that are carried out in the Tanger-Tetouan region which contribute to improve public infrastructure. Even so, the direct investment is minimal compared to the total expense in the same areas of action for the Moroccan government. Of great interest for Morocco is the technical assistance provided at the municipal and regional level by the Spanish counterpart, as well as the training of intermediate managers and technical personnel which will contribute to future territorial economic development in Morocco.

Moreover, although in a more subtle way, territorial cooperation projects are increasing mutual confidence and leading to the desire to continue collaborating and preparing future long-term joint projects. These actions foster political and social stability between peoples in a long-term dynamic and contribute to greater understanding which will, in turn, benefit long-term economic development processes. However, the relatively short time (about 10 years) that territorial cooperation projects have been functioning, does not allow for massive perception on the part of society of these processes. Society is overwhelmed by the dynamics of illegal immigration and problems of social integration that sometimes appears in Spain.

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## 7. F | List of Interviews

Name of official	Position	Date & place
David Villanueva	IDEA Agency. Department of European Projects and International Cooperation. Entrepreneurial Center ReTSE of Cadiz.	El Puerto de Santa María. Jul. 14, 2011
Ignacio Romero	FORJA XXI Foundation. Cooperation Office in Tetouan.	Tetouan Jun. 8, 2011
Manuel Fernandez Palomino	Vice-president of the Andalusian Municipalities Fund for International Solidarity.	Jaen Jul. 10, 2011
Fernando Medina	Don Bosco Solidarity Foundation.	Seville Sep. 12, 2011
Jose Luis Corrionero.	Coordinator in the Area of Aid to Development of the Andalusian Municipalities Fund for International Solidarity for Africa and the Mediterranean.	Malaga Jul. 25, 2011
Francisco Jose Trujillo Espinosa	Vice Rector of the Bahía de Algeciras Campus of the University of Cadiz.	Algeciras Jul. 19, 2011
Jesus Gomez Morales	Technician Specialist of the Classroom of the Strait.	Algeciras Jul. 19, 2011
Bernadette Sebrechts.	Responsible for European Projects of the Diputacion de Malaga.	Malaga Jul. 20, 2011
Jose Juan Guzmán Valdivia	Technical Supervisor of International Cooperation Projects. Diputacion Provincial of Jaen.	Jaen Jul. 11, 2011
Jorge Tellez	Chief of the Maghreb and Palestinian territories Department of the Andalusian International Cooperation for Development Agency.	Seville Nov. 24, 2011
Vicente Ortega.	Technical Cooperation Office of the Spanish Agency of International Cooperation	Rabat Jun. 8, 2011
Cristino Pedraza	Responsible for the Art-Gold Program of the UN Plan for Development.	Rabat Jun. 8, 2011



Mohamed Ben Abdessadak	Secretary General of the Regional Council of the Tanger- Tetouan Region.	Tanger Jun. 8, 2011
Abderrahman M`Rabet	Chief of the International Cooperation Division of the Tanger- Tetouan Regional Council.	Tanger Jun. 9, 2011
Mohammed El Bakkali	President of the ADELMA Association. Tangier. Group interview	Tanger Jun. 9, 2011
Saïd Hiba	Chief of Local Collectives of the Wilaya of Tangier.	Tanger Jun. 9, 2011
Karim Affif	Technical Assistant of the Local Collectives of the Wilaya of Tangier.	Tanger Jun. 7, 2011
Benkhair Latifa	Professor of International Private Law at Abdelmalek Essaadi. University. Tanger	Tanger Jun. 7, 2011
Fadoua Mehsoun	General Coordinator of Local Development. Chefchaouen. Personal interview.	Tanger Jun.7, 2011

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## **2.10 Case Studies on Governance and EGTC**

Identifying driving forces of and governance structures for  
territorial cooperation

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This paper has been prepared as part of the ESPON TERCO project, 'European Territorial Cooperation as a Factor of Growth, Jobs and Quality of Life'. The focus of the paper is Work Package 2.6 (WP 2.6), 'Identification of driving forces of and governance structures for territorial cooperation'. WP 2.6 is led by the European Policies Research Centre, University of Strathclyde and also involves Institut de Gestion de l'Environnement et d'Aménagement du Territoire (IGEAT) of the Université Libre de Bruxelles.

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European Policies Research Centre  
Glasgow, February 2012

## Final report

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## Abbreviations

ASEAN	Association of Sout East Asian Nations
CBP	Central Baltic Programme
CE	Central European
CEC	Commission of the European Communities
CoR	Committee of the Regions
DG	Directorate General
EEPR	European Energy Programme for Recovery
EGTC	European Grouping for Territorial Cooperation
ENPI	European Neighbourhood Policy Instrument
ERDF	European Regional Development Fund
ERIC	European Research Infrastructure Consortia
ESF	European Social Fund
EU	European Union
EUSBSR	European Union Strategy for the Baltic Sea Region
EUSDR	European Union Strategy for the Danube Region
Fla	Flanders
FP7	Framework Programme
FUA	Functional Urban Area
GR	Greater Region
IG	Ister-Granum
JMC	Joint Monitoring Commission
JTC	Joint Technical Secretariat
LKT - LIKOTO	Lille-Kortrijk-Tournai
MA	Managing Authority
MTE	Mid Term Evaluation
NGO	Non-Governmental Organisations
NPP	Northern Periphery Programme
NSRP	North Sea Region Programme
NWE	North West Europe

OECD	Organisation for Economic Cooperation and Development
OP	Operational Programme
PPG	Programme Preparation Group
RCP	Regional Contact Points
SEE	South-Eastern European
SG	Steering Group
SME	Small and Medium Enterprises
TEN-E	Trans European Network Energy
TEN-T	Trans European Network Transport
WP	Workpackage

## **1. Introduction**

The overall aim of Workpackage 2.6 (WP 2.6) is to identify the driving forces and governance structures for territorial cooperation. The Workpackage has three broad objectives:

1. to identify the driving forces behind and determinants of territorial cooperation;
2. to identify the roles that institutional frameworks, legal instruments and governance structures play in cooperation and how appropriate they are for territorial cooperation; and
3. to identify models of cooperation that work in practice.

Section two of the report begins by outlining the framework and approach taken for WP 2.6. In section three the factors that shape territorial cooperation as identified in the theoretical literature are discussed. Section four summarises strategic documentation and literature on territorial cooperation and governance structures for territorial cooperation. Section five outlines the findings of the research team's analysis of INTERREG. Section six examines new initiatives of territorial cooperation in the form of European Grouping of Territorial Cooperation (EGTC) and macro-regional strategies. The conclusions in Section seven give an overview of the main findings and explicitly provide answers to the objectives as outlined above.

## 2. Framework and approach

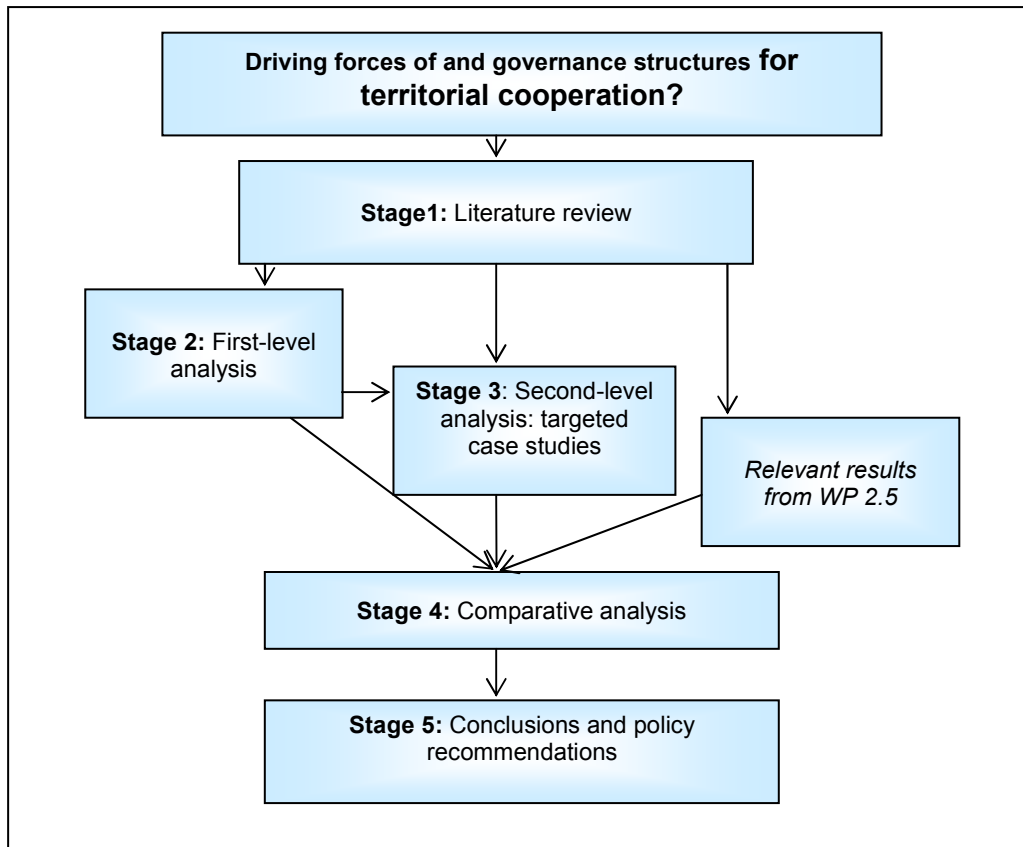
Building on and complementing the work of preceding Workpackages and in particular the WP 2.5, WP 2.6 focusses on the following key questions:

- What factors drive territorial cooperation?
- What factors and systems best support territorial cooperation and make territorial cooperation 'happen'?
- How is territorial cooperation operationalised/mobilised?
- How does the governance of territorial cooperation affect its contribution to wider goals, such as growth and jobs?
- How can the governance of territorial cooperation possibly be improved?

### 2.1 Research approach

The completion of this Workpackage involved a number of phases and processes (see Figure 5).

Figure 5: Workpackage 2.6



### **Stage 1: Review of relevant literature and studies**

An extensive literature review has been undertaken as part of the ESPON TERCO study. The aim of this section of the work is to draw on and complement existing material, by developing a more in depth review of specific material relating to the management and implementation of territorial cooperation programmes and initiatives. As such, the review includes sources such as ESPON project 2.3.2 (2006), the ex post evaluation of the 2000-06 INTERREG programmes and comparative studies, such as OECD reports (2011, 2010, 2006, 2003), BBR (2009), Taylor *et al.*, (2004).

### **Stage 2: First-level analysis**

The overall focus of the TERCO project is territorial cooperation in its widest sense including not just cross-border, transnational and inter-regional cooperation but also cooperation between twin/sister cities and within macro-regions. Workpackage 2.6 aims to take all forms of cooperation into account, but it also has a particular focus on EU's INTERREG programme and EGTC initiative.<sup>127</sup> This more narrow focus is adopted for the following reasons.

- The INTERREG programmes and EGTC initiatives offer greater opportunity to compare like with like (or at least similar with similar) than a comparison of all forms of territorial cooperation.
- By using programmes where there are clear, common external drivers and a rationale for cooperation, e.g. access to resources, the research can focus to a greater extent on the impact of contextual and governance issues on territorial cooperation.
- INTERREG, in particular, has its own requirements for management and implementation that to an extent shape and inform the governance of the policy. However, even within this common framework there are considerable variations, which highlight the particular impact of governance systems on territorial cooperation and what it can achieve.
- By focussing on INTERREG and EGTC there is scope to look beyond administrative arrangements and focus on how institutions operate and interact at various stages and on differing tasks.

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<sup>127</sup> The European Grouping of Territorial Cooperation (EGTC) instrument was established on 5 July 2006 by Regulation (EC) 1082/2006 of the European Parliament and of the Council and came into force on 1 August 2006. The EGTC instrument is designed to facilitate and promote cross-border, transnational and interregional cooperation. Unlike the structures which governed this kind of cooperation before 2007, the EGTC is a legal entity and as such will enable regional and local authorities and other public bodies from different Member States to set up cooperation groupings with a legal personality.



- The INTERREG programme is a relatively well-established form of territorial cooperation, established in 1989. Thus, change over time and the scope for lesson learning and adaptation can be reflected upon. In contrast, EGTC initiatives are comparatively new and are particularly valuable cases in relation to exploring issues involving initiating and establishing a new form of territorial cooperation governance. It is also the first European cooperation structure with a ‘legal personality’ defined by European Law. As such, it offers a new case for investigations into the governance of territorial cooperation.

The first-level analysis of WP 2.6 involves a review of INTERREG programmes and EGTC initiatives, taking into account the scale and scope of the programmes, the types of border involved, numbers of participating countries, and whether the cooperation is ‘well-established’, i.e. spanning a number of programme periods. Crucially, the first-level analysis also involves an in depth review of the governance arrangements used for INTERREG programmes and EGTC initiatives, in order to identify, understand and categorise the key governance arrangements in place.

For INTERREG programmes, the first-level analysis involves reviews of programme and strategic documents, including operational programmes, annual reports and evaluation studies. Where possible, the focus is on the 2007-13 programme period. However, it is recognised that many evaluation reports for the 2007-13 INTERREG programmes are not yet available and that valuable lessons can be drawn from past experience. Therefore, where relevant, experience during the 2000-06 period and earlier programme periods is also considered. For EGTC, the first-level analysis includes a review of relevant documents available from the European Commission, the Committee of the Regions, all established EGTCs and those under discussion, and reports from DG Regio.

As well as drawing general lessons and conclusions, the first-level analysis is used to inform the selection of in depth ‘targeted case studies’, where the process of mobilising and implementing territorial cooperation can be examined in much greater detail.

### **Stage 3: Second-level analysis: ‘targeted case studies’**

The work on targeted case studies primarily involves documentary analyses and interviews. Documentary analyses draw on operational programmes, programme manuals, and strategic implementation reports and evaluations. This section also draws upon semi-structured interviews undertaken with key stakeholders such as policymakers, programme managers, secretariat staff, regional contacts and programme/initiative beneficiaries, focussed on issues potentially affecting the mobilisation and operationalisation of territorial cooperation.

Targeted case studies for the second-level analysis were selected on the basis of:

- geographic coverage, ensuring a balanced representation of a wide range of different territories;

- institutional and governance arrangements, reflecting the wide variety of approaches to the governance of territorial cooperation; and
- innovative/distinct approaches to governance, in order to highlight the particular benefits and challenges of as wide a range of approaches as possible.

Five INTERREG targeted case studies and three EGTC targeted case studies have been selected. Box 6. identifies the key features of the INTERREG case studies. More detailed descriptions of the case studies can be found in Annexes A - E. For Flanders – Netherlands (Grensregio) eight people were interviewed; for the Central Baltic Programme six people were interviewed, for the North Sea Region Programme five people; for the Czech Republic - Slovak Republic eight interviews; and for Slovenia – Austria five interviews. The in-depth case study involved interviews with members of the Monitoring Committee (MC), Managing Authority and Joint Technical Secretariat (JTS) as well as NCPs and project beneficiaries.

For EGTC initiatives, the case studies reflect the variety of cross-border, interregional and transnational forms of cooperation. The EGTC cases are outlined in Box 7. The Lille-Kortrijk-Tournai case study is also part of the WP2.5 research. For this case study, 22 actors from different levels were interviewed (see WP2.5 for more details). The Danube case study involved 11 interviews from various levels (for details see Annex F). The Greater Region case study involved eight interviews (see Annex G).

#### Box 6: selected case studies

**The Flanders/ Netherlands programme (Grensregio)** - is an exemplary INTERREG IVA cooperation programme between two EU15 countries which have close cultural and historic ties. It is in the EU's heartland but is not part of any of the core economic centres. The total budget for the programme is €189,747,122, of which 50 percent is funded by the EU (ERDF). Currently in its fourth period of implementation, the programme has a delegated management and implementation structure including involvement of regional and local actors. The programme has developed innovative governance approaches which include a project pre-selection procedure and an interpretation database. Furthermore, despite significant challenges, it has been successful in attracting private enterprise partners. In general the programme is regarded as having few barriers.

**The North Sea Region Programme (NSRP)** – is an INTERREG IVB programme which includes seven partners, of which one is a non-EU Member State (Sweden, Denmark, UK, Germany, the Netherlands, Flanders region of Belgium and Norway). It has a total budget of €247,200,00, of which 51 percent is EU (ERDF) funded. The programme was formally established in 2000. The defining feature of the NSRP is the North Sea which can be considered both a physical barrier as well as an opportunity for territorial cooperation. The programme includes areas which are considered to be within the EU's core, as well as others which form some of its most peripheral. The group of different partner countries illustrates the diversity of local, regional and national involvement in these programmes. It also provides valuable insights in terms of innovative approaches of governance, including: a project clustering process, pre-

financing of projects by some Member States, and a project pre-assessment procedure.

**Central Baltic Programme (CBP)** - is an INTERREG IVA programme that includes EU12 (Estonia, Latvia) and EU15 (Finland and Sweden) partners. It consists of three components: an overarching Central Baltic programme, and two sub-programmes (Southern Finland – Estonia and Archipelago Islands programmes). It has a total budget of € 136,008,916, of which 75 percent is EU (ERDF) funded. The area has long history of cooperation at the local, regional and national levels. The involved countries have different administrative traditions. The CBP has to comply with the macro regional Baltic Sea strategy. Coordinated efforts between CBP and other programmes in the area are well established.

**Slovakia / Czech Republic** – is an INTERREG IVA programme between two EU12 countries. The programme has a total budget of €109,106,049, of which 85 percent is EU (ERDF) funded. Despite being part of the same country until 1993, a dividing line between the two countries existed. The severance of mutual ties and reduction of cross-border contact deepened the marginalisation of the border regions. The first important EU instrument to promote territorial cooperation was introduced in 2004. There is a diverse approach in terms of the management and implementation of the programme. Slovakia takes a more centralised approach whereas the Czech work on a cooperative basis with regional partners.

**Slovenia / Austria** – is an INTERREG IVA programme between an EU15 Member State and an EU12 Member State. The programme has a total budget of €78,954,680, of which 85 percent is EU (ERDF) funded. The programme is in its third period of implementation. In the 2007-13 programme period the joint administrative bodies have been situated in Slovenia for the first time. There is a common history between the two countries as part of the Austro-Hungarian Empire and a more negative recent history in WWII. A certain administrative asymmetry between the two countries exists; Slovenia is centralised whereas Austria has strong regional governments (*Länder*).

**Box 7: EGTC cases**Cross-border cooperation and multi-level governance

Lille-Kortrijk-Tournai (LKT) EGTC has 14 partners, from local to State level. This EGTC was the first to be implemented in the EU. Its main responsibility is to ensure efficient and coherent cross-border cooperation, to improve the quality of daily life of the inhabitants, and to develop the Eurométropole in order to position the metropolitan territory at European and international level. This will be realised through the promotion of regular political and technical dialogue between partners, the preparation and management of projects co-financed by the EU, and the implementation of a long term reflection strategy. This case is covered as part of TERCO report on cross-border area WP 2.5.

Link with macro-region cooperation and potential obstacles

EGTCs around the Danube were selected in order to investigate the links with the macro-regional European Union strategy for the Danube Region (EUSDR) which was proposed in June 2011. These include:

The City Network Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) EGTC in negotiation, which was one of the first attempts to establish a EGTCs in the EUSDR framework: the proposed EGTC was directly inspired by the EUSDR. However, the formation of EGTC is currently not progressing. These issues provide valuable insights into the overall working of EGTCs.

The Ister Granum EGTC, which was adopted in 2008 and was the second EGTC in the EU (the first in Eastern Europe). It is based on cooperation between two cities at the Hungarian-Slovak river border (Esztergom (30,261 inhabitants) and Štúrovo (11,290 inhabitants)) and in a Euroregion.

Managing authority of INTERREG program

EGTC — INTERREG IV A — Programme Greater Region was established on 1 April 2010 with partners from France, Germany, Belgium and Luxembourg (registered office in Metz (France)). This EGTC was the first one – and until now the only one, to be established as the managing authority of an INTERREG Programme (INTERREG IV A Programme Greater Region).

The aim of the second stage of the research is to ask: how do institutional framework conditions facilitate or hinder cooperation? How can shortcomings be overcome (administrative culture, extent of self-government, funding sources)? Which legal instruments and governance structures are appropriate for different forms of cooperation (institutional design, modes of governance, national legal bases, European legal instruments)? Can administrative and governance arrangements 'make' programmes/initiatives work? Key questions to be addressed are:

- How are strategies agreed?
- How is partner involvement managed?

- How are projects/activities generated and implemented? How effective is this system; and
- What efforts are made/systems are in place to maximise and reflect the impact of cooperation?

The questionnaire for this part of the research has been designed to gain qualitative insights and add to the data which can be accessed through documentary sources. As outlined, interviews mainly involved key stakeholders in the relevant territories. However, some relevant Commission officials and officials at national level were also interviewed.

The final questionnaire was been developed by EPRC and IGEAT, in consultation with partners. Key questions are addressed in each interview. However, it has also been recognised that some questions had to be adapted to the specific area of expertise of individual respondents and to the type of programme or initiative being covered. For instance, questions to authorities involved in EGTC are likely to differ from those addressed to INTERREG practitioners.

The proposed questions elaborate on those already outlined in the questionnaire for WP 2.5, thus allowing for comparisons to be drawn between the results of the main case studies and the targeted case studies for WP 2.6. However, the focus of the questions is in line with the specific interests of WP 2.6 and is therefore focussed more specifically on governance issues.

The interview schedule was divided into four sections. The first section aims to examine the context of cooperation programmes, focussing on diversity in partnerships and networks. In the second section, the main barriers and drivers of cooperation efforts are explored with a particular focus on administrative barriers. The third section looks specifically at the management and implementation structures of the programme and includes questions on issues such as strategic management, project administration and project generation. The final section deals with future developments and potential collaboration efforts in territorial cooperation. A full outline of the interview schedule can be found in Annex G.

#### **Stage 4: Comparative analysis and conclusions**

The comparative analysis and conclusions are based on four key sources: the 2.6 literature review, first-level analysis, targeted case studies, and relevant fieldwork undertaken as part of Workpackage 2.5.

In order to maximise positive complementarities in terms of geographical coverage of the cases and the types of programmes involved, careful consideration was given to the selection of case studies for Workpackage 2.5 and the targeted case studies in 2.6. Research partners working on WP 2.5 and WP 2.6 also collaborated on the development of questionnaires and interviews, with a view to improving and

extending the coverage of the research. In particular, questionnaires and interviews for WP 2.5 go into some depth regarding the factors shaping territorial cooperation.

For WP 2.6, all the qualitative data gathered is analysed with a view to:

- identifying the relative importance of specific contextual factors as facilitators of, or constraints on, territorial cooperation;
- drawing up a list of the ways in which different cooperation areas have responded to varying framework conditions and determining whether specific legal instruments and governance structures (including institutional framework) are more appropriate for territorial cooperation than others;
- identifying fundamentals of good practice in the design, implementation and sustainability of different cooperation approaches; and
- presenting policy recommendations for future territorial cooperation.

Common lessons and examples of best practice that can usefully be applied to a wide range of types of territorial cooperation will be identified.

While much of the Workpackage has a narrow focus on experience under the INTERREG programme and EGTC regulation, other forms of territorial cooperation will also be taken into account. Therefore, in relation to drawing conclusions and setting out policy recommendations, it will be possible to draw common lessons that can usefully be applied to a wide range of types of territorial cooperation, such as the importance of setting clear goals and securing wide agreement on those goals, the importance of strategic management, and lesson learning/sharing information.

### 3. Factors Shaping Territorial Cooperation

One of the main goals of this research is to identify the driving forces behind and determinants of territorial cooperation. The rationales, forms and foci of territorial cooperation programmes differ considerably. Broadly, territorial cooperation creates fields for functional cooperation in the areas of competence of the territorial units and is seen as pragmatic cooperation that is oriented towards problem-solving (Schmitt–Egner, 2005). The territories involved seek to solve common problems, jointly exploit development potential and to strengthen their position nationally and internationally. However, the way territories go about pursuing these goals and organise the cooperation varies, linked to differing development paths in different contexts and needs.

In North America, cooperation has developed around pragmatic issues, such as economic interdependence or environmental concerns, and its separate bodies are generally maintained for dealing with specific issues (OECD 2003). In the Pan-Yellow Sea Region, covering the coast of northern China, south-west Japan and western and southern Korea, regional linkages have been strongly driven by the private sector, which has established intensive manufacturing links.

In the EU, given the high level of political integration amongst the Member States and large number of relatively small countries, numerous rules and structures have accumulated to guide and support territorial cooperation. In this context, territorial cooperation is commonly linked to ‘top-down’ policy initiatives, most notably INTERREG. Yet at the same time, local and regional authorities are active partners in driving in bottom-up initiatives for greater cooperation (Vion, 2002 and Clarke, 2010).

As these examples highlight, territorial cooperation can be very different in different places. Such variations are commonly linked to the background conditions that shape and drive cooperation. For instance, ESPON project 2.3.2. (2006) refers to the role of ‘territorial capital’, including: 1) intellectual capital (socially constructed knowledge resources); 2) social capital (nature of relations among actors); 3) political capital (power relations and the capacity to mobilise other resources to take action); 4) material capital (financial and other tangible resources, including fixed assets and infrastructure); 5) cultural capital (material and immaterial heritage); and 6) geographical capital (natural features, constraints/opportunities).

Based on an extensive literature review, Workpackage 2.1 identified seven background conditions that shape cooperation. For the purposes of WP 2.6 these are restated below, with some additional points raised in relation to INTERREG and EGTC.

- 1) **History:** Past experiences have a crucial influence on the cooperative environment. For instance, for the 2000-06 INTERREG programmes, the ‘maturity’ of previous cooperation (quality of legal framework and of established cooperation structures) was found to enhance the quality of cooperation, although it was not a guarantee of intensive cooperation (Panteia, 2010, p.13). There are many positive examples of Western European partnerships with their long history of post-war reconciliation and cooperation. In Central and Eastern Europe, the Iron Curtain largely halted such endeavours. This is problematic because, in general, the longer the experience with territorial cooperation, the more smoothly cooperative initiatives tend to run (Taylor et al., 2004).
- 2) **Geographic conditions:** Apart from physical distance, geographic conditions affecting territorial cooperation include barriers such as rivers or mountain ranges. Weak communications and transport infrastructure can also be problematic. A further problem at the external borders of the EU includes the bottlenecks caused by the Schengen border and the border of the European customs union. Conversely, ‘permeable’ borders with good physical and institutional links tend to be favourable for cooperation. Furthermore, physical structures that may on the one hand appear as a barrier for territorial cooperation, for example, a sea basin, can also be considered a facilitator for territorial cooperation; in the example of a sea basin, in that it provides for transport routes and presents common challenges.
- 3) **Socio-economic background:** Socio-economic background includes the level of development (GDP, unemployment rate, diversification etc.), discrepancies in development between the cooperating regions, as well as competition between these regions. Between territories with shared or similar socio-economic backgrounds, common development challenges and goals offer platforms for territorial cooperation. However, competition for investment and resources between similar territories may inhibit cooperation efforts. In cross-border regions, asymmetries in development tend to make programmes more dynamic (Taylor et al., 2004). At the same time, they can also give rise to mutual suspicions between the populations, and drawbacks such as smuggling or prostitution. An absence of links between socio-economic actors in the participating cities, regions or states, as well as compartmentalised markets, tends to inhibit cooperation (Kätke, 1999).
- 4) **Culture:** The broad heading of culture refers to the way that individuals, cities and regions from different countries relate to each other. Language barriers are often identified as one of the most important barriers and psychological barriers such as negative stereotypes and reservations among populations and political leaderships may act to limit cooperation (Bazin, 2003). Administrative culture also needs to be taken into account when discussing territorial cooperation and its implementation. There are as many organisational and management styles as there are instances of cooperation



(Hofstede, 2001, Ratti, 1993a). For instance, in the field of spatial planning the allocation of planning powers differs from country to country and the 'style of planning' is different (ESPON 2.3.2, 2006). It has been argued that cooperation is most likely to be successful between partners that share a similar administrative culture (Taylor et al., 2004). Administrative obstacles include insufficient resources allocated to cooperation and deficient relations between administrative institutions and different administrative levels (Assembly of European Regions, 1992).

- 5) **Regional and local self-government:** While it is not certain that the position of local and regional actors influences the success of territorial cooperation, it has been hypothesised that experienced, dynamic and well-positioned regional and local actors are in a better position to progress their objectives (Bachtler et al., 2005). In cooperation between regions of different states, problems often result from differences in administrative structures and subnational competences that hinder coordination (Assembly of European Regions, 1992).
- 6) **Legal background:** Territorial cooperation often takes place on an uncertain or vaguely defined legal basis. As most cooperation initiatives have no legal personality and no public law status, they sometimes lack the legal instruments to implement decisions (Assembly of European Regions, 1992). For example, decisions of cooperating bodies may have no legal force because national rules define cooperation under foreign relations. However, the European regulation on the European Grouping for Territorial Cooperation (EGTC), introduced in 2007, is particularly important in putting territorial cooperation on a legal footing by giving an EGTC legal personality.
- 7) **Funding:** Insufficient financial resources are a major obstacle to territorial cooperation. There are often no genuinely common resources, making it difficult and time consuming to take budgetary decisions (Assembly of European Regions, 1992). EU-funded territorial cooperation programmes, which are comparatively well-funded, suffer from the bureaucratic effort involved in implementing these programmes.

The OECD makes similar observations highlighting key factors that are central to the successful development of cooperative activities as: a culture of cooperation (intention to engage in cooperation and ease of cooperation); sense of common identity; support from national government; legal framework; and financial aspects (McMaster, 2011, OECD, 2006, OECD, 2010). OECD reports (2006, 2010) argue that of these, a culture of cooperation is the foundation of cooperation. If a culture of cooperation exists, this can be supported by appropriate governance structures and financial resources.

- A prevailing culture of cooperation provides an invaluable basis for cooperation. Cooperation across national borders is not only the technical

inter-linkage of two or more different systems of governance. It also has to bring together different people and social systems with differing systems of values. Therefore, the culture of cooperation that exists (or may emerge) is decisive for the future of the cooperation arrangement. There has to be a will to engage in cooperation. A related issue is how easy it is to co-operate. Language problems or different standards in culture, politics, etc., can provoke long delays in the administration and implementation of technical questions and cause frustration among cooperating actors (OECD 2006).

- A sense of common identity is an important precondition for any territorial cooperation. This identity can involve physical/material interdependency (e.g. economic and environmental) or regional identity based on historical and cultural factors. It is often the case that a cooperative activity starts based on physical interdependency, but a regional identity later develops, or vice versa. Both factors influence each other in the process of strengthening a shared sense of common destiny, which leads to more effective cooperation (OECD 2010).
- National or supra-national governments play a leading role in establishing many forms of territorial cooperation. This implies that the positive involvement of higher level governments is important, especially when cooperation is becoming established. National government is commonly needed to legitimise and facilitate co-operation (Blatter, 2003, Thant, 2007). National government can: i) remove barriers to integration; ii) mediate the different interests of national and sub-regional governments; and iii) provide an enabling environment, for example by providing financial incentives and framing 'meta-governance'.
- Establishing a system of governance to coordinate and manage cooperation means institutionalising one set of cooperation agreements across several different jurisdictional systems. If differences prove substantial, they can be bridged with the help of bi- or multi-lateral agreements. Though informal relationships ensure flexibility, institutionalisation brings temporal stability to cooperation arrangements.
- Incentives commonly have to be provided to enhance cooperation. The ambition of funds trying to address this problem is to initiate economic activities (including a reasonable return of investment) OECD (2006).

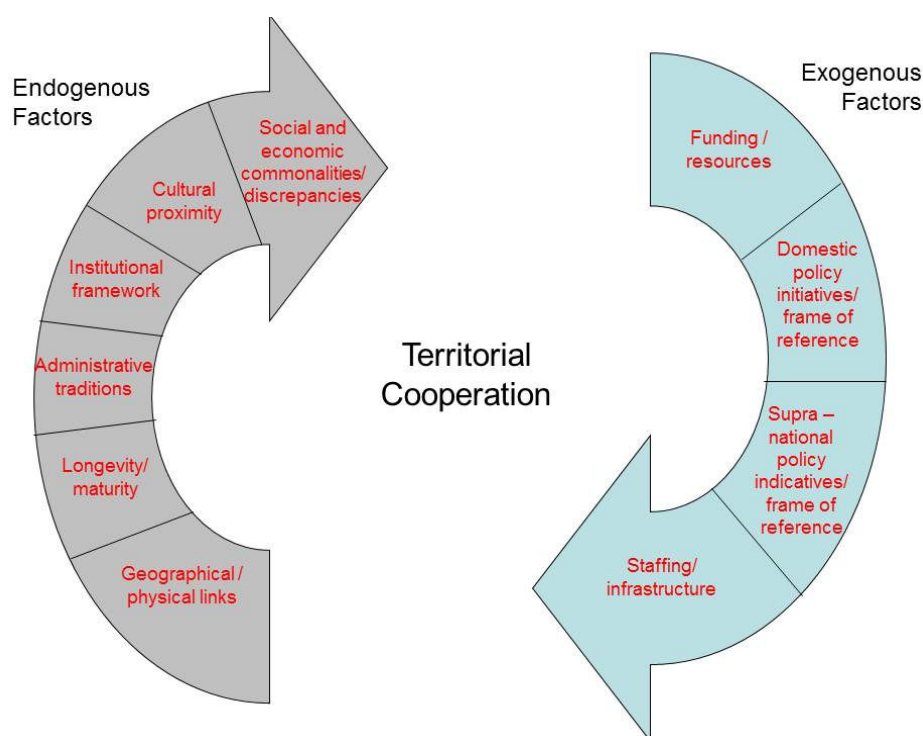
### **3.1 ESPON results**

Existing policy and academic literature clearly identifies the types of factors that can promote, inhibit and shape territorial cooperation and affect the impact and contribution of such cooperation. However, what is less widely understood is the influence of one factor relative to another. Are positive historical/cultural links 'more important' than 'funding' in determining the perceived success of territorial

cooperation? Does a shared administrative culture have more of an impact on the effective management and implementation than the geographical proximity of the regions involved?

The ESPON TERCO project has attempted to address these types of questions. A distinction can be made between exogenous and endogenous factors which influence territorial cooperation. The latter are inherent to the programme area and cannot be changed, or at least not in the short term. These factors include geographical conditions, economic disparities, institutional frameworks, cultural proximity between partners, maturity of cooperation efforts and administrative traditions (Figure 6). Exogenous factors are more malleable. They can be changed in the short term. Both sets of factors are important framework conditions for cooperation and there is a positive interaction between them; if exogenous factors offer positive framework conditions (e.g. there are sufficient resources, effective policy initiative, sufficient staffing) then this will improve endogenous framework conditions. Conversely, if exogenous factors are neglected this may lead to a deterioration of endogenous framework conditions.

On the other hand, having positive endogenous framework conditions (e.g. good geographical links, shared development opportunities, an effective institutional framework, close historical and cultural ties, and similar administrative traditions) facilitates investment in exogenous framework conditions. The positive interaction between these two sets of factors and circular nature of the framework conditions is depicted in Figure 6.

**Figure 6: Endogenous and exogenous framework conditions**

As the preceding review suggests, in addition to well documented factors such as historical and geographic factors, institutional frameworks and governance issues are capable of exerting a strong influence over the extent, form, direction and impacts of territorial cooperation. For instance, in its analysis ESPON 2.3.2 highlights the influence of existing governance structures on cooperation between metropolitan areas. In particular, the project focusses on the impact of decision-making processes and relationships between 'multi-level'/vertical organisations and 'multi-channel'/horizontal actors, such as the public sector, civil society, experts or the private sector. Both external institutional frameworks and conditions and the governance of the cooperation itself can act as significant barriers to, or drivers, of successful territorial cooperation. With this in mind, the remainder of the report focusses on the governance of territorial cooperation.

## **4. Governance of territorial cooperation**

### **4.1 Introduction**

As previous elements of this project have demonstrated, territorial cooperation arrangements vary enormously in terms of their scope, scale, objectives, and operations. A key consideration for Workpackage 2.6 is the diverse governance arrangements and institutional frameworks for territorial cooperation. Section 3 has identified how external framework conditions and institutions may shape territorial cooperation. However, it is also important to consider how effectively the cooperation arrangements are put into practice and operate.

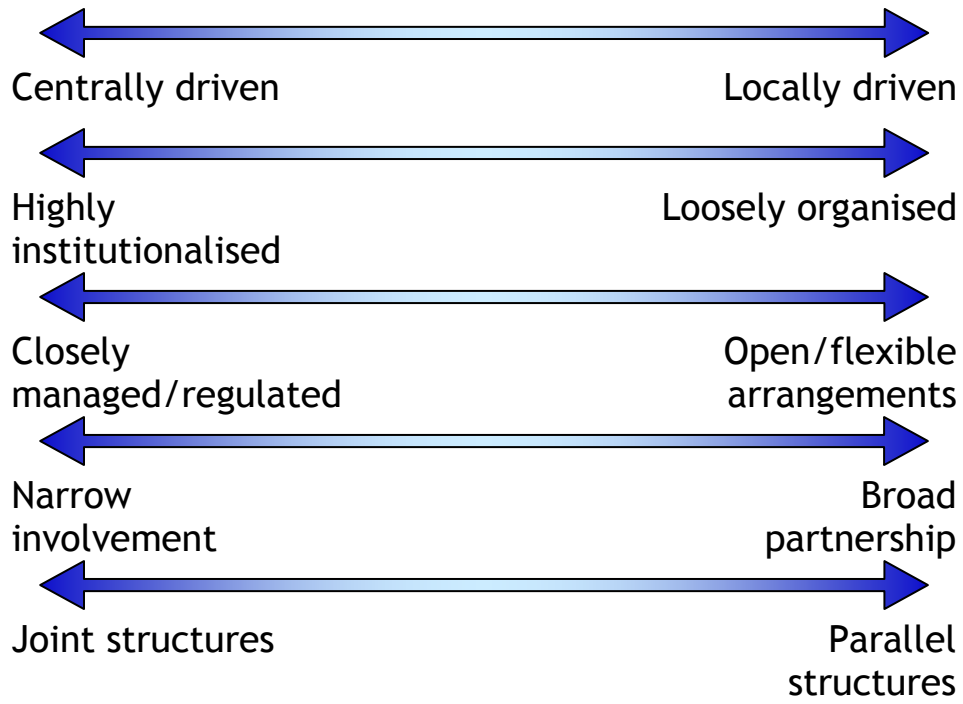
Related to the diversity of programmes is the range of differing approaches to management and delivery that have developed in response to distinct institutional, political and geographical contexts in which they operate. Existing academic and policy literature already identifies a wide range of considerable differences in the institutional frameworks in place to manage and implement territorial cooperation and particular challenges in relation to the governance of territorial cooperation.

### **4.2 Institutional frameworks, approaches and models**

Institutional frameworks for the management and implementation of territorial cooperation differ depending on the needs of the participants and the systems they operate within (Faludi, 2007, Perkmann, 2007, ESPON 2.3.2, 2006). Key variables when differentiating between forms of territorial cooperation governance structures are: the degree of administrative centralisation or decentralisation; the levels of formality/institutionalisation involved; the level of 'openness' and intensity of partner involvement; and the extent to which joint or parallel structures are in place to support cooperation.

Overall, there is an increasingly mixed picture of dynamic 'bottom-up' territorial cooperation driven by municipal/local level action and, at the same time, increasingly formalised and structured networks of higher regional/central level authorities, primarily involved in INTERREG programmes. Within these arrangements, key actors are local and regional authorities, authorities involved in the strategic management and implementation of INTERREG (usually central government departments), and the European Commission.

Based on the variables highlighted in the literature, institutional arrangements and frameworks for territorial cooperation can be located on a number of scales (Figure 7). Linked to this, key questions for this Workpackage go on to explore what the advantages and disadvantages associated with these arrangements are, and whether some institutional arrangements are 'better' than others. The key advantages and disadvantages are summarised in Table 17.

**Figure 7: Characteristics of territorial cooperation governance structures**

**Table 3: Characteristics of governance structures**

Characteristic	Key points
Top down/ Bottom-up cooperation?	<ul style="list-style-type: none"> <li>• Sub-national actors often play a key role in territorial cooperation.</li> <li>• Theoretical work on Europeanisation, multi-level governance and new regionalism highlights the increased role of sub-national actors in driving economic development and participating in external networking and cooperation activities (Hooghe and Marks 1996, Keating and Hooghe, 1996, Brusis, 2002).</li> <li>• Local and regional participation vary in accordance with the perceived or actual lack of capacity of sub-national actors.</li> <li>• The availability of external resources can simply strengthen existing cooperation efforts but in areas where territorial cooperation has been the result of external initiatives they are often centrally driven (Perkmann, 1999, p.662).</li> </ul>
Level of formality	<ul style="list-style-type: none"> <li>• Territorial cooperation efforts have been increasingly institutionalised (for example EGTCs).</li> <li>• Horizontal and vertical networks of cooperation involving public administration from local, regional, central and EU levels have been established.</li> <li>• Besides more formal cooperation efforts such as INTERREG, other forms of cooperation are in place that are less formalised (city twinning).</li> <li>• For other forms of cooperation the arrangements are as of yet less clear (Macro-regions).</li> <li>• The way in which territories have responded to the fixed requirements of INTERREG have differed (Taylor, <i>et al.</i> 2004).</li> </ul>
Openness, partner involvement and intensity of relations	<ul style="list-style-type: none"> <li>• The size and actors involved in the partnership are dependent on the scope and scale of cooperation (e.g. twinning arrangements have small partnerships, involving local actors, whereas INTERREG have larger partnerships involving actors from local to state levels).</li> <li>• Smaller partnerships are easier to manage but require strong inter-institutional and interpersonal relations.</li> <li>• INTERREG often involves public sector networks. Private sector involvement is limited and has proved challenging (Perkmann, 1999).</li> <li>• Deepening partner engagement and participation is an increasing concern (Barca, 2009, CEC, 2010).</li> <li>• Civil society is difficult to involve (ESPON 2.3.2, URBACT, 2010).</li> </ul>
Joint or parallel Structures	<ul style="list-style-type: none"> <li>• The introduction of EGTCs has provided a legal framework for joint cooperation structures.</li> <li>• The existence of joint administrative arrangements suggests a high level of cooperation, exchange and lesson learning.</li> <li>• Joint cooperation arrangements are highly context-sensitive, conditioned by degrees of regional self-awareness, local identities, ideological discourses and availability of financial incentives for cooperation (Scott 1999).</li> <li>• Territorial cooperation often involves complex horizontal cooperation between parallel organisations.</li> </ul>

- |  |                                                                                                                                            |
|--|--------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"><li>• A strong local/regional representation in cooperation efforts has considerable benefits.</li></ul> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------|

### **(i) Top-down/bottom-up cooperation?**

Historically, cooperation across-borders was an area of activity dominated by central government actors (Perkmann, 1999, p.658). However, in the EU some of the earliest institutionalised forms of territorial cooperation are based on bottom-up initiatives involving border municipalities (Perkmann, 1999, p.658, Dolez, 1996). Current territorial cooperation arrangements continue to be strongly based upon local and regional institutions and actors. Theoretical work on Europeanisation, multi-level governance and new regionalism highlights the increased role of sub-national actors in driving economic development and participating in external networking and cooperation activities (Hooghe and Marks, 1996, Keating and Hooghe, 1996, Brusis, 2002). Policy reviews identify the key role of sub-national actors in, for example, INTERREG programmes and city twinning.

However, not all territories are equally well placed to independently engage in cooperation activities. Variations in the levels of decentralisation can affect the extent to which local and regional actors participate in territorial cooperation. In many cases, central government authorities retain a high profile in territorial cooperation, due to a perceived or actual lack of capacity at sub-national level. As well as being shaped by domestic conditions, the availability of 'external' resources and drivers for cooperation has contributed to the emergence of an increasingly top-down element to some territorial cooperation arrangements. In some cases, external resources and initiatives such as INTERREG have simply strengthened existing cooperation. However, in others territorial cooperation has been the result of a top-down drive from a central and supra-national level (Engl, 2009, p.10). Where cooperation has resulted from an 'external' initiative, it tends to be more heavily dominated by regional and central authorities (Perkmann, 1999, p.662).

### **(ii) Level of formality**

As territorial cooperation arrangements have become increasingly embedded, many have tended to become increasingly formalised and institutionalised. The establishment of EGTCs as legal entities is one of the most notable examples of this trend. INTERREG has also had a considerable impact on the levels of formality and 'institutionalisation' of territorial cooperation arrangements. INTERREG programmes operate according to set regulations and procedures. As a result, institutionalised horizontal and vertical networks of cooperation involving public administration from local, regional, central and EU levels have been established to meet these requirements.



Such developments suggest more institutionalised, complex and closely coordinated forms of territorial cooperation. However, it is also important to recognise that a range of other forms of cooperation are also in place, many of which involve less formalised systems. City twinning arrangements tend to lack dedicated institutional resources and systems and rely on less formal inter-organisational or interpersonal relations. The appropriate institutional frameworks to support the newly adopted macro-regional strategies are the subject of ongoing debate (Mirwaldt and McMaster, 2010).<sup>128</sup> Additionally, as will be discussed in subsequent sections of this report, even the way in which territories have responded to the fixed requirements of INTERREG have differed, e.g. linked to the institutional infrastructures of the participating territories (Taylor, *et al.* 2004).

### **(iii) Openness, partner involvement and intensity of relations**

Depending on the scale and scope of the cooperation, a large number of institutions may be involved, e.g. in an INTERREG A cross-border programme or macro-region. Alternatively, many forms of territorial cooperation rely heavily on narrow groups of key institutions and actors, e.g. city-twinning. Such arrangements can be easier to manage and coordinate, and involve strong inter institutional and interpersonal relations that offer a solid basis for sustainable cooperation.

In the EU context, territorial cooperation arrangements in the EU Member States have tended to rely heavily upon the involvement of public authorities. The networks involved are generally policy networks with limited involvement of the private sector (Perkmann, 1999). Even in border regions with a strong tradition of cross-border territorial cooperation, such as North Belgium and Southern Netherlands and Greater Region, engaging the private sector in territorial cooperation initiatives has proved challenging (Van Houtum, 1997 and Scott, 1999: 610). ESPON project 2.3.2 (2006) highlights similar concerns over the involvement of civil society organisations in territorial cooperation, a concern which is also voiced in the MOT project on 'expertising governance for transfrontier conurbations' (URBACT, 2010).

However, extending the reach and impact of territorial cooperation ways to widen and deepen partner engagement and participation is an increasing concern (Barca, 2009; CEC, 2010). A number of territorial cooperation programmes are making explicit commitments to more actively engage with private business, e.g. through supporting projects based on 'triple helix' partnership between higher education, private business and public authorities (McMaster, 2010). Looking to the future, pressure on cooperation initiatives to deliver tangible results and impacts could also lead to a greater emphasis on involving private enterprise (CEC, 2010; McMaster *et al.* 2010).

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<sup>128</sup> Also see: CEC (2011) 611 final-2011/0273 COD0, p. 6.

#### **(iv) Joint or parallel structures**

Based on a number of factors such as funding regulations, maturity of the cooperation, capacity of domestic organisations, a number of territorial cooperation arrangements involve fully cross-border/transnational or joint institutional arrangements, e.g. a single INTERREG secretariat covering a cross-border area. One of the most notable examples is the EGTC initiative, which allows public entities from Member States to form a new entity with full 'legal personality'. Such joint administrative arrangements and joint working suggests a high level of cooperation, exchange and lesson learning, even greater convergence in approach.

However, as Scott (1999) observed, despite the present proliferation of cross-border initiatives in many parts of the world, it seems doubtful that we will see a general convergence of institutional forms or cooperation modes. Rather, the arrangements are highly context-sensitive, conditioned by degrees of regional self-awareness, local identities, ideological discourses and the material co-operation incentives generated by interstate integration processes (Scott, 1999). Even EGTC initiatives are facing considerable challenges, linked to the difficulty to have a joint organisation in charge of cooperation. This is partly due the considerable level of flexibility afforded to Member States in terms of incorporating the regulation in their legal system (section 0)

More commonly, territorial cooperation involves complex horizontal cooperation between parallel organizations, on either side of the border. Additionally, there is considerable value in maintaining strong local/regional representation and visibility in order to help support engagement on the ground.

#### **4.3 Governance challenges**

Very different forms of cooperation and different forms of institutional and governance arrangements are in place. Cooperation can range from sporadic consultation involving limited resources (e.g. city twinning arrangements) to wide ranging and well-resourced programmes with accompanying institutional frameworks. A large section of the academic and policy literature focusses on issues such as the institutional frameworks in place for cooperation and the organisations and actors involved.

However, beyond establishing some form of cooperation framework or arrangement, territorial cooperation has to put be into practice and 'operationalised'. The organisations involved have to drive, manage and implement the cooperation. The governance of the cooperation is instrumental in maximising the benefits, impact and sustainability of the cooperation arrangement.

While cooperation arrangements differ, it is possible to highlight a number of common challenges involved in the governance of territorial cooperation (McMaster, 2011, Ferry and Gross, 2005). For instance, ESPON 2.3.2 (2006) identifies the

following barriers to successful territorial governance: national regulatory and institutional frameworks; political will; the capacity of local authorities; funding; identification of final beneficiaries and encouraging involvement; consensus building; and cross-sectoral coordination. More generally, common challenges highlighted in the literature range from the often complex and bureaucratic nature of cooperation to difficulties in demonstrating the impact of cooperation. A summary of key governance challenges is provided in Table 4.

**Table 4: Summary of common governance challenges**

Challenge	Key points
Administrative complexity	<ul style="list-style-type: none"> <li>• Territorial cooperation can be perceived as being administratively burdensome due to activities spanning different financial, regulatory and administrative frameworks.</li> <li>• Language barriers increase administrative complexities.</li> <li>• Cooperation activities need to be integrated with domestic development strategies.</li> <li>• As cooperation becomes more embedded, knowledge exchange in relation to administrative complexities takes place, but this does not necessarily lead to streamlining and combining approaches.</li> </ul>
Agreeing strategic focus	<ul style="list-style-type: none"> <li>• Joint and participatory approaches to programme implementation are key factors for successful cooperation.</li> <li>• Cooperation processes can be constrained by factors such as: uneven levels of commitment; the absence of a coherent implementation strategy; the lack of instruments to promote the objectives of cooperation; and direct competition on some issues.</li> </ul>
Demonstrating impact	<ul style="list-style-type: none"> <li>• Measuring the short term gains of small scale cooperation activities can be difficult.</li> <li>• There has been an increased emphasis on accountability and transparency and territorial cooperation programmes are asked to show added value.</li> </ul>
Tensions and competition between partners	<ul style="list-style-type: none"> <li>• Partners tend to work together as long as it is in their interests. This is called 'co-opetition' (CEC, 1999).</li> <li>• Cooperation efforts vs. competition are sectorally dependent.</li> </ul>
Institutional and financial resources	<ul style="list-style-type: none"> <li>• The economic crisis could, on the one hand, give territorial cooperation more relevance as organisations with budget constraints look for other resources.</li> <li>• On the other hand, it could lead to a drop in the number of organisations that are able to participate in 'additional' activities.</li> </ul>
Changing Political, institutional and policy environments	<ul style="list-style-type: none"> <li>• New institutional strategies are gaining increased prominence (EGTC, Macro-regions).</li> <li>• New themes are constantly identified which means that programmes have to adapt and ensure that they complement existing initiatives.</li> </ul>

### 4.1.1 Administrative complexity

As Perkmann observes, 'legally, the idea of an administrative body in charge of a subnational cross-border area is relatively difficult to put into practice' (1999, p.658). The complexity inherent in many territorial cooperation arrangements has important implications for the perceived high cost and administrative burdens involved (Wassenhoven, 2008). Furthermore, being additional to mainstream policy means that territorial cooperation activities may require dedicated delivery structures and strong promotional activities in order to be delivered successfully, while the amount of resource available is often relatively small. Delivering cooperation activities that can span multiple local, regional and national boundaries with different financial, administrative and regulatory systems can involve a high administrative cost (Bachtler and Méndez, 2010). Moreover, guaranteeing that territorial cooperation activities are integrated with larger domestic development strategies, while avoiding becoming subsumed by them, is an additional challenge.<sup>129</sup> With the creation of EGTC the Commission has tried to facilitate the administrative complexities inherent to territorial cooperation.

Under the INTERREG programmes, many day-to-day problems have resulted from political and regulatory systems (e.g. administrative and legal barriers), and from cultural differences (e.g. language barriers). An ex post evaluation of 2000-06 Strand A programmes found that the different regulatory practices (e.g. taxation, social security, health care, public services, public procurement procedures, educational and professional training etc.) reduced the overall transparency of cross-border markets and represented limitations for border-crossing business activities (Panteia, 2010). When coupled with language barriers, these differences represented considerable barriers to cross-border activities. Such problems are even more evident in regions along the external EU borders where provisions on the free movement of people, goods and services do not apply (Panteia, 2010, p.36).

As cooperation arrangements become increasingly embedded one could expect processes of learning and exchange of best practice, which are actively promoted through programmes such as INTERACT, to address such barriers. As Bruno *et al.* (2006, p.533), Giannakourou (2005), Pedrazzini (2005) and Colomb (2007) highlight, cooperation arrangements are allowing for the sharing of some common representations, opening the way to a common perception of problems, and enlarging the choice of possible responses thanks to the exchange of good practice and learning. However, although initiatives provide an opportunity to promote and

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<sup>129</sup> The conclusion of a Swedish Presidency paper for the conference 'Cohesion and Territorial Cooperation', held in Kiruna 2009, was for such a cooperation to function well, horizontal and vertical coordination issues need to be tackled. This involves not only an alignment of regulations, but also of local, regional, national and European strategies (through coordinated planning), as well as funding (CEC, 2009b, p. 21, Rivolin, 2010, p.13).

share best practice and joint working (Halpern, 2005, p.699), cooperation does not necessarily translate into actual transfer, streamlining or combining of approaches (Colomb, 2007).

#### **4.1.2 Agreeing strategic focus**

Joint and participatory approaches to programme implementation have been evaluated as one of the key factors for successful cooperation, particularly under the various strands of the INTERREG programmes. For instance, in the case of the INTERREG IIIA programmes, joint and participatory approach has had a favourable influence particularly in the preparation /elaboration of programme strategies, decision-making processes established at the programme-level (Panteia, 2010, p. 14). Similarly, under the INTERREG IIIB programmes, the high depth and intensity of such commitment had a positive influence, particularly at the project level.

Many territorial cooperation activities are increasingly attempting to become more strategic in their focus, e.g. by setting out strategic plans and narrowing their focus on key areas of intervention where they can maximise their impact (CEC, 2010). However, establishing an appropriate strategic and thematic focus for cooperation can be contentious and time consuming. Often, projects are characterised by interdisciplinarity and national diversity. This involves working within the constraints of one or more foreign languages, experiencing challenges associated with cultural diversity and overcoming difficulties with communicating across sectoral boundaries (Böhme, 2005). Cooperation processes can be constrained by factors such as: uneven levels of commitment; the absence of a coherent implementation strategy; the lack of instruments to promote the objectives of cooperation; and direct competition on some issues. The appropriate 'spaces' and 'levels' for cooperation can be difficult to establish. For instance, it is difficult to set boundaries on cooperation, such as who to include and exclude, and at what level to participate, e.g. national government, regional authorities, agencies or private companies?

#### **4.1.3 Demonstrating impact**

The benefits of cooperation strategies can be more symbolic than tangible in nature and as a result are difficult to capture: although long-term gains may be assumed, short-term benefits can be elusive (Ferry and Gross, 2005). A common problem of evaluating small-scale cooperation activities is the difficulty of identifying impacts, disaggregating effects from other public expenditure and determining cause-and-effect. In contrast, the 'breadth' and scope of the cooperation objectives make it particularly difficult to clearly demonstrate 'concrete' results and impacts (Taylor, et al, 2004). The large geographical scale of the cooperation area means that resources are spread widely and measurable impacts may not be immediately apparent in all

regions. The continuity and sustainability of these types of activities also require particular consideration.<sup>130</sup>

Concerns about the impact of territorial cooperation have been echoed by many Member State authorities involved in the territorial cooperation programmes, who suggest the concrete benefits of territorial cooperation are not always clear, e.g. results are 'often in the form of studies and reports' (Bachtler and Méndez, 2010). Related, there is a perceived need to ensure a stronger focus on practical tasks, achievable goals and supporting strategic projects with strong added value (Bachtler and Méndez, 2010).

The expectations of what cooperation can and should achieve is an issue gaining increased prominence, linked to pressures on public expenditure and increased emphasis on accountability and transparency in both the public sector and more widely. Increasingly territorial cooperation is assessed in terms of the extent to which it demonstrates 'added-value' and delivers results. This is a notable shift in emphasis away from simply networking activities, which were a common focus in the past (McMaster et al, 2006a).

#### **4.1.4 Tensions and competition between partners**

Competition is a barrier to cooperation and may even result from cooperative activities, such as exchange of best practice. However, experience in other programmes, e.g. the EU's LEADER programme, found that among the groups participating in cooperative projects and activities the advantages of cooperation outweighed the inconveniences. Participants tend to work together as long as it is in their interest and should competition occur, this tends to happen only in respect to marketing strategies (CEC, 1999). Working on this basis is termed 'co-opetition' (CEC, 1999).

In some areas of activity tensions are more likely to arise than in others. Scott (1999) observes that networking has flourished in uncontroversial initiatives in areas such as environmental protection, physical and transportation infrastructure, the production of basic planning materials, joint curriculum development for regional universities, vocational training, cultural activities, local social services and public agency (IRS, 1997; Roch *et al.*, 1998). In others fields, calls for greater territorially-based cooperation to manage shared resources are the subject of considerable tension and

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<sup>130</sup> For instance, under INTERREG III programmes, the objectives set out in the Guidelines have been viewed as vague and overly optimistic, which in turn raised unrealistic expectations of what INTERREG could achieve. Furthermore, such objectives were not conducive to assessing whether the overall impact achieved by INTERREG III actually met the original policy expectations. Nonetheless, the INTERREG III programmes have been evaluated as generating significant outputs and results. This somewhat contradicts the established view in the scientific literature that the outcome of INTERREG III and territorial cooperation is mostly limited to individual and organisational learning (Panteia, 2008, p.16).

greater territorially-based cooperation seems unlikely in the short-term (McMaster, 2011).

#### **4.1.5 Institutional and financial resources**

The institutional and financial resources available for cooperation fluctuate and, related, so do the expectations of what cooperation can achieve. Of particular relevance to the contemporary development of territorial cooperation is the impact of the economic crisis, which could have potentially contradictory impacts (McMaster et al, 2010). Not all the countries have been very negatively affected by the crisis. However, many have been particularly badly affected. In terms of the potential impact on cooperation activities, economic pressures could, on the one hand, help to enhance the importance and relevance of territorial cooperation. For instance, growing financial constraints could mean that organisations will be looking for new sources for funding and new development opportunities. On the other hand, economic conditions could lead to a drop in the number of organisations that are in a position to participate in cooperation activities that are ‘additional’ to their core activities. The variable impact of the crisis could pose challenges for ensuring balanced participation. Key organisations could face public sector budget cuts that could reduce the capacity of, especially, public sector organisations to promote and develop cooperation.

#### **4.1.6 Changing political, institutional and policy environments**

The political, institutional and policy environments for cooperation is subject to change. Especially as economic and political changes are prompting a re-evaluation of key international relationships. New institutional and strategic approaches to cooperation are also emerging. For example, macro-regional development strategies are gaining increased prominence, e.g. the Baltic Sea and Danube Strategies. Such efforts could strengthen existing cooperation. Yet, it could also raise difficulties in terms of overlaps with existing cooperation arrangements.

As well as new cooperative links and approaches, new issues and themes are emerging as a focus for cooperation. These include, for example, issues and themes linked to the impact of the economic crisis, responses to climate change, how to reduce dependencies on some sectors, and the development of new industries. Exploration and the development of renewable and alternative energy and responses to climate change have been a particular focus of intergovernmental cooperation. Where to focus new efforts and what themes and issues to address are vital considerations, with some issues lending themselves to cooperative working to a greater extent than others.

Where cooperation efforts expand into new areas of activity, efforts have to be made to ensure the planned activities complement existing initiatives, as opposed to overlapping or conflicting. In developing new areas of cooperation it would be

counterproductive to move into areas that would overlap or clash with existing, well-functioning networks. However, there may be aspects of the existing programmes and arrangements, which are not well adapted to the needs of stakeholders in a specific territory, e.g. the high levels of bureaucracy involved in EU cooperation programmes.

#### **4.4 Governance processes**

In many cases, the challenges in mobilising, managing and implementing territorial cooperation are rooted in the external conditions and frameworks that the cooperation is operating within. However, as the preceding section has outlined, as well as considering the broad ‘external’ framework conditions for cooperation, it is revealing to look within existing cooperation arrangements and how they are actually put into practice. Mobilising and implementing cooperation generally involves a number of stages (Figure 8).

#### **Figure 8: Mobilising and implementing cooperation**



At each of these stages, common challenges are centred round the key tasks of ensuring efficiency, maintaining a strategic orientation, transparency and equity, visibility, accountability, and flexibility (see Figure 7) (Bachtler *et al.*, 2006). For territorial cooperation programmes the challenges are amplified by, for example, the 'additional' nature of many of the activities undertaken, limited financial and institutional resources, administrative complexity, and difficulty in demonstrating clear cut impacts and results. In addition, pressures resulting from the economic crisis, political commitments to transparency and accountability and, in some cases, changing regulations governing cooperation increasingly require such considerations to be taken into account.

The issues and processes listed are concerns that some cooperation programmes are just beginning to deal with. Others have developed responses over time. Some arrangements face considerable pressure to deliver cooperation in line with fixed institutional and governance arrangements, e.g. INTERREG. Others have established ad hoc systems.

**Box 8: Criteria for governance systems**

<b>Indicative list of criteria for governance systems</b>
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- i. Administrative efficiency – ease of administration in terms of time and cost.
- ii. Strategic orientation – coherence.
- iii. Transparency and equity - for partners and beneficiaries in all parts of the programme area.
- iv. Visibility - of the contribution and added value of territorial cooperation.
- v. Accountability - compliance with the regulations and Commission requirements.
- vi. Flexibility - to adapt to changing circumstances.

*Source: adapted from Bachtler, McMaster and Méndez, 2006, p.6*

How well governance processes work is key to the success of cooperation and the impact that it has. Yet, the processes and governance systems that are used to mobilise and implement cooperation are a topic that has not been as widely explored in academic and policy literature, beyond evaluations of single territorial cooperation programmes.<sup>131</sup> The lack of in-depth understanding of the procedural mechanisms of governance models has been highlighted in the academic literature on EU governance (Eberlain, 2004, p.131). This gap is particularly apparent in studies of transnational territorial cooperation. The remainder of this work aims to explore these systems and arrangements with a view to identifying patterns and key themes, identifying examples of best practice, and policy recommendations.

In order to answer the types of questions that WP 2.6 raises, an in depth understanding of the operation of specific forms of territorial cooperation is necessary. With this in mind, as a second stage of this research, Workpackage 2.6 builds on the findings of existing policy and academic literature and focusses on the governance processes involved in the management and implementation of INTERREG programmes and EGTC initiatives, which both involve interventions that are diverse in terms of their scope, scale, geography, objectives and governance. A specific aim is to consider the potential benefits and challenges of each approach. Could the varying responses offer lessons for contemporary and future cooperation? Could they be applied to other forms of cooperation?

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<sup>131</sup> A notable exception is work carried out by Taylor *et al.* (2004) that looked at the management and implementation of INTERREG programmes. This study highlights the widely experience problems faced by complex territorial cooperation programmes and begins to look at what systems and processes have been put in place to address these challenges.

## 5. Analysis: INTERREG

This section provides an overview of the different governance structures for mainly INTERREG programmes. However, on occasions it will also draw on the experiences of other forms of territorial cooperation (such as Twinning arrangements and trans-continental cooperation efforts). Findings are based on desk research which considered on all INTERREG A and B programmes. A further five case studies were selected for more in-depth documentary analysis and interviews (see Annex A-E and section 2.1). For Flanders – Netherlands (Grensregio) eight people were interviewed; for the Central Baltic Programme six people were interviewed, for the North Sea Region Programme five people; for the Czech Republic -Slovak Republic 8 interviews; and for Slovenia –Austria 5 interviews. The in-depth case study involved interviews with members of the Monitoring Committee (MC), Managing Authority and Joint Technical Secretariat (JTS) as well as NCPs and project beneficiaries.

The first section the diversity of the programmes is discussed. Subsequently, the administrative frameworks of programmes are examined. In the next section the key barriers and drivers of territorial cooperation in relation to INTERREG programmes are analysed. In the final part the management, implementation and animation processes are discussed.

### 5.1 Diversity of INTERREG programmes

Many territorial cooperation arrangements are organised according to common rules and regulations. For instance, all INTERREG programmes have common and detailed requirements for their management and implementation structures. In contrast to other forms of territorial cooperation (city twinnings etc.) INTERREG programmes initiatives are highly institutionalised, closely regulated, and involve broad partnerships. However, INTERREG arrangements are highly diverse, covering very different geographic areas with variable experience of territorial cooperation, incorporating differing objectives and priorities, and with differing budgets.

Programmes have been distinguished based on their 'degree of isolation' – as an expression of the type of problems and type of border – and their financial capacity (LDRP, 2003).<sup>132</sup> The type of border and territories involved have also been used to differentiate between programmes, and in particular their approaches to

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<sup>132</sup> LRDP Ltd (2003) *Ex-post evaluation of the INTERREG II Community Initiative (1994-99)*, Final Report to DG Regio, LRDP Ltd, London. Low isolation' programmes tend to be those in the centre of the EU (e.g. France-Wallonie-Flandre) whereas 'high isolation' refers to cross-border programmes spanning EU15 and EU10 borders; under this typology, the British and Irish programmes fall into the 'medium isolation' category. The relevance of this approach is that the degree of isolation tends to be related to financial resources, programme priorities and management arrangements.

management and implementation. On this basis, for the 52 INTERREG A programmes, a number of categories and subcategories can be identified.<sup>133</sup>

A categorisation based on 'old' (EU15) and 'new' (EU12) Member States can be made (see Table 5):

1. There are 17 programmes operating along the borders between the EU15 Member States:
  - a. Some involving well-established cooperation programmes spanning a number of programming periods.
  - b. Some cases with physical barriers impeding interaction (sea borders, high mountains or infrastructure deficiencies) or political or cultural tensions.
2. There are 15 INTERREG IVA EU15-EU12 border programmes between 'old' and 'new' Member States. Since enlargements in 2004 and 2007, programmes in these areas have faced the challenge of transforming themselves into internal-EU multinational, cross-border programmes.
3. There are 10 INTERREG IVA EU12-EU12 border programmes involving programmes along borders between 'new' Member States that acceded to the EU in 2004 and 2007.
4. There are 10 INTERREG IVA that incorporate semi external border programmes with neighbouring countries:
  - a. Involving cross-border cooperation with Lichtenstein, Andorra, Norway and Switzerland. In these cases, the non-EU partners have high levels of development, resources and organisational capacity, and the potential for effective cooperation is very good.
  - b. Trans-continental programmes involving cooperation efforts with former colonies (Amazonia).

Out of the 52 INTERREG IVA programmes 11 are multi-territory programmes, involving cooperation between territories in more than two countries (Table 5 – column 3).

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<sup>133</sup> This typology develops one used in Taylor, S, Olejniczak K and Bachtler J (2005) *A Study of the Mid-Term Evaluations of INTERREG Programmes for the Programming Period 2000-2006*, EPRC study for the INTERACT Programme Secretariat, Vienna.

**Table 5: Borders INTERREG IVA<sup>134</sup>**

Programme 2007 - 2013	Type of border	Number of partners	(Schengen) border restrictions	€ - Partners	Programme Overlap	Sea border	Mountain <sup>135</sup> border
Alpenrhein - Bodensee - Hochrhein	EU 15 semi external	4	no	no	yes	no	maj
Amazonia	EU 15 semi external	3	yes	no	no	no	no
Austria – Czech	EU 15-12 Internal	2	no	no	yes	no	min
Austria – Hungary	EU 15-12 Internal	2	no	no	yes	no	no
Austria – Slovakia	EU 15-12 Internal	2	no	yes	yes	no	no
Belgium – France	EU 15 Internal	2	no	yes	yes	no	no
Belgium – Netherlands	EU 15 Internal	2	no	yes	yes	no	no
Botnia – Atlantica	EU 15 semi external	3	no	no	yes	yes	min
Central Baltic	EU 15 - 12 Internal	4	no	no	yes	yes	no
Czech - Germany (Bavaria)	EU 15-12 Internal	2	no	no	yes	no	min
Denmark – Germany	EU 15 Internal	2	no	no	no	no	no
Estonia – Latvia	EU 12 Internal	2	no	no	yes	no	no
Euregio Meusse-Rhine	EU 15 Internal	3	no	yes	yes	no	min
France - England (Channel)	EU 15 Internal	2	yes	no	yes	yes	no
France - Spain –Andorra	EU 15 semi external	3	no	yes	no	no	maj
France – Switzerland	EU 15 semi external	2	no	yes	yes	no	maj
Germany (Bavaria) – Austria	EU 15 Internal	2	no	no	yes	no	maj
Germany (Saxony) – Czech	EU 15-12 Internal	2	no	no	yes	no	min
Greater Region	EU 15 Internal	4	no	yes	yes	no	min
Greece – Bulgaria	EU 15 - 12 Internal	2	yes	no	no	no	maj
Greece – Cyprus	EU 15 -12 Internal	2	yes	no	no	yes	maj
Greece – Italy	EU 15 Internal	2	no	yes	no	yes	maj
Hungary – Romania	EU 12 Internal	2	yes	no	yes	no	no
Hungary – Slovakia	EU 12 Internal	2	no	no	yes	no	min
Ireland Wales	EU 15 Internal	2	no	no	no	yes	min
Italy – Austria	EU 15 Internal	2	no	yes	yes	no	maj
Italy - France (ALCOTRA)	EU 15 Internal	2	no	yes	yes	no	maj
Italy - France (Maritime)	EU 15 Internal	2	no	yes	yes	yes	maj
Italy – Malta	EU 15-12 Internal	2	no	yes	no	yes	min
Italy – Slovenia	EU 15- 12 Internal	2	no	yes	yes	no	maj
Italy – Switzerland	EU 15 External	2	no	no	yes	no	maj
Latvia – Lithuania	EU 12 Internal	2	no	no	yes	no	no
Lithuania – Poland	EU 12 Internal	2	no	no	no	no	no
Netherlands – Germany	EU 15 Internal	2	no	yes	yes	no	no
North	EU 15 semi external	3	no	no	yes	part	min
N. Ireland, Ireland and Scotland	EU 15 Internal	2	no	no	no	yes	min
Oresund - Kattegat - Skagerrak	EU 15 semi external	3	no	no	yes	yes	min
Poland – Czech	EU 12 Internal	2	no	no	yes	no	min
Poland - Germany (Brandenburg)	EU 15-12 Internal	2	no	no	yes	no	no
Poland - Germany (Mecklenburg)	EU 15 - 12 Internal	2	no	no	yes	no	no
Poland - Germany (Saxony)	EU 15-12 Internal	2	no	no	yes	no	min
Poland – Slovakia	EU 12 Internal	2	no	no	yes	no	maj
Romania – Bulgaria	EU 12 Internal	2	yes	no	no	no	no
Slovakia – Czech	EU 12 Internal	2	no	no	yes	no	maj
Slovenia – Austria	EU 15-12 Internal	2	no	yes	yes	no	maj
Slovenia – Hungary	EU 12 Internal	2	no	no	yes	no	no
South Baltic	EU 15 - 12 Internal	5	no	no	yes	yes	no
Spain – Portugal	EU 15 Internal	2	no	yes	no	no	min
Sweden – Norway	EU 15 semi external	2	no	no	yes	no	min
Syddanmark - Schleswig - KERN	EU 15 Internal	2	no	no	no	no	no
Two seas	EU 15 Internal	4	yes	no	yes	yes	no
Upper Rhine	EU 15 semi external	2	no	no	yes	no	maj

<sup>134</sup> Source: authors' elaboration; DG region; Mountain borders (Dijkstra and Poelman, 2011)

<sup>135</sup> maj = more than 50% of Nuts 3 regions are mountainous. min = less than 50% of Nuts 3 regions are mountainous, no = no Nuts 3 regions are mountainous.

Yet more varied are the INTERREG IVB transnational programmes which may have between two and 18 national partners (Table 6 - column 3). Most of these programmes (eight) have semi-external partners and five of the programmes cross the EU15-12 border (Table 6 – column 2). Some are relatively homogenous in terms of their development situation, organisational capacity and experience (e.g. North Sea, North-West Europe, Atlantic Area). Others are much more diversified in composition, associated with major challenges of complexity and coordination (e.g. S.E Europe and Central Europe), and a few are primarily development oriented (e.g. Indian Ocean and Reunion Islands, Caribbean) operating in remote areas with partners with limited capacity.

Other boundaries within the EU also have an impact on territorial cooperation. Whether or not Member States are part of the Eurozone makes a difference in terms of additional administrative complexities because of exchange rate related issues; something which is being addressed in the proposals for new regulations (CEC 2011/0273 – 33). Most INTERREG IVA programmes (37) include partners that are not part of the Eurozone or do not have the same currencies (Table 5 – column 5). Of the INTERREG IVB programmes, 12 have partners from outwith the Eurozone (Table 6 – column 5).

Additionally, whether all partners are part of the Schengen area or have other ‘open’ border arrangements can reasonably be expected to have an impact on cooperation efforts. Most INTERREG IVA programmes (45) fall within the Schengen area and do not impose border restrictions through bilateral arrangements (Ireland and the UK, Table 5 – column 4). Of the transnational programmes, two (Alpine Space and Madeira, Azores and Canary Islands) fall completely within the Schengen area (Table 6 – Column 4).

In some areas, a large number of territorial cooperation programmes operate within the same Member States or regions. When programme borders overlap additional coordination efforts are often required to ensure that activities are aligned. Most INTERREG IVA programmes territories (38) overlap with other IVA programme territories in at least one of the partner states (Table 5 – column 6). Almost all INTERREG IVA programmes have considerable territorial overlap with INTERREG IVB programmes.<sup>136</sup> The only INTERREG IVB programmes that do not overlap with other programme areas are Islands programmes (Table 6 – column 6).

Lastly, as argued previously natural borders/barriers can also be expected to facilitate/ hamper territorial cooperation between Member States. Large distances will increase travel costs. Table 5 and Table 6 (column 7) identify those programmes with maritime borders. Of the 52 INTERREG IVA programmes, 14 have maritime borders and all but three INTERREG IV B programmes have maritime borders.

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<sup>136</sup> Exceptions are the Amazonia programme.

Additionally, mountain ranges between countries can form barriers in cross-border cooperation. Table 5 and Table 6 (column 8) gives an overview of programmes that include mountain regions in the border cooperation programme. The typology is based on that used by DG Regio to classify mountainous regions.<sup>137</sup> It can be difficult to assess the impact mountains have on a programme and transnational flow, particularly because only part of the cooperation area may be 'affected' by mountainous terrain. The classifications 'majority', 'minority' and 'none' are used to indicate whether a programme's core area includes a majority of NUTS 3 regions (> 50 percent) that are considered mountainous according to the DG Regio typology, a minority of regions (< 50 percent) that are considered mountainous, or none at all. 16 INTERREG A programmes have been classified as major mountainous programmes and 16 have also been classified as minor mountainous programmes. In 20 programmes there are no mountainous regions. For INTERREG B four programme areas can be considered major and all others are considered minor. However, some of the minor programmes have very few mountainous regions (North West Europe, North Sea Region programme, Baltic Sea region).

**Table 6: Borders INTERREG IVB**

Programme 2007 – 2013	Type of border	Number of partners	restrictions (Schengen)	€-partners	Program Overlap	Sea border	Mountain border <sup>138</sup>
Alpine Space	EU 15 - 12 semi external	5	no	no	yes	no	maj
Atlantic Area	EU 15 Internal	5	yes	no	yes	yes	min
Baltic Sea Region	EU 15 - 12 semi external	11	yes	no	yes	yes	min
Caribbean	EU 15 semi external	7	yes	no	no	yes	n/a
Central Europe	EU 15 - 12 semi external	8	yes	no	yes	no	min
Indian Ocean / Reunion Island	EU 15 semi external	5	yes	no	no	yes	min
Madeira Azores Canary Islands	EU 15 internal	2	no	yes	no	yes	maj
Med	EU 15 - 12 semi external	13	yes	no	yes	yes	maj
North Sea	EU 15 semi external	7	yes	no	yes	yes	min
North West Europe	EU 15 internal	6	yes	no	yes	yes	min
Northern Periphery	EU 15 internal	4	yes	no	yes	yes	min
South East Europe	EU 15 - 12 semi external	16	yes	no	yes	yes	maj
South West Europe	EU 15 internal	4	yes	no	Yes	no	min

Source: authors' elaboration; DG region; Mountain borders (Dijkstra and Poelman, 2011)

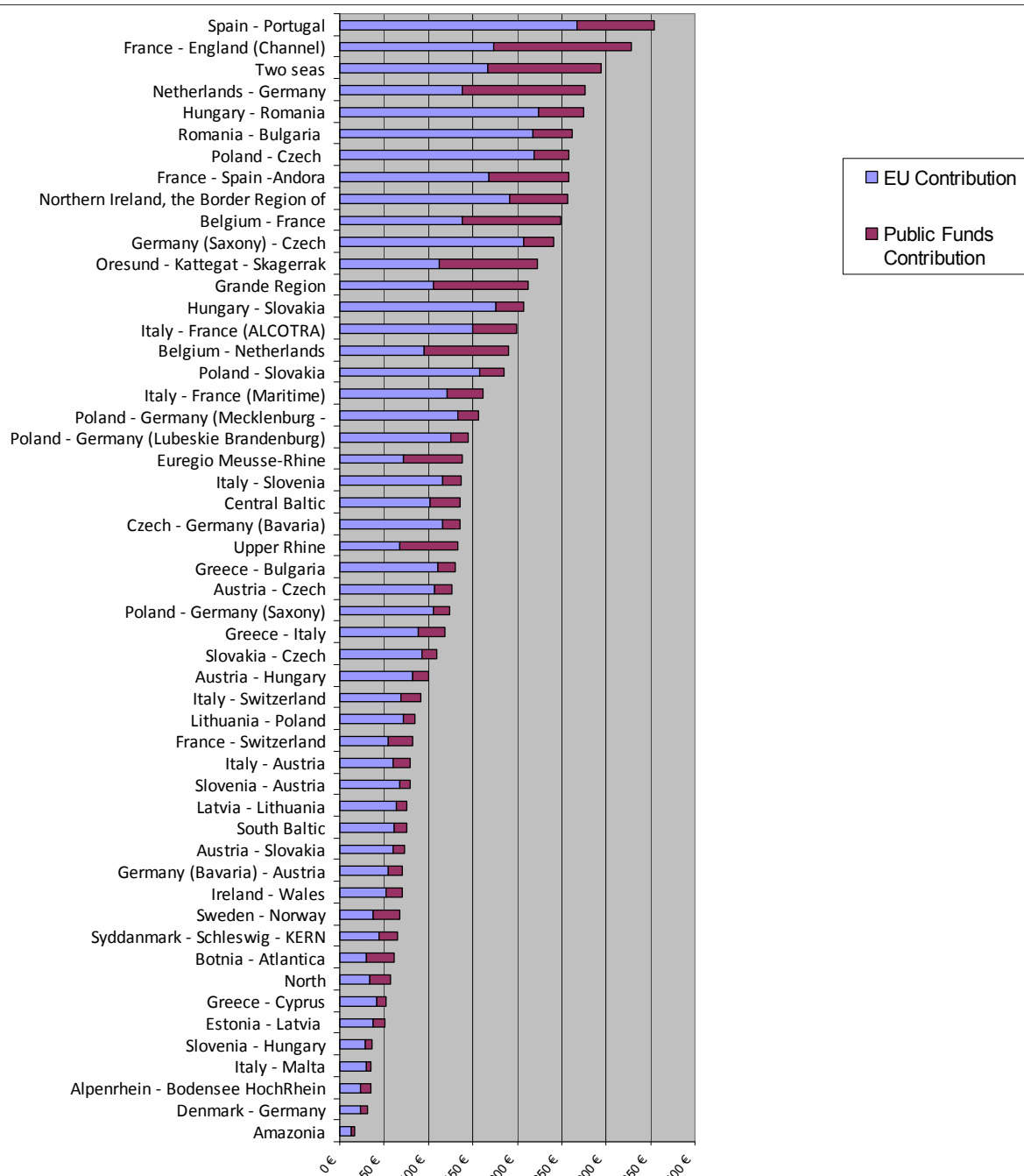
INTERREG IVA programmes have an average budget of €142.5 million (Figure 9). The average EU contribution is 71.6 percent (€102.1 million) with the remainder of the budget being co-financed by Member States. Programmes differ in terms of the size of their budgets. However, budgets range €16.5 million (Amazonia) to €354

<sup>137</sup> See [http://ec.europa.eu/regional\\_policy/sources/docgener/focus/2011\\_01\\_typologies.pdf](http://ec.europa.eu/regional_policy/sources/docgener/focus/2011_01_typologies.pdf)

<sup>138</sup> maj = more than 50% of Nuts 3 regions are mountainous. min = less than 50% of Nuts 3 regions are mountainous, no = no Nuts 3 regions are mountainous.

million (Portugal – Spain). Some programmes receive the majority of funds from the EU (the Germany/Saxony – Poland programme receives 86.1 percent of programme funds from the EU) whereas others receive half (Greater Region, Flanders – The Netherlands, Oresund – Kattegat – Skagerrak).

**Figure 9: Budget distribution INTERREG IVA**

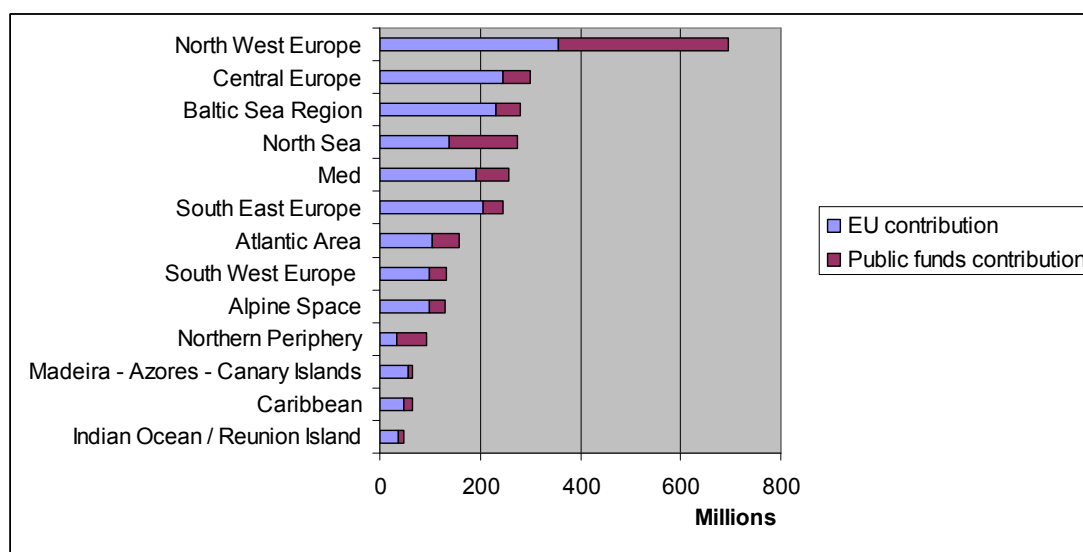


Source: Authors' elaboration; DG Regio



The 13 INTERREG IVB programmes receive on average about €246.4 million, €100 million more funding than the INTERREG IVA programmes (Figure 10). 57 percent of the total budget is financed by the EU. The range in terms of budget between these programmes is between €47.2 million (Indian Ocean Programme) and €696.7 million (North West Europe). The NWE programme receives more funds from the EU than all of the other programmes combined. Similarly to IVA programmes, some are roughly half co-financed (NWE and North Sea) whereas others receive EU funding of about 85 percent of their budget (Madeira - Azores – Canary Islands and South East Europe).

**Figure 10: Budget distribution INTERREG IVB**



Source: Authors' elaboration; DG Regio

INTERREG programmes have changed considerably in terms of scope and breath over the last four programme periods (Table 21). In 1990 the first phase of cross-border cooperation programmes was established, consisting of 31 programmes. The B programmes were first piloted in the 1994-99 programming period. The C programme was established in 2000. Within strands A and B the longevity of the programmes vary, but only a minority of programmes have remained unchanged (Mirwaldt *et al.* 2008).

**Table 7: Scope and numbers of INTERREG I, II, III and IV programmes**

Theme	INTERREG I 1990-93	INTERREG II 1994-99	INTERREG III 2000-06	INTERREG IV 2007-13
<b>Total</b>	<b>31 programmes</b>	<b>79 programmes</b>	<b>72 programmes</b>	
<b>Cross-border cooperation</b>	<b>INTERREG I</b>	<b>INTERREG IIA</b>	<b>INTERREG IIIA</b>	<b>INTERREG IVA</b>
	31 programmes (4 maritime)	59 programmes	53 programmes	52 programmes
<b>Completion of energy networks</b>	n/a	<b>INTERREG IIB</b>	n/a	n/a
		Continuation of the Regen Community Initiative 3 programmes Operated as collections of projects rather than 'programmes' in the rounder sense		
<b>Transnational cooperation</b>	n/a	<b>INTERREG IIC &amp; Article 10 Pilot Actions</b>	<b>INTERREG IIIB</b>	<b>INTERREG IVB</b>
		13 INTERREG IIC programmes focussed on regional and spatial planning – context of ESDP	13 INTERREG IIIB programmes (Most relate to previous transnational cooperation and Article 20 pilot actions. Two new programmes target outermost regions.)	13 INTERREG IVB programmes (Most relate to previous transnational cooperation areas, with some shifts and expansions of programme areas.)
<b>Inter-regional cooperation</b>	n/a	n/a	<b>INTERREG IIIC</b>	<b>INTERREG IVC</b>
			Pan-European programme 4 programmes to divide the EU administratively into four sectors.	The interregional cooperation programme (INTERREG IVC) and 3 networking programmes (URBACT II, INTERACT II and ESPON) cover all 27 Member States of the EU. They provide a framework for exchanging experience between regional and local bodies in different countries

NB: Arrows indicate initiatives continued into a subsequent programme period.

Source: Mirwaldt *et al.* (2008)

INTERREG programmes show considerable diversity in terms of size, budgets and borders. These differences are likely to be mirrored in a range of administrative

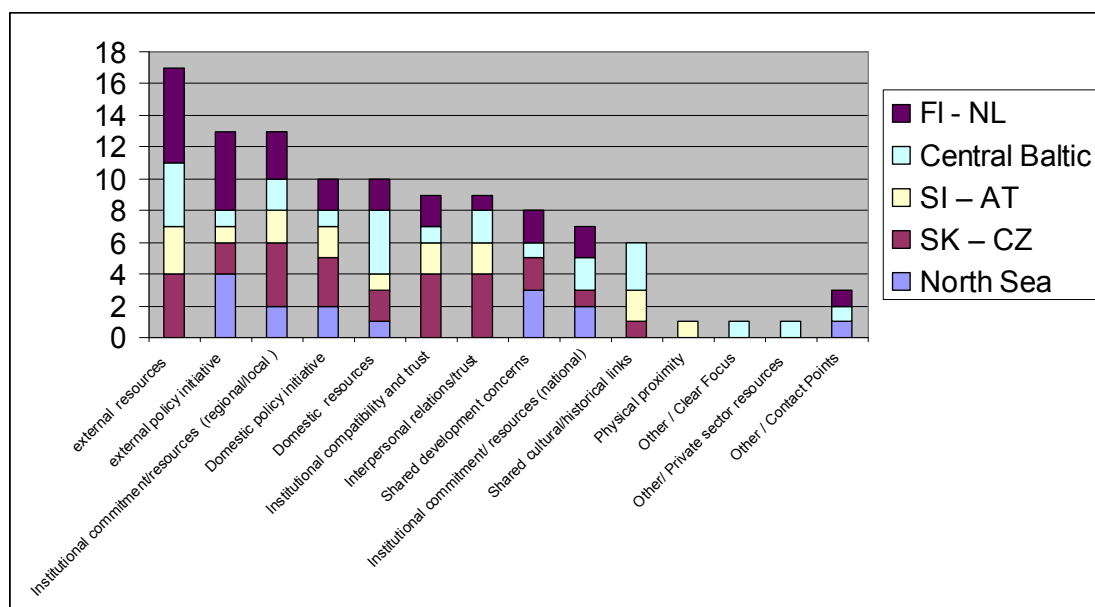
frameworks. This means that in terms of identifying appropriate governance arrangements, contextual factors are required to be taken into account. However, as was discussed in section four, despite the plethora of difference between territorial cooperation programmes, commonalities in terms of barriers and drivers as well as in relation to governance frameworks can be identified. This will be the discussion of the next three sections.

## 5.2 Barriers and drivers

The literature review identified several background conditions that shape territorial cooperation. These include past experiences of cooperation, geographic conditions in cooperation areas, discrepancies in development between areas, cultural backgrounds, issues relating to differences in administrative structures, legal background, and availability of funding streams (see section 3). These background conditions have a broader impact on territorial cooperation in general but also have direct implications for the governance structures that are operationalised in these programmes.

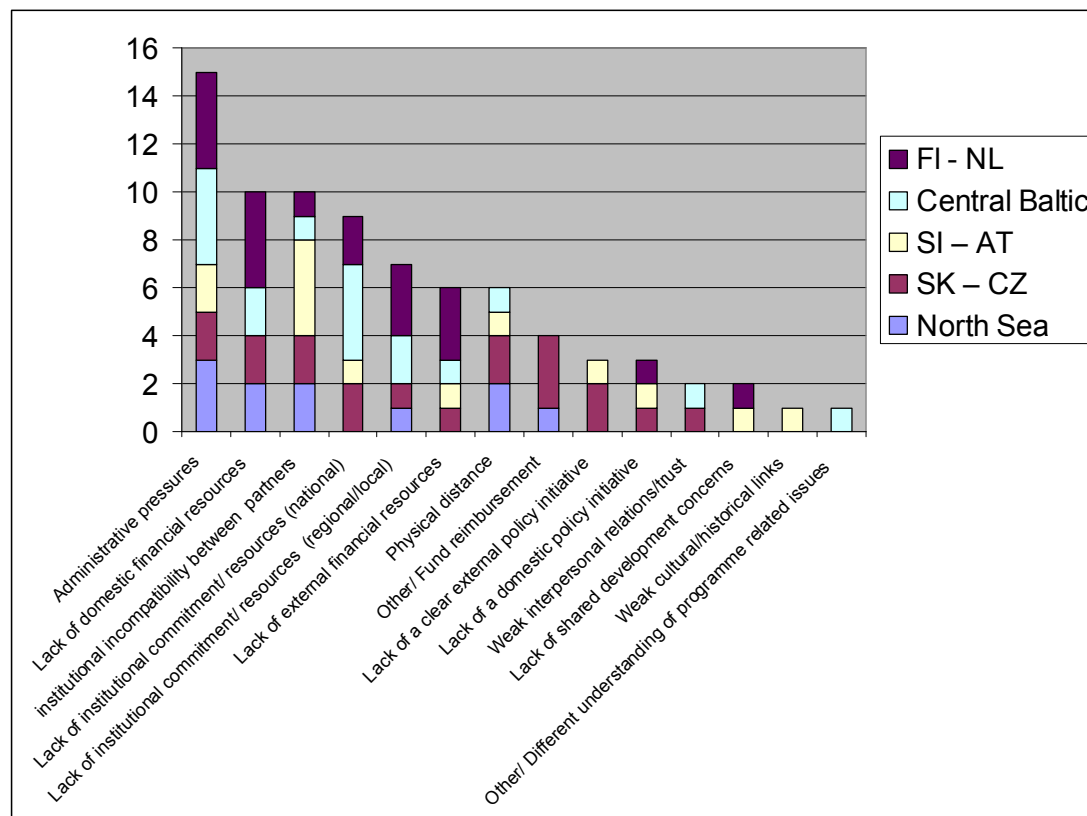
Interviewees in the five case studies were asked to choose, from a list of 11 items (see Figure 11), what they considered to be the three most important factors in terms of operating a successful territorial cooperation programme. The items in Figure 11 relate to some of the background conditions mentioned in section 3 but also include drivers such as favourable policy initiatives, institutional commitment, and interpersonal relations. Figure 11 summarises the respondents' first, second and third choices. Additionally, interviewees were asked to identify the key barriers for their particular programme. These barriers also relate to the background conditions as set out the literature (Figure 12).

**Figure 11: Drivers for territorial cooperation**



Source: Authors' elaborations

**Figure 12: Barriers for territorial cooperation**



Source: Authors' elaborations

### 5.2.1 Funding

The EU's commitment and framework are regarded as very important for all territorial cooperation programmes and activities. Both the EU's policy initiatives (external policy initiatives) and funding opportunities (external resources) are considered important drivers for territorial cooperation. The latter, particularly, is considered key in all but one of the case studies. One potential explanation as to why the North Sea Region programme should find external funding less important than other programmes is that it receives a smaller proportion of EU resources than some of the other programmes – around 50 percent (although the Flanders - Netherlands programme receives roughly the same proportion of EU funding). However, the *n* is too small to draw any statistical conclusions from this data. Nevertheless some exploratory inferences are merited. Additionally, the availability of domestic resources is important for territorial cooperation programmes. The importance of institutional commitment is aligned with the provider of these resources. Thus, if regional and local governments are mainly responsible for co-financing programmes then their commitment is key. However, in some cases such as Finland (Central Baltic) for

instance, where the national government is responsible for co-financing their commitment and the availability of national resources becomes increasingly important. A lack of funding was particularly seen as a barrier in the Flanders - Netherlands programme (Figure 12).

The impact of the financial crisis in relation to domestic resource commitment is not yet clear. Two possibilities can be hypothesised. First, **territorial cooperation is seen as complementary and not as a core part of domestic strategy, and therefore fewer resources are committed to territorial cooperation.** Second, with domestic funding streams drying up European funds are becoming more attractive and **domestic funds are increasingly being committed to projects to secure European co-financing.**

More generally, smaller organisations such as NGOs and municipalities find it increasingly difficult to pre-finance territorial cooperation due to budget constraints. **The length of the project cycle and in particular the elongated reimbursement process has an increasingly negative effect on the liquidity of the partners.** This was already an issue before but the financial crisis has made the problem increasingly potent. The severity of such financial problems varies not only between partners but also between countries. For instance, in Estonia, the project partners or beneficiaries cannot apply for co-financing from the state. Estonia has responded to this problem by offering a so-called bridge fund, which provides financial support to national authorities participating in EU projects. The bridge fund is an interim funding mechanism and will be reimbursed back to the state once the project receives EU funding. However, due to the fact that this fund only offers assistance to national authorities, a considerable number of other potential applicants are left outside the scope of the fund. In Finland and Latvia, national co-funding is only allocated at a programme level. What seems to be a key issue is that different funding structures in Member States lead to divergence in the availability of funding opportunities and gives partners from some Member States a competitive advantage. In some instances the financial crisis has brought these issues to the fore.

A perception of disparities also exist between partners in terms of funding commitment. For instance, in the case of the Central Baltic Programme, Sweden has committed large financial resources to the programme but there is a perception amongst some that it shows a lack of interest in the actual implementation. By contrast, these interviewees perceive the situation as being different in Estonia, where the allocated financial resources have been more limited, but actors have been very engaged in the implementation of the programme. Whether such perceptions are based on reality requires a thorough evaluation of the programme, however, should this prove to be the case then a possible reason for this might be that in Estonia the limited resources committed to the programme are perceived to be substantial, while in Sweden this is not the case. In the case of Slovak Republic and Czech Republic programme, project leaders perceive that regional authorities gave

priority to finance basic development projects and regarded territorial cooperation as a secondary priority.

### 5.2.2 Policy initiatives

Besides resources, EU and domestic policy initiatives are considered important. In particular, EU policy initiatives ensure that actors on both sides of the border 'are moving in the same directions' and 'thinking along similar lines'. Territorial cooperation would in all likelihood take place between the Member States even without the EU policy initiatives but would lack in depth, intensity and strength.

Across the five programmes that were analysed, commitment from the regional and local level is also generally considered important. As was argued in the previous section, regional and local actors play key roles in terms of implementing programmes and therefore their commitment is vital.

National commitment and policy initiatives are in many instances seen as key drivers for successful territorial cooperation. This commitment is not always fully apparent. In some instances the transnational aspects of territorial cooperation are sometimes considered secondary to domestic interests. **Territorial cooperation could be further exploited if it was promoted by focussing on the international dimension rather than the domestic dimension.**

### 5.2.3 Shared development concerns

Shared development concerns are identified as the basis for territorial cooperation projects. The programme partners have to have something in common in order to be able to work together. A joined up regional strategy that focusses on common issues is important. Within the Slovakia – Czech programme it is the local actors that have particularly stressed the importance of a shared agenda for successful cooperation.

Taylor *et al.* (2004) argue that in cross-border regions, asymmetries in development tend to make programmes more dynamic. There is no definitive evidence to contradict this claim. However, one of the consequences of such asymmetries can be that cooperation partners have different priorities in terms of types of projects. **When two partners work together with significantly different levels of development, the partners in lesser developed areas are likely to focus more on softer benefits of territorial cooperation as their networks are likely to be less developed. On the other hand partners in the more developed areas are likely to be more interested in 'hard' projects that produce tangible outputs.**

Asymmetries in development can also cause problems as those areas that are least developed are likely to receive considerable higher amounts of mainstream cohesion funds than those areas that are more developed. On top of 'inherent' absorption problems in lesser developed areas, **it may mean that there are absorption issues for territorial cooperation funds in the lesser developed areas as they are saturated with mainstream funds, allowing little room for transnational**

**projects.** Additionally, it becomes increasingly problematic if territorial cooperation funds are perceived as ‘difficult’ and high risk. In the higher development areas of the programme territorial cooperation funds are more attractive as there are no, or fewer, mainstream funds.

#### 5.2.4 Institutional and administrative factors

Administrative issues and resource pressures are often considered key barriers for pursuing territorial cooperation. Some interviewees noted that they were ‘quite tired’ of the claims that INTERREG programmes were too cumbersome and complex. However, they can be perceived by applicants as difficult and complex.

Project application procedures are considered lengthy and resource intensive and often with little chance of success. There are a number of actions a programme can take to alleviate this problem:

- utilising a project pre-selection (Fla – NL) or pre-assessment (NSRP) procedure – (see 5.4.2(iii));
- National Contact Points that provide adequate levels of support;
- workshops to improve the quality of project applications;
- using bridge funds; and
- using domestic co-financing resources as preparatory funds.

The level of audit and compliance is, in some cases, perceived to be higher for INTERREG than for other EU funds (NSRP, SI – AT and SK – CZ) which hampers participation. Furthermore, the complications of working in multiple jurisdictions make projects more complex. As a minimum, three legal frameworks need to be taken into account; that of two cooperating Member States and the EU itself (although the latter legal framework has to be taken into account for all cohesion funds). **In some instances there is a perception that administrative practices have increasingly become more complex in recent years. This means that some partners that were active participants in the past are no longer interested and have been lost.** Solutions that were proposed included:

- reducing the burden of proof for those programmes that have performed well in the past or that have a smaller budget (proportionality);
- simplifying procedures, e.g. through:
  - flat rate overheads;
  - a ‘live’ claim tracking system; and/or
- having a consistent regulatory framework across the programmes

- facilitate knowledge exchange through 'livel' learning (through chatroom, Facebook etc.)

Effective and experienced National Contact Points are also in many cases identified as important facilitators for territorial cooperation. Their role as experts, communicators and animators of territorial cooperation can be of considerable benefit to any programme.

**Further administrative difficulties can arise when cooperation efforts take place between states with fundamentally different territorial organisational structures (e.g. a unitary state, federal state or confederal state).** For example, the centralised government structure in Slovenia is fundamentally different from the decentralised structure in Austria. As a consequence, it can be difficult for programme authorities to bring together the right people from the right administrative levels. For instance, the representative of the Styrian tourism industry in Austria does not have an equivalent partner on the Slovenian side of the border. In Slovenia, there is a gap in governance levels between the municipality and the national level. This is especially difficult at the political level, as the Austrian *Land*-level politicians do not have a counterpart in Slovenia. Similarly, within the Nord Sea Programme the centralised organisational structure of the Swedish state can create difficulties for partners from other more decentralised countries in terms of understanding administrative procedures, and vice versa.

**Not only can such horizontal incompatibility (e.g. between countries) be an issue but as many territorial cooperation programmes aim to establish broad partnerships which include beneficiaries from a variety of levels and institutions, vertical incompatibility can also be a barrier.** It can be difficult for partners with different administrative capabilities to cooperate. As most INTERREG programmes aim to establish broad partnerships such asymmetries are likely to occur. Having some understanding of the administrative capabilities and practices of all partners involved at an early start may reduce problems at a later stage.

Because of the diversity of partners, together with the (perceived) complexity of the programme's rules and the multiple jurisdictions, interpretation differences are likely to occur. This can lead to misunderstanding and conflict, and ultimately impacts the quality of projects. In order to prevent such differences in interpretation from happening, programmes can develop clear manuals and guidance, but it is also important to document outcomes of interpretation differences in order to ensure consistency across the programme (see Box 17, p.789).

A more general point is that INTERREG programme structures are sometimes perceived as being too rigid. **It is almost inevitable that certain themes and priorities within the programmes perform better than others, meaning that some themes have surplus funding. Flexibility is therefore necessary to transfer those surpluses. However, neither the European Commission nor**



**domestic actors are always willing to accommodate such demands.** The somewhat peculiar structure of the Central Baltic programme, which consists of an overarching programme covering the whole area and of two sub-programmes covering what were historically separate programmes, illustrates this point. There have been some internal tensions between the three programme components with regard to funding. Due to the fact that some programmes have progressed better than others, these programmes subsequently have less funding available (i.e. the sub-programmes have performed better than the Central Baltic programme). Hence, it could be argued that funds would need to be transferred from the lesser performing Central Baltic programme to the two sub-programmes which are progressing better in order to meet the overall payment targets. However, due to the political tensions between the programmes (there is an interest in keeping the Central Baltic concept at the fore rather than giving in to the higher demand under the two sub-programmes), this has been impossible. Instead, efforts in the Central Baltic programme have focussed on additional project generation activities in order to use the surplus funds. The concern with this approach is that funding may not be fully used or not used for the highest quality projects (and may need to be returned if the N+2 rule is not met).

In conclusion, as was also specified at the joint transnational conference in Katowice in September 2011, there is a need for more harmonisation and standardisation of rules and regulations concerning formal territorial cooperation programmes. The Commission's proposals for harmonisation in relation to eligibility rules are considered the first step; such harmonisation should be extended to public procurement rules, state aid and audit in order to simplify territorial cooperation programmes (CEC, 2011; JTC, 2011).

### **5.2.5 Cultural proximity and cooperation longevity**

Cultural proximity and historical longevity of cooperation efforts have a major influence on the impact which a programme has. In the case of the Flanders – Netherlands programme, the cultural proximity and history of cooperation is almost taken for granted and therefore not considered important. However, the importance of these links is acknowledged and the close historical and cultural links between the countries are important for effective territorial cooperation. Speaking the same language is considered an important facilitator. Cooperation efforts are in their fourth successive period now, meaning that a lot of experience has been accumulated. Furthermore, the two countries are also closely linked through the Benelux cooperation, have close ties at the provincial level, and involvement in cooperation efforts in other territorial cooperation programmes (Euroregion Maas Rhein, North Sea and North West Europe). The programme no longer needs to invest in fostering links and establishing trust to the same extent as in previous programmes and can therefore focus on other objectives. However, those links and high levels of trust are necessary and form the basis of cooperation.

The other programmes have similar experiences. In the Central Baltic, previous experience of cooperation is considered very important as well as a broad ‘cultural understanding’ in the cooperation area. These foster good interpersonal relations and trust.<sup>139</sup> The cooperation efforts between Slovakia and the Czech Republic are also assisted by a shared history. In the case of Slovenia and Austria these links were more ambiguous. It was noted that the areas have shared historical links in Austro-Hungarian Empire, but this history left a legacy of ethnic Slovenian minorities on the Austrian side of the border, especially in Carinthia. The common history in the programme region is often negative, not least because of the suffering in WWII. Furthermore, these historical issues vary across the programme area in Styria but are less important but in Carinthia. Experience also shows that historical links tend to play an increasingly negative role closer to the border. The Slovenia – Austria programme can build on existing links especially as passed experience of formal cooperation date back to 1995. **All in all, cultural understanding and territorial cooperation longevity are key factors in territorial cooperation but are in most cases taken for granted.**

### 5.2.6 Geographical barriers

Geographical barriers are rarely mentioned as barriers to cooperation activities. Although the distances between partners in certain programmes can be vast, they can be easily overcome by territorial cooperation and travel is relatively cheap. Even in the Atlantic Area programme, which stretches from the north to the south of Europe, actors noted that travel from the north of Scotland to Lisbon was not an issue. However, the distance did mean that commonalities between project partners were less apparent and cultural differences greater.

Furthermore, although geographical barriers such as mountains and seas can make cooperation more complex, such barriers are more often considered facilitators for cooperation efforts (providing opportunities). Thus the North Sea provides opportunities for cooperation activities for those Member States in the NSRP. As long as the correct themes and activities are selected for such efforts then the sea does not form a barrier.

### 5.2.7 Trust and interpersonal relations

Any successful territorial cooperation project relies on a certain level of trust between partners and between partners and the programme bodies. This can be fostered by maintaining good relations and personalising these relations. It was often mentioned that no amount of emailing, telephoning and video conferencing is a substitute for a face-to-face meeting. Particularly, early on in the developmental stages of a project such bonds need to be fostered. However, at the same time relations should be

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<sup>139</sup> The experience was gained in the current programme’s two sub-programmes.

institutionalised as well to avoid problems when staff leave or changes occur. A recent study of county involvement in territorial cooperation programmes in Norway showed the importance of the active involvement of high ranking officials and politicians. When they were integrated into the county structures (through which relations were institutionalised) the impact of projects was increased.<sup>140</sup>

### 5.2.8 Barriers in relation to private sector involvement

A common theme throughout the interviews was that, on the one hand, territorial cooperation programmes desire to involve private enterprise in territorial cooperation, but on the other hand they are facing significant barriers into attracting private enterprise as partners. **The likely reduction in available funding for future programmes due to a worsening economic climate and increasing public deficits means that facilitating the development of public-private networks will become a priority.** Private funds can be levered through these networks, in some cases making use of sophisticated financial engineering instruments such as JESSICA and JEREMIE (Michie and Wishlade, 2011). Private sector involvement in territorial cooperation also facilitates delivering the economic growth objectives of the programmes. The key barriers that private enterprise is currently facing are as follows.

1. A lack of clarity in relation to state aid rules – private organisations do not want to risk having to pay back any funds initially awarded as a result of misinterpretation of state aid rules.
2. Complex (or perceived) European and domestic public procurement legislation, which also prevents private partners from participating.
3. Expensive start-up costs in terms of submitting an application, which can be too high for private enterprise, particularly SMEs.
4. Financial rules that only allow funds to be paid out for occurred costs, as well as lengthy declaration procedures, which can cause liquidity problems.
5. Complex administrative processes (either perceived or real).
6. The overall territorial cooperation framework as set out by the EU is not suitable for certain activities that the EU wishes to encourage. Financial controls can cause problems, particularly in the areas of innovation and product development. The framework is suitable for public sector partners and for projects where project and activity costs are clearly quantifiable. Costs cannot always be calculated *à priori* for innovation projects. This causes difficulties in relation to public procurement rules as there is a lack of flexibility in the programme's financial framework. In essence, innovation projects

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<sup>140</sup> Iris (2011) The Impact of INTERREG on Norwegian Regional Development Policy, p.xviii.

involve a certain level of risk but the programme's financial framework is based on minimising risk.

Some of the barriers mentioned above do not necessarily apply to private enterprise alone but can also have an impact on organisations such as NGOs, voluntary organisations, some higher education institutions and smaller local authorities. These organisations can experience capacity problems in terms of being able to fulfil the programmes administrative costs/resources. In general, overhead costs are too high for these organisations. **Organisations that are unable to underwrite EU funding are often unable to apply. Furthermore, the increased focus on strategic objectives risks sidelining these smaller organisations as they are not able to deliver on such objectives.** Somewhat paradoxically, the involvement of such smaller organisations is often regarded as important for successful cooperation programmes but the highly institutionalised framework of INTERREG prevents them from taking part. Some programmes have responded to these issues by dedicating specific funds for such actors (see section 5.4.2).

It is not within the capabilities/responsibilities of programme authorities to address all the above-mentioned issues directly. However, there are steps that can be taken to reduce the barriers. For example, effective and efficient guidance on the state aid and public procurement rules, which includes details about who is affected and under which circumstances, can take away some of the anxiety that private sector partners may have. Programme staff need to be aware of the legislation from all the jurisdictions in the programme area as well as be able to point out what to look out for.

The high costs that partners have to incur in the project preparation phase can be also be alleviated by taking measures which include pre-selection of projects (see below) and pre-financing projects from co-financed funds. For example, the Netherlands allows pre-financing of projects in the North Sea Region programme which have Dutch lead partners. A downside of such a strategy is that it creates a potentially unfair advantage for Dutch partners in comparison to other partners in the North Sea Region programme (i.e. those from Member States that do not allow such structures).

### 5.2.9 Conclusion

Successful territorial cooperation efforts depend on a range of factors. Some of these are endogenous, in the sense that they are inherent to socio-economic, cultural or institutional inevitabilities. These factors are difficult to influence by actions taken by actors that initiate and manage territorial cooperation. These include shared historical culture and ties, a historic legacy of cooperation, shared development concerns or economic disparities, administrative traditions, existing institutional frameworks and geographical barriers. It is not the case that these factors cannot change (with the possible exception of geographical barriers) but they take time and are difficult to

influence. However, a range of actions in terms of policy initiatives, making sufficient resources available, ensuring institutional compatibility (or at least understanding) as well as promoting interpersonal relations and trust can be addressed in the short term to facilitate territorial cooperation.

Such exogenous factors have an impact on the endogenous factors of territorial cooperation. But endogenous factors also have an impact on the exogenous factors (with the exception of geographical barriers). Commitment for funding and having clear policies as well as having systems and processes in place that facilitate institutional understanding and trust are more easily achieved on both sides of the border if the exogenous factors are in place. **There is cyclical and reflexive relation (a positive feedback loop) between these two sets of factors. (see Figure 6) in which exogenous factors – those factors that are inherent - have an impact on endogenous factors – those factors that can be influenced, and vice versa. From the discussion and data above, it seems that actors do make a distinction between these two sets of factors in that the innate factors are considered important, but more implicitly, whereas the extrinsic factors are considered of more direct relevance.**

### **5.3 Administrative frameworks**

Territorial cooperation is inherently complex as programmes and projects are monitored, managed and animated across different legal frameworks. Additionally, there can be considerable variation in terms of the intensity and experience of cooperation between partners which creates difficulties. Furthermore, the organisational structures in Member States vary considerably and also have an influence on how territorial cooperation is organised. In terms of governance arrangements, while there are common features, management and implementation arrangements also reflect considerable variations between programmes, particularly in terms of the levels of delegation and local /regional involvement, levels of formality and number of joint structures. There appears to be a distinction between national and sometimes regional actors, together with the European Commission who are responsible for the initiation and mobilisation of territorial cooperation; and local/regional actors who are more often take responsibility for implementing territorial cooperation. Despite a requirement for the inclusion of regional and sometimes local actors in the programme preparation phase when the programme's strategy, priorities and goals are determined, actors often recognise the central government as having a key stake in this process.

#### **5.3.1 Level of delegation and local/regional involvement**

For territorial cooperation programmes (and for any spatial development programme), one of the main distinctions that can be made in relation to the governance of the programmes is the extent to which various responsibilities are delegated from the 'top-down'. All programmes have certain basic programme bodies

– a Managing Authority, Paying/ Certifying Authority, Audit Authority, Monitoring Committee, Steering Committee (sometimes subsumed or merged with the Monitoring Committee) and a Joint Technical Secretariat. Depending on the characteristics of the programme area or institutional requirements, some programmes have established additional intermediate arrangements (Taylor et al, 2004; INTERACT, 2005).

The approaches to managing INTERREG programmes generally reflect the different structures and systems for implementing Structural Funds across the EU and, more generally, differences in public management (Aalbu et al, 2005). For INTERREG IVA programmes, the most common arrangement is for the Managing Authority (MA) and Joint Technical Secretariat (JTS) functions to be placed within a central government body (at national or regional level) or within a regional government authority (Table 8). In a more limited number of cases (EUregion Maas Rhine, Greater Region and Northern Ireland, the Border Region of Ireland and Western Scotland) the MA and/or JTS tasks are carried out by joint structures.

**Table 8: institutional location Managing Authorities INTERREG IVA**

Programme	Managing authority	Level
Alpenrhein - Bodensee HochRhein	Regional council of Tübingen (DE)	regional
Amazonia	Conseil Régional de la Guyane (French Guyana)	regional
Austria – Czech	Government of Lower Austria,(AT)	regional /
Austria – Hungary	NA Ministry for regional development (CZ)	national
Austria – Slovakia	Regional management Burgenland GmbH (AT)	regional
Belgium – France	City of Vienna (AT)	regional
Belgium – Netherlands	Wallonia (BE)	regional /
Botnia – Atlantica	POM Antwerpen (BE)	national
Central Baltic	The County Administrative Board of Västerbotten (SE)	regional
Czech - Germany (Bavaria)	Regional Council of Southwest Finland (FI)	regional
Denmark - Germany	Bavarian Min. for Eco., Infrastr., Transp. and Technology (DE)	regional
Estonia - Latvia	Sjælland Region (DK)	regional
Euregio Meusse-Rhine	Ministry of the Interior (EE)	national
France - England (Channel)	Stichting Euregio Maas-Rhein	joint
France - Spain -Andora	Region of Haute-Normandie (FR)	regional
France - Switzerland	Community of the Pyrenees (ES)	regional
Germany (Bavaria) - Austria	Region of Franche-Comté (FR)	regional
Germany (Saxony) - Czech	Amt der Oberösterreichischen Landesregierung (AT)	regional
Greater Region	Saxony State Ministry for Economic Affairs and Labour (DE)	regional
Greece - Bulgaria	EGTC INTERREG	joint
Greece - Cyprus	CIP INTERREG, ministry of Economy and Finance (EL)	national
Greece - Italy	CIP INTERREG, ministry of Economy and Finance (EL)	national
Hungary - Romania	National development Agency (HU)	national
Hungary - Slovakia	<i>Ministry of Regional development and Tourism</i> (RO)	national
Ireland - Wales	National Development Agency (HU)	national
Italy - Austria	Southern and Eastern Regional Assembly (IE)	Regional
Italy - France (ALCOTRA)	Southern and Eastern Regional Assembly (IE)	Regional
Italy - France (Maritime)	Autonomous province of South Tirol (IT)	regional
Italy - Malta	Region of Piémont (IT)	regional
Italy - Slovenia	Region of Toscana (IT)	regional
Italy - Switzerland	- Region of Sicilia. (IT)	regional /
Latvia - Lithuania	- National coordination authority (MT).	national
Lithuania - Poland	Regione Friuli Venezia Giulia (IT)	regional
Netherlands - Germany	la Regione Lombardia (IT)	regional
North	Ministry of Regional Development and Local Governments (LV)	national
Northern Ireland, the Border	Min. of Interior of the Rep. of Lithuania Regional Policy Dep. (LT)	national
Region of Ireland and Western	Min. of Eco. Affairs and Energy North Rhine-Westphalia (DE)	regional
Scotland	The County Administrative Board of Norrbotten (SE)	regional
Oresund - Kattegat - Skagerrak	Swedish Agency for Economic and Regional Growth (NUTEK) (SE)	national
Poland - Czech	Ministry for Regional Development (CZ)	national
Poland - Germany (Lubeskie Brandenburg)	Ministry of Regional Development (PL)	national
Poland - Germany (Mecklenburg - Vorpommern /Brandenburg Zachodniopomorskie)	Mecklenburg-Vorpommern Ministry for Economics, Infrastructure, Labour and Tourism (DE)	regional
Poland - Germany (Saxony)	Saxony State Ministry for Economic Affairs and Labour (DU)	regional
Poland - Slovakia	Ministry of Regional Development (PL)	national
Romania - Bulgaria	MA - the Minster of Reg. Dev. and Tourism (RO)	national
Slovakia - Czech	NA - the Ministry of Reg. Dev. and Public Works (BG)	national
Slovenia - Austria	Ministry of Construction and Regional Development (SK)	national
Slovenia - Hungary	Gov Office for Local Self-Government and Regional Policy (SI)	national
South Baltic	Gov Office for Local Self-Government and Regional Policy (SI)	national
Spain - Portugal	Ministry of Regional Development (PO)	national
Sweden - Norway	ministry of Economics and farming (ES)	national
Syddanmark - Schleswig - KERN	The County Administrative Board of Jämtland (SE)	regional
Two seas	Region Syddanmark - Regional Udvikling (DK)	regional
Upper Rhine	Nord Pas-de-Calais (FR)	regional
	Alsace (FR)	regional

Source: Authors' elaborations; DG Regio

The EC regulations set out the competencies of each of the institutions in INTERREG programmes.<sup>141</sup> However, institutions often delegate competencies and therefore there is considerable diversity in terms of the management, implementation and animation tasks for the JTS and contact points. In a number of programmes, sub-programme implementing bodies take on MA tasks such as application assessment, subsidy contracts and first-level control (and in a few cases, the development of selection criteria and approval of projects). This delegation exists in some cross-border programmes, where there are area-specific ‘sub-programmes’, ‘territorial pre-programming committees’, ‘regional auxiliary MAs’ or other arrangements. Each delegated body tends to operate in a specific cross-border area of the programme region, and each has its own steering committee and/or secretariat to prepare and pre-assess applications and proposals for decision-making (e.g. Central Baltic, Ireland/Northern Ireland/West of Scotland).

More common among INTERREG programmes is the delegation of implementation, often through a network of regional or local offices, supporting JTS functions such as project generation and strategic project development, receiving project applications and undertaking initial checks on acceptability, monitoring and publicity (e.g. EUregio Maas-Rhein, Germany/Bavaria-Austria, Acores/Madeira/Canarias, Alpine Space and Northern Periphery). Cross-regional or cross-national working groups are also sometimes used to identify and prepare joint projects (e.g. Austria-Hungary, Austria-Slovakia, Austria – Czech Republic; Alpine Space).

Also common among INTERREG programmes are decentralised arrangements for information and animation purposes through regional offices or networks of local offices undertaking publicity, providing information and advice on project ideas, and encouraging project applications from beneficiaries (e.g. Italy/France Islands Ireland/Wales, Saxony/Poland). Several transnational programmes also have networks of National Contact Points or regional equivalents with similar functions (e.g. Alpine Space, Atlantic Space, North West Europe). Activities aimed at project generation and support are particularly important in the context of INTERREG as it is essentially a ‘hollow’ system; it needs to find new partners for policy delivery, as it is prevented from direct policy implementation by organisational and legal limitations (Perkmann, 1999, p.664).

### **5.3.2 Initiating and mobilising territorial cooperation**

In general, national and regional authorities as well as the EU are considered key actors in terms of initiating and mobilising territorial cooperation. However the involvement of local authorities and social, economic and civil society partners in terms of initiating and mobilising territorial varies across programmes and within

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<sup>141</sup> Regulation (EC) No 1080/2006 of the European Parliament and of the Council of July 5 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999.



programmes. In some programmes local authorities and other organisations such as non-profit and civil society organisations are considered key partners (Slovakia – Czech, Slovenia - Austria) in this process. In others they play a more limited role. In the France – Belgium cooperation area supra-municipalities are identified as key mobilisers. Additionally, high level political support is required for initiating territorial cooperation. The North Sea Region programme set up a Programme Preparation Group (PPG) in 2005 to plan for the 2007-13 programme period. On the PPG each Member State and Norway had two representatives, one from the national and one from the regional level. Decisions were taken by consensus, and local authorities as well as social, economic and civil society partners were consulted. Similarly, in the Flanders – Netherlands case there are equal partnerships between national and regional actors. The Central Baltic illustrates how different administrative levels in different countries can play an important role in the programme initiation stages. Finnish regional actors had a major influence at an early stage whereas in Sweden, Estonia and Latvia national actors were considered important in the initiation and mobilisation stages of territorial cooperation (see Box 9).

**Box 9: EU, national, regional and local involvement in initiating the Central Baltic Programme**

- Regional authorities in Finland: The Regional Council of Southwest Finland, which was the MA for the Southern Finland – Estonia IIIA programme, and was also involved in the Skärgården IIIA programme, viewed that the old programme structure was too fragmented and that the Skärgården IIIA programme did not have sufficient energy to continue in the future. Hence, they recommended a new type of programme structure.
- National authorities in Sweden: At the same time, in Sweden the national authorities were looking for appropriate INTERREG programmes to cover those areas that had previously not been eligible under INTERREG (in 2007-13, the entire country became eligible). They recommended the extension of the Southern Finland – Estonia and Skärgården INTERREG A programmes. Initially, the involvement of Sweden was not met with enthusiasm by the Finnish regions (with the exception of the Regional Council of Southwest Finland). They were concerned that their existing programmes would be overshadowed in the new (larger) programme structure. The island of Åland was also not in full agreement unless it was given a key role in the governance of the programme and that the island dimension was maintained.
- The capital level (Helsinki): The representatives of Helsinki were more interested in extending cooperation to St. Petersburg and Tallinn (i.e. a triangle between Helsinki, St. Petersburg and Tallinn). However, for the Estonians the preference was to maintain the cooperation between Southern Finland and Estonia. Indeed, at the beginning of the programme period, the local level actors were not as involved to the same extent as the regional and national level authorities.
- European Commission: The representatives of the Commission were keen to introduce a new multi-lateral and larger INTERREG A programme, which would

introduce new connections (e.g. between Latvia and Finland, or between Latvia and Sweden).

Engaging a broad range of partners in the initiation and mobilisation stages of territorial cooperation has certain benefits. **First, local actors, social-economic partners and civic partners (as well as private partners) can provide expert local knowledge and therefore improve the impact of territorial cooperation. Their local expertise can help to translate broad thematic aims into tangible projects. Second, early engagement of local actors fosters the creation of partnerships and builds a sense of ownership which leads to further engagement in the future (e.g. project application). Third, related to the above two advantages is that early engagement of local partners ensures that programmes are relevant to local actors.**

Although in most cases some form of territorial cooperation would take place without the EU, it would be less intense and would not have a coordinated focus. The EU is by definition important in relation to initiating territorial cooperation as it provides:

- the primary financial incentives for territorial cooperation;
- a thematic focus;
- a structure/framework in which territorial cooperation can be operationalised;
- a space for partnerships to foster; and
- a general philosophical justification for territorial cooperation.

Private enterprises tend to have little involvement in the early stages of territorial cooperation. This may be part of the explanation why many programmes find it difficult to attract private enterprises in the later delivery/implementation phases. **If private enterprises are more involved at the initiating stage, they are likely to have their interests heard and subsequently will find it easier to enter into partnerships.**

### 5.3.3 Delivering territorial cooperation

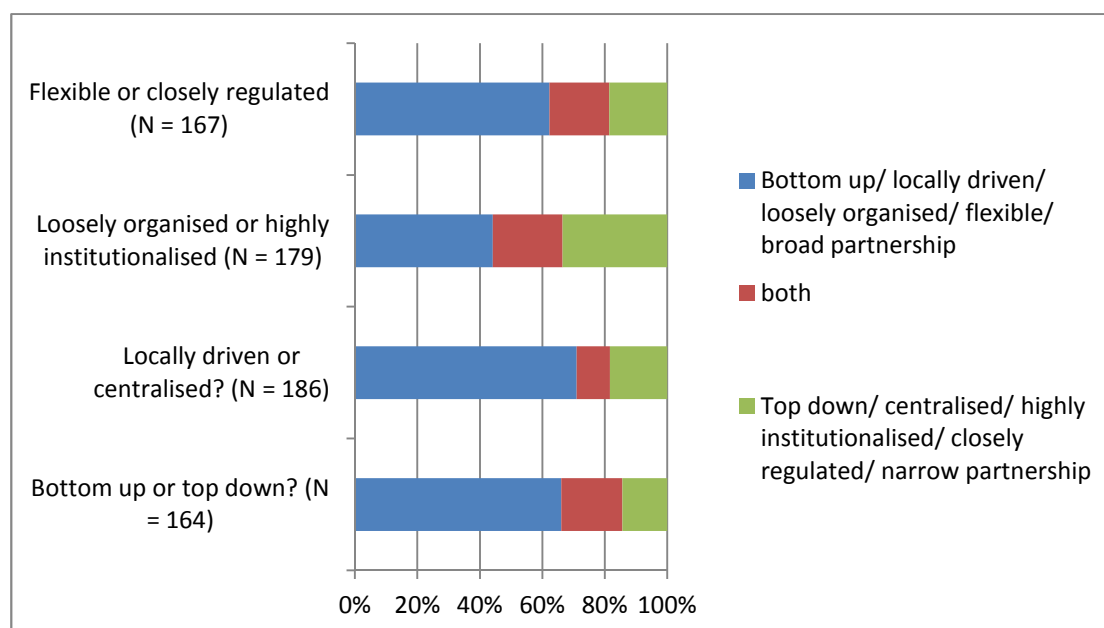
In general, INTERREG territorial cooperation programmes have broad partnerships, involving a large number of actors in their delivery. Regional and local authorities as well as higher education institutions and local/regional development agencies often take prominent roles in the implementation stages of territorial cooperation. Depending on domestic governance arrangements, national governments can fulfil an important role as well (for example the Estonian and Latvian involvement in implementing territorial cooperation is important). As mentioned, partnerships are to a great extent determined by the subject matter, scale and scope of specific territorial cooperation activities

Furthermore, private enterprises have taken an increasingly prominent role in terms of delivering territorial cooperation. However, there is a desire on the part of programme authorities to increase private enterprise involvement, as state aid and public procurement rules, as well as competition from other funding streams reduce participation rates amongst private enterprise actors. The Flanders – Netherlands programme has traditionally had little central government involvement in terms of programme implementation. However, efforts are underway to further engage national actors at this stage as their contribution can be valuable and greater efficiencies, synergies and tangible outputs can be achieved with their participation. This is particularly important when programmes attempt to deliver more strategic outcomes. However, this does not mean the programme is intended to become more centralised. Overall, a decentralised structure in which regional and local actors as well as private enterprise, social partners and economic partners are responsible for implementing the programme is considered positive as these actors 'are closer to the citizens' and have a better view of what is needed 'on the ground', which makes them more suitable partners for implementation.

#### 5.3.4 Governance dimensions

In section 4.2 **Błąd! Nie można odnaleźć źródła odwołania.** it was argued that institutional frameworks differ depending on the needs of the actors and systems in which they operate (Faludi, 2007; Perkmann, 2007, ESPON 2.3.2, 2006). From this, several governance dimensions can be identified. These include the degree of centralisation or decentralisation, the level of formality/institutionalisation, and the level of regulation/flexibility. Increasingly a mix of different approaches are used when implementing and managing territorial cooperation.

Nevertheless, across all forms of territorial cooperation that were investigated in workpackage 2.5, there are some clear preferences in terms of governance dimensions (Figure 13) which are relatively consistent across all case studies whether territorial cooperation is cross-border, trans-national or trans-continental. There is a clear preference for a bottom-up, locally driven and flexible approach. A greater number of respondents desire a higher level of institutionalisation. There seems to be some tension between having a preference for a flexible approach, but at the same time having a high degree of institutionalisation. One explanation for this is that institutionalisation affords partners certainty, stability, transparency and consistency. In other words, it provides a framework in which territorial cooperation can take place. However, within that framework a certain level of flexibility is required in order to meet local requirements.

**Figure 13: Preference for governance dimensions.**<sup>142</sup>

Source: authors' elaborations; data case studies wp2.5

### (i) Top-down/ bottom-up

In some cases, a pragmatic solution including a combination of the opposite ends on all dimensions is preferred. However, at the same time, in most cases there seems to be a tendency to favour a more bottom-up approach. A bottom-up approach has several advantages:

5. it ensures that projects have local relevance;
6. it creates more innovative partnerships;
7. it creates local buy-in; and
8. it increases the number of project applications.

In general, decentralisation from the national to local/regional levels is experienced positively by the local actors in territorial cooperation; an exception to this occurs only if decentralisation means a less competent body or person in charge. The latter was found in the Finnish-Russian case, where a particular Finnish organisation regretted that their contact in the Ministry of Cultural Affairs - who had been easy to work with

<sup>142</sup> This figure is based on responses in qualitative interviews. Although interviewees were asked to pick between both dimensions, some respondents refused to do so and others considered both dimensions important. Furthermore, most respondents qualified their answer, clearly showing that the dimensions should be regarded as a scale rather than a dichotomy.


as a highly competent person in cultural affairs - was replaced with someone in their regional council who was found less suitable, and despite the closer geographical proximity, in a greater 'communicative distance' from them. In other words, a locally driven approach only works if actors at the local/regional level have sufficient knowledge about the needs and procedures of programmes and domains.

As can be seen in the case of Uruguay and Spain, there is a desire to further engage civil society in territorial cooperation but at the same time it is noted that many civil society organisations are insufficiently structured to cope with territorial cooperation projects. Furthermore, locally driven territorial cooperation programmes can become subject to the aspirations of local politicians emphasising local divisions.

A top-down approach also has certain advantages. Higher level institutions have more capacity and are therefore better able to implement projects as well as to provide scientific research. Additionally, top-down strategies can have a higher impact and can ensure a more strategic approach. However, in practice a top-down approach faces some difficulties in relation to INTERREG programmes. As cooperation projects are only partially funded by EU funds they rely on co-financing provided by partners. This makes partners less receptive to a top-down method. In other words, if partners have to commit large sums of their own money then central programme bodies/central government are less able to tell them how to spend it.

A further distinction can be made. Some actors prefer a top-down approach in terms of having a legal and administrative framework in order to ensure consistency and transparency, as well as providing clear strategic directions. However, having a top-down approach in relation to strategic focus does not mean that a bottom-up approach cannot be used and preferred in relation to project development and implementation (see section 5.4.1).

**Table 9: Bottom-up or Top-down; advantages and disadvantages.**

Bottom-up ←  Top-down Locally driven <span style="float: right;">Centralised</span>	
Advantages and Disadvantages	Advantages and Disadvantages
<ul style="list-style-type: none"> <li>+ More local engagement</li> <li>+ More innovative partnerships</li> <li>+ Ensures local relevance of projects</li> <li>+ Increases the number of applicants</li> <li>+ Increased legitimacy</li> <li>- Less strategic focus</li> <li>- Less consistency/ transparency</li> <li>- Capacity problems</li> <li>- Less know-how</li> <li>- Higher chance of political interference</li> </ul>	<ul style="list-style-type: none"> <li>+ Higher impact projects</li> <li>+ More strategic direction</li> <li>+ Ensures consistency and transparency</li> <li>+ More capacity, knowledge and resources</li> <li>- Higher chance of less relevance for the local level</li> <li>- Fewer partners</li> <li>- Less innovative partnerships</li> </ul>

## (ii) Levels of formality and institutionalisation

Territorial cooperation between EU countries and their neighbours has become increasingly formalised and institutionalised. It has moved from personalised forms of cooperation based on a small group of individuals to more formal arrangements such as INTERREG. Traditionally, territorial cooperation provided no legal framework for international cooperation at the sub-state level and therefore arrangements were often ad-hoc and ill defined. Over the past two decades, structures have emerged in which sub-state actors can engage in territorial cooperation in a multi-level governance framework. The introduction of EGTCs is a logical next step in this process of increasing formalisation. Institutionalisation and formalisation tend to help continuity of cooperation efforts. Furthermore, institutionalisation of existing territorial cooperation efforts can also induce new cooperation activities in areas where territorial cooperation is not yet a matter of course. Different levels of formality apply to different themes and may vary between programme and project level. However, there are some generic advantages and disadvantages associated with either dimensions. These have been summarised in

Table 10.

However, as stated above, it is generally recognised that territorial cooperation governance arrangements should aim to strike a balance between regulation and

institutionalisation on the one hand and some flexibility. This ensures that territorial cooperation can be adapted to local needs and that local actors are able to shape projects. It also means that objectives can be more easily met should the context of cooperation change and therefore have increased impact. However, it is recognised that such governance arrangements have its limits. Increased flexibility can lead to territorial cooperation having a less clear strategic impact overall. In order to ensure relevance some central direction is necessary. A certain level - or in some cases a high level of institutionalisation (Greece, Turkey and Bulgaria; Czech Republic, Germany and Poland) - is required in order to ensure that territorial cooperation can achieve its desired outcomes. However, such highly institutionalised and regulated arrangements should not be accompanied by restrictive levels of bureaucracy.

In many instances personal ties are still important in territorial cooperation. This is particularly applicable in the case of efforts with external partners. Such efforts often take place in less formalised ways, which can cause difficulties in terms of commitment. For example, in the case of Andalusia, Tanger and Tetouan it was noted that local actors in Morocco would promise funding for projects which would not materialise when projects were initiated (see case study WP 2.5 Andalusia, Tanger – Tetouan). Similarly, in the case of City of Rosario (see WP 2.5) it was noted that territorial cooperation was organised in an informal way to deal with the Argentinian crisis in 2001. In the case of Spain and Uruguay it is also noted that territorial cooperation is organised around persons or teams that are temporary and that it would benefit efforts to place these activities within existing frameworks.

Typically, the legal framework in which territorial cooperation operates is that of the Member States and in the case of European cooperation the EU provides the legal framework. In some cases there have been long established bi-lateral and multi-lateral frameworks for territorial cooperation which can include EU and non-EU member-states (for example the Nordic Council), or) and in trans-national cooperation arrangements specific treaties may be in place (Rosario - Unasur, Mercosur and bilateral treaties). Within the EU there are several frameworks in which territorial cooperation can operate: Euroregions, INTERREG, Macro-regions, EU twinning, ENPI, and cooperation frameworks for regions with a focus on specific geographical structures such as mountainous regions, coastal regions and island communities. As mentioned, EGTC is the most formalised form of territorial cooperation and will be further discussed in section 6.

The legal framework in which territorial cooperation takes place is important but in many cases it is regarded to impact the cooperation efforts only at certain stages. During the initiation stage, when contracts are signed, and in relation to financial management the legal framework plays a key role. However, day to day practices (informal or formal) are considered more important when considering the management and implementation of territorial cooperation and in these instances legal issues can often be experienced as a barrier. Furthermore, as discussed in the

previous section, territorial cooperation takes place between two or more states and therefore all legal framework needs to be taken into account. This makes efforts particularly complex. These complexities are even more acute when the territorial cooperation takes place within a multi-level governance framework between states with different levels of decentralisation. For example, territorial cooperation between Poland and Slovakia is complicated by the fact that Poland has a relatively high level of de-centralisation whereas Slovakia has low levels of decentralisation.

**Table 10: institutionalisation - advantages and disadvantages**

Advantages and Disadvantages	Advantages and Disadvantages
<ul style="list-style-type: none"> <li>+ Clear set of rules</li> <li>+ Ensures Continuity</li> <li>+ More strategic impact</li> <li>+ Ensures commitment</li> <li>+ Lasting partnerships</li> <li>- Higher levels of bureaucracy</li> <li>- Less capable of responding to contextual changes</li> <li>- Less applicable to local needs</li> </ul>	<ul style="list-style-type: none"> <li>+ More easily adapted to local needs</li> <li>+ Better able to deliver objectives</li> <li>+ Increased impact</li> <li>- Transitory partnerships</li> <li>- Lack of strategic directions</li> <li>- Lack of transparency</li> </ul>

### **(iii) Broad or narrow partnerships**

**Although there is some evidence that territorial cooperation is thought to be most effective when it comprises of broad partnerships, in general this depends on the type of territorial cooperation activity that is undertaken.** These partnerships can include representatives from national, regional and local public authorities as well as knowledge institutions, higher education, non-profit organisations, charities and trusts, chambers of commerce and private partners.

Establishing broad partnerships has certain advantages and disadvantages (summarised in It can also be easier to manage and implement projects, particularly those of a complex nature or narrow partnerships. A related point is that narrow partnerships often include partners from similar institutional backgrounds which can facilitate relations. However, such narrow partnerships can make it more difficult for certain types of partners to become involved in territorial cooperation; making it




accessible for those which were previously most commonly involved but not for other organisations.

Table 11). INTERREG funding affords partnerships the opportunity to do something extra and this is usually the most innovative aspect of the project. It is also this innovative part of a project that requires partners from different sectors to work together, leading to cross-fertilisation and knowledge exchange. For example, a health-care project in the Flanders-Netherlands programme did not only focus on health care provisions but included also innovative environmental practices and nature control techniques. Without INTERREG funding this innovative part of the project would not have been achieved. The innovative aspects of the projects are most likely to appeal to the public and therefore have a high communication/publicity value. By widening the appeal of the programme the project portfolio is likely to be diverse which means the programme has greater reach.

On the downside, broad partnerships can be more difficult to manage, especially when the partners do not know each other very well. It can take time to establish relationships and create an atmosphere of trust. Institutional incompatibility is also more likely in large partnerships which can delay and complicate decision making processes. Furthermore, **there is an apparent tension between programmes' aim to establish broad partnerships and an increasing desire to achieve strategic impact.** Thematic focus, which can have strategic impact, comes at a cost of narrowing partnerships to those that are most likely to achieve these goals. **One way to address this issue is to develop broad themes which are able to attract a diverse range of partners, but to develop clear priorities within those themes that are able to give the programme a strategic focus.**

In narrow partnerships identifying objectives, goals and the ways on how to achieve them can be easier. Furthermore, narrow partnerships can be the basis for deeper and long-lasting collaborations between partners. It can also be easier to manage and implement projects, particularly those of a complex nature or narrow partnerships. A related point is that narrow partnerships often include partners from similar institutional backgrounds which can facilitate relations. However, such narrow partnerships can make it more difficult for certain types of partners to become involved in territorial cooperation; making it accessible for those which were previously most commonly involved but not for other organisations.

**Table 11: Broad or narrow partnerships: advantages and disadvantages**

	
Broad Partnership	Narrow Partnership
Advantages and disadvantages	Advantages and disadvantages
<ul style="list-style-type: none"> <li>+ Innovative project ideas</li> <li>+ Cross-fertilisation</li> <li>+ opportunities for knowledge exchange</li> <li>+ Creates diverse range of projects</li> <li>+ Improved promotion/publicity</li> <li>- Institutional incompatibility, especially when multi-level.</li> <li>- Lack of thematic/strategic focus</li> <li>- Difficult to manage</li> <li>- Takes time to establish</li> <li>- Less opportunity to develop lasting relationships between partners</li> </ul>	<ul style="list-style-type: none"> <li>+ Easier to identify goals and objectives</li> <li>+ Deeper and longer lasting collaborations</li> <li>+ Easier to manage and implement</li> <li>+ Similar institutional backgrounds</li> <li>- Less chance of cross- fertilisation</li> <li>- Less visibility</li> <li>- Fewer opportunities for knowledge exchange</li> <li>- Fewer innovative ideas</li> <li>- Less accessible</li> </ul>

There are several factors that can assist the establishment of broad partnerships:

4. the thematic scope of the programme (broad themes will attract broad partnerships);
5. the socio-economic conditions - economically well developed areas are likely to have more 'high quality' partners that can be considered potential beneficiaries;
6. activities in terms of awareness raising that are organised by the programme body - a surge of communication activities can create momentum and can engage new partners.

The types of networks that have been established are largely of an institutional nature which traditionally focus on activities such as policy learning and knowledge exchange. However, the types of networking activities are involving to those that can demonstrate more tangible outputs, especially in those programmes that are more established.

Despite a desire to further engage private enterprise in programmes and support productive business links, the creation of such networks has been less common. This is partially due to the difficulties that these partners face in becoming project partners (see section 5.2.8). When such networks are successfully established they are

limited to certain domains. For example, in the North Sea Region programme, productive business networks play an important role in projects that focus on economic development. So called mixed mode (public–private) networks are considered particularly important in the context of the ‘triple helix’ approach.

Although INTERREG programmes are generally successful in attracting broad partnerships that include new beneficiaries, there is an inherent tendency for beneficiaries to develop new project applications with partners with whom they have experience working with, or at least with partners who exhibit similarities in terms of familiar administrative practices and operating cultures. Programmes tend to have ‘core beneficiaries’. These partners are well rehearsed in the documentation, procedures and politics that make a project application successful. The types of partners that a programme attracts are, of course, restricted by the themes set out in its operational programme but also by the types of networks that have been established within a programme. **In order to attract new potential beneficiaries, it is necessary for programmes to invest in the ‘softer’ network type of activities to establish new links, even when programmes have considerable longevity.**

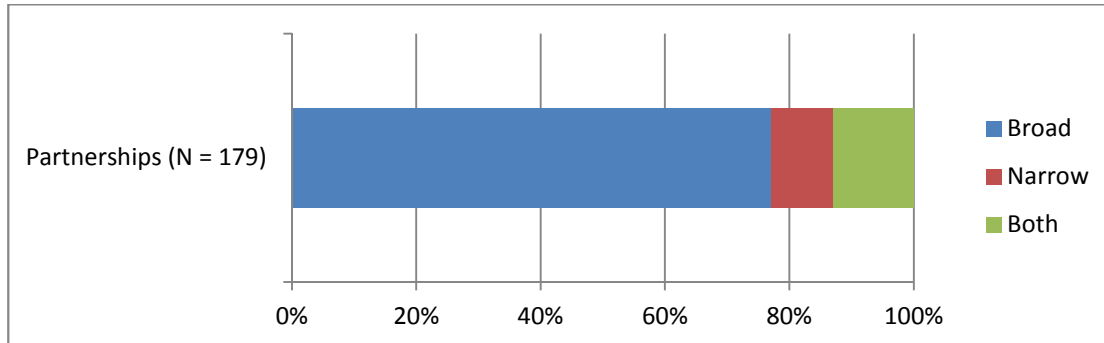
A separate but related issue occurs when programme areas are expanded or two programmes are merged into one. Additionally, in such circumstances time, effort and resources will need to be put in to establish cross programme networks. The Central Baltic programme illustrates this point well. The two sub-programmes (Southern Finland – Estonia and Archipelago Islands) which were already active before the 2007–13 programme period have had no issues in terms of attracting successful partnerships. However, the over-arching Central Baltic programme has been less successful, partly because cross programme networks are not yet fully established.

In INTERREG programmes partnerships are territorially restricted. In most cases a project partnership can only be formed with partners from a certain area. Such rules are sometimes impractical as it may make sense to include partners from outwith a programme area for reasons of effectiveness, impact or expertise that the partner carries. The draft regulations for the 2014–2020 period call for greater flexibility concerning the location of operations outside the programme area and that these rules should be simplified (CEC 2011/0273 – 27).

Despite recognition that the size and makeup of the partnerships in territorial cooperation are dependent on the type of activities, there is a general preference for broad partnerships amongst actors involved in territorial cooperation. In the WP2.5 case studies, actors were asked to state their preference in relation to the different dimensions (Figure 14) shows these accumulated preferences). However, sometimes these preferences differ from what is happening in practice. For example in the Czech Republic, Germany and Poland cooperation programme it was noted that most cross-border partnerships consist of one partner on each side of the border

as this is seen as the most effective way to implement projects (especially smaller projects).

**Figure 14: Broad or narrow partnerships<sup>143</sup>**



Source: authors' elaborations

#### **(iv) Joint or parallel structures**

EGTCs are the strongest example of joint structures. As will be discussed in further detail in section 6, EGTC is new EU tool with legal personality, and to which partners (public authorities) can delegate missions (and competences). It was promoted by DG Regio as an instrument to implement INTERREG program. The legislation came too late (2006) to be fully implemented by Member States in order to be used in 2007-13 programming period. One INTERREG program, the Greater Region (GR) INTERREG IV A, has nevertheless decided to adopt an EGTC as a joint structure for the Managing Authority.

INTERREG initiatives have been a driving force for the development of cross-border projects in the GR area.<sup>144</sup> During the three first programming periods (from 1991 to 2006), 3 different INTERREG programmes were implemented in the Greater Region ('WLL' between Wallonia, Lorraine and Luxembourg, 'DeLux' between Rhineland-Palatinate, Saarland and Luxembourg and the programme 'Sarre-Moselle-Palatinat' occidental). On 1 June 2006 the Summit which is the intergovernmental informal platform for the GR cooperation decided, with the support of the Commission, to merge the three INTERREG programmes for the 4<sup>th</sup> programming period (Summit of the Executives, 2006). This political decision was taken in order to finance cross-

<sup>143</sup> This figure is based on responses in qualitative interviews. Although interviewees were asked to pick between both dimensions, some respondents refused to do so and others considered both dimensions important. Furthermore, most respondents qualified their answer, clearly showing that the dimensions should be regarded as a scale rather than a dichotomy.

<sup>144</sup> The history of cooperation in the area goes a long way back, coming from intergovernmental cooperation to face of a steel industry crisis in the seventies, towards more extended, formal and informal, cooperation in the nineties, with additional partners. See annex for details.

border projects covering the whole GR area. It is considered an essential structure to develop 'integrated' or 'strategic' projects for the area.

To manage the INTERREG IVA GR programme, the Summit decided to create an EGTC in June 2006, while the EGTC regulation was approved later in July 2006. Cross-border cooperation partners considered the EGTC to be a promising legal instrument that could facilitate cooperation. Adopting such an instrument would position the GR as a 'pioneer region' in Europe and strengthen its position and visibility. The EGTC is mainly a technical structure, with no delegation of competences. The extent of competences that such a structure can be granted can be questioned, as well as the difference it makes with current managing authority for INTERREG (section 0).

### **5.3.5 Conclusions**

The level of centralisation, formality, institutionalisation top-down or bottom-up is highly context depends and there is no one size fits all solution. However, there are some considerations to be taken into account when implementing governance structures. However, as Table 9,

Table 10 Table 11 show, there are certain advantages and disadvantages associated with the different dimensions. Furthermore certain types of arrangements work better for some activities than others. A mix of various approaches which serves the needs of specific objectives and domains is needed. However, flexibility does seem to be the basic aim of any approach and should be applied as far as practical, notwithstanding a need for basic rules and institutions. By implication this suggests that there should be more focus on objectives and outcomes, rather than observing basic rules.

## **5.4 Management, implementation and animation**

Just as many of the programmes have developed distinctive administrative arrangement approaches over an extended period, the processes and systems that are used to mobilise and operationalise cooperation are, in many respects, equally diverse. First, as territorial cooperation programmes involve large numbers of actors and operate across different spatial levels the strategic management of the programme can be complex.

Second, all programmes attempt to strike a balance between focussing on a limited number of key themes in order to have maximum impact whilst at the same time having to ensure that a high and diverse number of partners can be attracted. To address these challenges many programmes have adopted different project generation procedures. The variety of project generation procedures available to

programmes can have an impact on the different aspects of the programme. These include:

- administrative efficiency;
- strategic orientation;
- transparency and equity; and
- visibility.

Third, all INTERREG programmes have forums in which national, regional and local representatives as well as some cases civil society actors and social and economic partners make decisions regarding project selection (usually the Joint Monitoring Committee (JMC) or a Steering Group). Furthermore, procedures are highly formalised and all programmes use set criteria in order to select projects. Nevertheless, levels of formalisation differ across programmes. Furthermore, the level of influence of different actors varies across programmes. In particular, the role of the secretariat can vary.

#### **5.4.1 Strategic management**

INTERREG programmes face common challenges in terms of determining the strategic direction and management of the programmes. On the one hand, as INTERREG programmes are 'hollow', they have to have themes that are inclusive and able to attract sufficient numbers of beneficiaries (Perkman, 1994, p. 664). On the other hand, programmes have to ensure that the activities are relevant and have a clear territorial dimension. Furthermore, they have to coordinate their strategies with other programmes as well as EU, national, and regional policy frameworks. A further challenge is that territorial cooperation programmes have to 'compete' not only with other territorial cooperation programmes which cover the same area and often similar themes but also with domestic regional development programmes. The unique aspect of territorial cooperation is evidently the cross-border partnerships that can be established which can address common challenges more effectively and often include innovative approaches. In order to address these challenges, programmes have to develop coherent, distinctive and attractive strategies which are able to attract a broad base of partners.

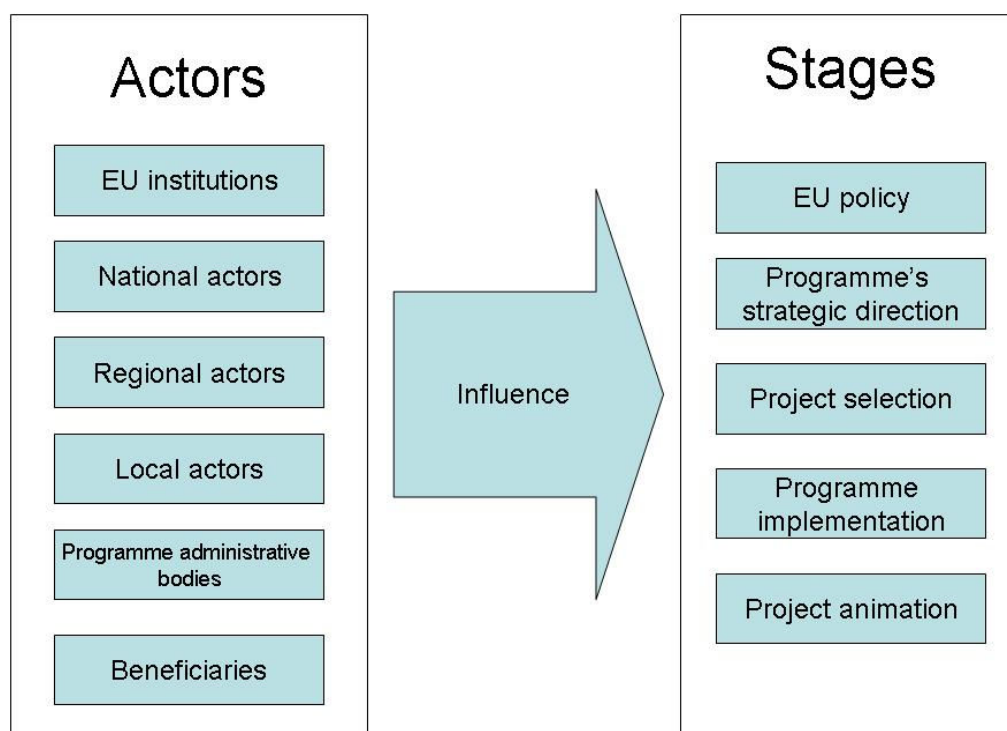
Programmes approach these challenges differently. In general, INTERREG programmes are characterised by high involvement from regional and local actors. However, levels of involvement as well as the stages at which different partners fulfil important roles differ per programme. Two of the key questions concern which actors take decisions in relation to the strategic direction of programmes, and the points at which they matter. There are several stages in which the strategic direction is determined. These include EU policy (such as the EU 2020 agenda), the high-level thematic/strategic direction of each programme (as outlined in the Operational

Programme (OP)), the project selection stages in the programme, the programme implementation stages, and the programme animation stages. Although all these stages are interlinked and should be in line with each other, there can be considerable room for manoeuvre at each stage which can have implications for the strategic direction of a programme. More importantly for the purpose of this section, different actors have different levels of influence at each stage.

Figure 15 shows the key actors that can determine the strategic direction of the programme and the different stages at which this direction can be influenced. The different stages range from high level EU policies to the activities concerning programme animation. Evidently, different actors do not have the same level of influence at all stages. For example, EU policy is largely determined by national actors and EU institutions. National and regional actors usually have an increased level of influence in relation to the programme's strategic direction although the programme's administrative bodies can also play an important role at this stage. Levels of influence in terms of project selection differ between programmes, but most programmes have national and regional actors as members of the Monitoring Committee or Steering Group, who are responsible for final decisions. However, programmes' administrative bodies can in some cases have considerable influence, such as when processes such as pre-assessing or pre-selecting are used. Regional and local actors, as well as other programme beneficiaries, usually carry more responsibility for implementing the programme. Programme beneficiaries can also have considerable influence in the drafting stages of the OP as the programme authorities will attempt to ensure that the programmes goals cover those of some key beneficiaries.



Figure 15: Points of influence



The partnership principle as laid down in Article 11 of Council Regulation (EC) No 1083/2006 obliges Member States, where appropriate, to form partnerships with other authorities and bodies such as regional, local, urban and other public authorities but also social and economic partners and other appropriate bodies representing civil society. However, this leaves considerable scope at which stages these partners should be involved.

Within all programmes, the JMC has ultimate responsibility in relation to agreeing its OP. The JMC sets out the strategic framework and takes major operational decisions such as budget allocation. Voting rights in the JMC are usually reserved for national and regional representatives, though can be extended to other relevant actors such as local authority representatives (for example: SK – CZ, FR – UK, EL- IT) social and economic partners (for example SK – CZ, EE – LV, EL – IT, IT – MT) civil society (SK – CZ), university and higher education (Fr – UK) and NGOs (SK – CZ). These latter usually have observer status and are consulted. An EU Commission observer and a Managing Authority (MA) representative also have observer status, and JTS representatives including national contact points can be present. Some JMCs are able to make use of special advisors in relation to specific issues. Despite the *observer* status of the Commission its role is crucial in terms of approving the OP. The Commission also has to approve any major changes to the OP during the implementation phase (usually reallocation of budget).

Private enterprises were not considered important in terms of determining the strategic direction of the programme. **As many programmes aim to further engage**

**private enterprises, it could be advantageous to integrate these actors into the strategic course of the programme.**

The Joint Technical Secretariat (JTS) plays an important role in preparing the JMC and can as such have considerable influence. A well organised and neutral JTS that has strong links in different administrative territories that are represented at the JMC can be beneficial for the programme in two ways:

1. JTS staff (including regional contact points) will be able keep track of regional and local developments and preferences.
2. It is the role of the JTS to support the JMC and in particular the chair.

**In short, a JTS that has close links with representatives in the Monitoring Committee (MC) can play an important role in terms of resolving conflicts.**

Some programmes have dedicated forums to address contested issues if they arise. For example, in the case of Slovenia and Austria issues are discussed in a bilateral working group that meets three to four times a year. It consists of the MA, JTS, regional bodies and, when necessary, first level control. It is the forum in which differences should be settled before they go into the JMC.

Box 10 provides an example of a JTS that takes an active role in terms of resolving conflicts within the programme (Fla – NL).

**Box 10: Resolving tensions in the Flanders – Netherlands programme**

There are few conflicts in the Flanders - Netherlands programme. This is partly explained by the proactive approach of the JTS. Several processes have been put in place to ensure that tensions are identified early and – where possible – resolved. The programme's pre-selection of project ideas allows it to identify tensions at an early stage and gives the JTS time to work through a layered/staged consultation structure in which staff look to find acceptable solutions for all organisations involved. Furthermore tensions and conflicts are discussed at weekly team meetings or in the coordination meetings that take place before the Steering Group meets. In general, project managers have an important role in terms of securing political support in the different provinces for projects. They have the regional knowledge to fit projects within regional strategies and therefore know where problems may occur.

**5.4.2 Project generation and implementation**

Characteristics of governance structures drawn from a broad literature identify several continua in terms of governance dimensions (see section 5.3) which also apply to territorial cooperation governance structures. However, such continua are not absolute and programmes often have to adopt governance measures which can be associated with opposite ends of the continua. Programmes strike a balance in terms of project generation and implementation structures between a top-down and a bottom-up approach. Nevertheless, the types of processes that are used for generating and implementing projects in a programme give an indication of where the programme can be placed on these continua. Furthermore, different systems for generating and implementing projects are used to attract different types of partners and projects. In other words, project generation systems are chosen to meet certain specific programme objectives. On the other hand, project generation and implementation practices can evolve as a consequence of historic needs, administrative preferences, or rules and regulations.

The specific systems for generating, selecting and supporting cooperation activities differ. Within the different various management and implementation structures the process of project selection/procurement varies, often with a mix of approaches. In terms of project generation, open calls for projects are the most commonly used systems. All programmes appear to have some form of 'open call' system, whether operating at programme level or via the delegated arrangements described above, and in some cases applying to only part of the programme. However, a range of other approaches are used, usually in addition to open calls systems. At one end of the spectrum, *strategic projects* are designed to ensure that programme objectives are met with a limited number of large initiatives that have a demonstrable impact. At the other end of the spectrum, the *seeding of projects* and *special funds* are often designed to encourage the participation of smaller beneficiary organisations. Their

direct impact is usually less extensive. *Thematic/geographic calls* and *project shortlisting* have elements of both of the above approaches. They can be used to help meet the strategic objectives of the programme by targeting programme resources in particular areas/fields (with thematic/geographic calls) or ensuring higher-quality applications (through project shortlisting).

## (i) Thematic or geographic calls

Thematic or geographic calls are top-down targeted calls for proposals that are developed by the programme authorities and involve inviting bids for projects in certain areas or themes in line with the strategic objectives of the programme. Given the increased focus on strategic priorities of programmes in the 2007-13 period, it can be expected that programmes will incorporate targeted project generating systems in order to meet these objectives (e.g. Austria – Slovakia, Estonia-Latvia, Greece-Italy, Atlantic Area, Central Europe, Med, South East Europe).

### Box 11: Examples of thematic or geographic calls

*Austria/Slovakia* – The MC can instruct the MA to develop thematic calls in case one (or more) priority area(s) are not attracting sufficient project interest, or when innovative ideas and inputs are required in a specific field.

*Estonia/Latvia* – The programme was originally launched using a continuous open call project procurement system. In December 2009 the programme switched to a thematic project procurement system to address two priorities that did not attract sufficient interest or quality proposals.

*Greece/Italy* – Thematic calls can be developed through organising thematic seminars in which strategic objectives are identified which form the basis for thematic calls.

*Atlantic Area* – The MC can establish a task force of experts to assist targeted categories of project applicants. Specific provisions also apply to procedures and projects of a strategic framework which may include targeted calls.

*Hungary/Slovakia* – The JMC can decide to introduce top-down elements to the project generation process in order to achieve high level cross-border projects.

*Central Europe* – The programme launched a thematic call in 2010. The thematic procurement system has a one-stage application procedure instead of the 2 step application procedure used for open calls.

*Med* – The MC identified specific themes as particularly important for all European regions in the Med space. Corresponding to these topics the MC launches targeted calls for proposals aiming to elaborate 'Strategic Projects'

*South East Europe* – due to the capacity and experience disparities between stakeholders in the area, top-down projects are developed through targeted calls. Such targeted calls can focus on project priorities, narrow the scope of beneficiaries, set eligibility criteria, and set future selection criteria.

Thematically or geographically targeted calls allow programmes to address directly the strategic objectives of programmes. They are used to increase participation rates in key fields, areas and groups or to generate innovative projects in certain areas by

bringing together stakeholders. From an equity and balance point of view, they help to ensure good geographical and thematic spread of resources, especially in those areas where the profile of the programme needs to be raised. More practically, thematic calls give an indication of how popular/necessary certain themes are. Additionally, they provide a rigid framework with set deadlines which can facilitate the administrative process.

There are also potential drawbacks. Use of targeted calls can reduce the scope of more innovative projects to be funded, by effectively cutting them out. They narrow the potential range of end beneficiaries and can decrease the availability of resources in areas where demand is higher. There may be long waiting times as large numbers of bids are assessed. Project developers can be put under greater time pressure to develop their bids. Thematic tendering in selected parts of the programme area (i.e. not all of it) can make it difficult to involve partners from all partner areas and may lead to administrative complexity. Therefore, not all programmes choose to adopt thematic project procurement systems. For example, the Bulgaria-Greece programme opted not to include such a system despite the ex-ante report recommendations.

## **(ii) Seeding of projects**

A form of pre-qualification is facilitated by the provision of seed capital to facilitate project generation, especially among smaller projects (e.g. Baltic Sea). Other types of project capacity-building are funded through 'micro projects' to encourage partner contact and 'preparatory projects' for partnership development (e.g. France – England (Channel), NW Europe, Northern Periphery).

Seed funding has a number of important benefits. First, it is a good way to generate better quality projects (NWE and NPP). Second, seed funding may allow projects to be developed by beneficiaries who otherwise may not have the resources to develop good strategic project applications, such as SMEs (Sweden-Norway and France-England (channel)). Third, it may offer project developers the opportunity to establish early links with potential project partners in neighbouring regions, thus developing a more 'cross-border' strategic element to the project. This can be of particular value for programmes that cover a large region with areas that are difficult to access and partners incur high travel costs to establish partnerships. Fourth, there is an opportunity for programme authorities to provide valuable feedback and support to the project partners at a relatively early stage in the process. Last, seeding capital may be particularly beneficial in those instances where large projects face planning restrictions or other delays. In those instances, seeding capital can commence with those parts of the project that do not involve restrictions.

However, application procedures for these types of funds can also be overly complex relative to the amounts of money available. Not all 'seeded' projects are successful in their final applications; therefore there is an element of financial risk. The results in terms of fund allocation can be less tangible.

**Box 12: Examples of project seeding**

*France – England (Channel)* – Micro project funds (Maximum €60,000) are available for projects to prepare the ground for larger project, although they also provide opportunities for partners with a limited financial capability (see special funds).

*Sweden – Norway* – A preliminary or initiating project fund (maximum SEK/NOK 40,000 ) is in place. The programme follows a simplified application process for such funds. These funds are distinguished from small project funds (see special funds) and do not include feasibility studies. They are meant for partners with limited financial capabilities who need time to establish contact with project partners.

*Baltic Sea IIIB* – In 2000–06, seed money was used as a complement to standard project generation mechanisms, with two objectives. First, it was aimed at partners with promising ideas that were well-suited to the programme priorities. Second, if the programme authorities recommended some changes in a project, seed money could be used as a means to compensate for the extra costs incurred in complying with the recommendations. In the 2007–13 programme such funds are no longer available and project initiation costs can only be claimed after a successful application.

*NW Europe IVB* – In the IIIB period, seed money was available for project development and scoping work for possible projects in 2007-13. Throughout the 2007–13 period the programme makes funds available for feasibility studies, but only if these can be linked to concrete actions.

*Northern Periphery IVB* – Preparatory projects are used to mobilise broader, well balanced partnerships. This is particularly valuable in programmes where partners incur high travel costs due distance and peripherality. They improve the quality of project applications and facilitate drawing up joint project plans by a minimum of two partners. They have also helped to develop more strategic projects. However, there are concerns in relation to the number of preparatory projects that become a main applications and the final results are not always tangible.

In relation to seeding capital, some Member States will make available project proposal preparatory resources. INTERREG programmes do not provide funds for project applications although in some cases preparatory costs can be retrieved once applications have been successful. This means that project applications have a considerable element of risk to them (if not successful the beneficiary loses all resources that have been dedicated to the project with no return). Some partners may be put off by this. Seeding capital in the form of providing funds in the preparatory phase can help to overcome this barrier. Some Member States make domestic funds available for preparatory purposes hereby reducing the risk of applying and attracting new beneficiaries. The Netherlands, for example, makes funds available for those Dutch lead partners in preparing for a project proposal for the North Sea Region programme. The drawback of this strategy is that it can create an unfair advantage for Dutch lead partners in comparison with other Member States in the North Sea Region programme (NSRP).



### **(iii) Shortlisting**

A variant on the open calls approach is a two-stage application procedure where applicants submit an initial project outline, allowing the Steering Committee to shortlist the best proposals to go forward to the full application assessment process (e.g. Flanders/Netherlands, Austria/Slovakia, recommended in the MTE for North-West Europe). Some programmes have adopted an ‘informal’ two-stage procedure. They use a two-stage- pre-assessment procedure in which the first step functions as a feedback mechanism (NSRP). Although such feedback mechanisms do not formally shortlist projects they do function as informal ‘weeding’ mechanisms.

Shortlisting procedures can be particularly beneficial for project developers, as the requirements for initial applications are generally less onerous than for full applications. This lessens the risk of spending time and resources on developing a potentially unsuccessful application and, therefore, may encourage more applications from a wider range of applicants. From the viewpoint of the programme authorities, there is less risk of applications being excluded at a late stage, they can support the development of higher quality applications, and the process ensures a high take-up of funds. Pre-selection can also be used to ensure early co-financing commitment by building in a stage that requires such commitment before being able to commence to a full application. The process has the potential to create higher levels of trust and understanding between beneficiaries and programme authorities as beneficiaries are less frustrated by lengthy and high-risk applications procedures, and programme authorities can focus on those projects that have high chances of success.

Although shortlisting does offer a range of benefits, the approach has been criticised for being less transparent than competitive open calls. Projects are pre-selected according to some pre-set criteria and this gives programme administrative bodies increased responsibility. The length of time taken to develop final applications can be a problem, particularly if there are delays in the shortlisting and feedback processes.

**Box 13: Examples of shortlisting**

*Austria/Slovakia* – An optional two-stage application procedure can be chosen, consisting of the submission of a draft application followed by a full one. Subsequently, after formal checks the JTS and regional development agencies conduct a pre-selection on the basis of formally adopted eligibility criteria. In the final stage projects are quality assessed and a final report is presented to the MC. The selection process affords considerable influence to regional development agencies. In Austria, the Operative Assistance Authorities pre-select projects in collaboration with sectoral working groups or with several government departments.

*Flanders/Netherlands* – a two-stage selection process is employed. Project ideas are pre-selected by the Steering Group before which a full application is developed. Pre-selected projects are not guaranteed final approval.

*Romania/Hungary* – depending on the criteria of the call, a one-stage or two-stage project selection process can be adopted. In the latter a pre-selection of ‘expressions of interest’ in an open call takes place in order to achieve high quality projects

*Hungary/ Slovakia* – Depending on the criteria of the call, a one-stage or two-stage project selection process can be adopted. In the latter process, a pre-selection stage is included in the process through which applicants can express their interest. The JMC selects expression of interests according to set criteria and allows pre-selected applicants to further develop their application.

*Slovenia/Austria* – Project applicants receive feedback from regional bureaus in the first stage of the project application. The applicant is not obliged to revise the application after having received feedback.

*Central Europe IVB* – Depending on the programme requirements a pre-selection stage can be added to the standard application procedure.

*North Sea IVB* – Project applications can be pre-assessed should the applicant wish to do so.

*MED IVB* – Pre-selection takes place on the basis of partners’ commitment to the project. Signed documents in relation to co-financing and funding eligibility criteria are required before a full application can be submitted. The pre-application is assessed by the selection committee; only when accepted can the applicant submit a full application.

*South-East Europe IVB* – The programme has a one-stage and two-stage procedure. The latter invites potential applicants to submit an ‘expression of interest’ describing the partnership, expected results, activities, deliverables, etc. Subsequently, proposals for further development are selected which receive support from the programme.

**(iv) Special funds**

Special funds are mostly used for small projects by creating a pool of EU and national co-financing for awards to small projects. They have simplified application

procedures and are often administered via delegated arrangements (e.g. Germany-Bavaria/Austria, Northern Periphery).

**Box 14: Examples of special funds**

*Two Seas* - A specific form of cooperation that will be supported is the development of framework projects. In such projects a partnership develops a joint framework for cross-border cooperation, to be implemented through several sub-projects. These sub-projects should normally be small scale activities, to be developed by the relevant (local) actors.

*North West Europe* – Funds micro innovation projects through its Fasilis programme which provides small grant (€6,000) to SMEs in life sciences to encourage the development of innovative ideas.

*France/England (Channel)* – The micro project fund (< €60,000) particularly encourages applications from SMEs and NGOs and excludes large organisations from applying. A fast track application procedure is in place.

*Slovakia/Czech Republic* – The Euroregion BÍle Karpaty has been awarded a project which functions as a micro project fund (€10.9 million). It has its own MC and supports people-to-people projects for up to €30,000. The application and implementation process is administratively less demanding. The fund engages small organisations which would otherwise not be able to participate.

*Sweden – Norway* – Small projects (<SEK/NOK 125,000) can apply all year round (outwith the project calls). They have a simplified application procedure.

*Germany-Bavaria/Austria* – Special funds are available for small projects (*Dispositionsfonds*) under a specific measure to fund cross-border, people-to-people projects.

*Austria/Czech Republic* – The development of a disposition fund in the IIIB period (the Small Project Fund – SPF) has shown that integrated (non-profit orientated) 'small projects' are very helpful for various target groups. The SPF is a continuation of this strategy and represents a flexible tool for implementation of the smallest activities of the Programme. It is particularly aimed at local projects with a cross-border impact.

Small project funds make a range of contributions to the programme. Funding a large number of projects increases the participation of programme beneficiaries and potentially increases the 'visibility' of the programme. By funding more projects, there is better chance of ensuring a good geographical and community spread of resources. There is potentially high added value for small amounts of money. Small projects may lead to more substantial or innovative future submissions. The funding can offer support to beneficiaries who may not have participated in the past, such as voluntary organisations and SMEs. Related cross-border activities amongst these organisations may increase.

The potential drawbacks of this are that special funds can reduce the resources available for those projects that have a strategic impact. Small projects usually have a limited impact and are not able to cover large territories. Furthermore, the administrative costs of running a special projects fund are sometimes too high. Managing, implementing and monitoring a potential high number of small projects is bound to be more expensive than a few larger strategic projects.

### **(v) Strategic projects**

Across most programmes in the 2007–13 period there has been an increased focus on generating strategic projects. There is considerable disagreement over what defines as a strategic project. However, some general characteristics are:<sup>145</sup>

- well defined, easily shared and understandable topics;
- high relevance for development;
- ability to demonstrate direct contribution to EU policy strategies (Gothenburg, Lisbon, EU2020);
- complementarity with national and regional strategic frameworks;
- harmonious, fair and balanced involvement of the entire programme area;
- in some cases, specifically addressing and providing effective solutions to ad hoc events (such as the 2008 and ongoing financial crisis); and
- high visibility and strong media impact.

Strategic projects may be selected by the Steering Committee (alongside open calls) at programme level (e.g. Two seas, or via delegated arrangements such as Ireland/Northern Ireland, Baltic Sea, or Alpine Space). Some programmes pre-define strategic areas in their OP (e.g. Malta-Italy) whereas others build in mechanisms to respond to the programmes strategic requirement by initiating thematic calls. Projects identified as strategic projects often receive increased budget, exposure and support.

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<sup>145</sup> Central Europe, Strategic Project Call for Proposal: A methodological approach – draft proposal June 2009

**Box 15: Examples of strategic projects**

*Two Seas* – Strategic projects are identified by the programme bodies through the normal project application procedures.

*Germany/Netherlands* – The programme emphasises the creation of strategic (*majeure*) projects which involve cooperation between knowledge institutes and private sector involvement from both countries. It strategically covers the whole region and is long running. Whereas the SG selects normal projects, the MC selects strategic projects. Strategic projects are implemented centrally.

*Malta/Italy* – Identifies strategic projects in the OP (the creation of a truly Italian-Maltese common research centre).

*Ireland/Northern Ireland and Scotland* – Strategic projects are developed by the SG and are tendered in targeted calls. This enables a more proactive approach to be developed within the Programme by allowing the Steering Committee to consider strategic options and develop targeted proposals that will create critical mass and deliver particular activities and outcomes.

*Alpine Space IVB* – The increased focus on strategic projects/aims towards the end of the Alpine Space III B programme has meant that the programme's strategy for 2007–13 is more qualified for adopting strategic projects.

Project generation and selection systems that focus on strategic projects have several advantages. Fewer, larger projects can simplify programme delivery and administration. Strategic projects offer greater capacity to address the programme's objectives, and they generally have a clear, demonstrable impact. Larger-scale projects, involving a number of project partners across the programme area, can make an important contribution to building cross-border cooperation.

Among the potential difficulties of strategic projects, some beneficiary groups are not reached due to their resource limitations. For example, small businesses and NGOs are likely to have limited resources and capacity to develop large-scale, high-quality projects. Encouraging a number of large projects may limit the number of beneficiaries. A small number of large projects may overly dominate resource allocation, and limit the flexibility of the programme. Strategic projects tend to have a long lead-in time. There may be also be potential N+2 concerns if the project experiences delays or if there is a lack of projects. Finally, they can also lead to increased centralisation of management and implementation structures.

An innovative way of achieving projects with high strategic impact is by clustering projects (for examples see Alpine Space, North West Europe and North Sea Region programme – see Box 16). Clustering projects is particularly beneficial when a programme experiences a high quantity of projects relating to a specific theme (for example, climate change, energy, transport, or rural–urban relations). The theme in question does not necessarily have to be one of the vertical project priorities but it

can be also be helpful in achieving the horizontal aims of programmes. Box 16 outlines the North Sea Region programme's approach to project clustering. The approach has several key advantages:

- it raises the awareness of the results achieved in individual projects and increases visibility;
- it establishes new partnerships/contacts;
- it affords projects a clear thematic/strategic focus and aligns project objectives with wider EU policy frameworks;
- it gives projects an opportunity to have a lasting and measurable impact;
- it creates synergies (for example data sharing and policy learning) and knowledge exchange opportunities with partners who have been funded under different priorities; and
- it creates certain level of flexibility in relation to the focus of the programme as project clusters can be identified throughout the programme period and adapted accordingly.

**Box 16: Best practice: project clustering in the North Sea Region programme**

Project clustering, used in the North Sea Region programme, is a 'light touch' top-down approach to achieving the strategic goals of a programme. In the past, the NSRP attempted a more top-down approach to achieving its strategic goals but found this unsatisfactory. Reserving a specific budget for strategic projects is considered undesirable and ineffective as the overall budget is too small and it would mean it would either be too thinly spread or have a very limited focus.

Instead, the JTS identifies and encourages partners who work in similar thematic fields to work together. They can apply for an extra grant and additional workpackages are developed with the help of the JTS, which focusses on strategic goals. This creates synergies but crucially it ensures that projects work together in certain elements and that the whole of the NSRP area is taken into account.

## (vi) Conclusions

The types of project generation processes used within a programme are indicative of whether programmes can be considered top-down or bottom-up. Operating an open call system, having seeding funds available, and providing special funds for certain types of projects can be associated with a bottom-up approach whereas the use of targeted calls and developing strategic projects are signs of a more top-down approach. This is not to say that many programmes use a combination of these processes, as each has advantages and disadvantages. These are summarised in Table 12.

Table 13 provides a similar schematic overview but relates the key points of these different project procurement systems to administrative efficiency, strategic orientation, transparency and equity, and visibility of a programme.

It should be noted that the type of project generation process chosen is not solely dependent on these 'rational' factors. A specific problem in relation to territorial cooperation is that countries tend to have embedded domestic practices in terms of project generation procedures which beneficiaries know to use and understand. **If cooperation partners use domestic project generation systems which are different from the territorial cooperation systems then this can cause difficulties.** For example, Austrian institutions are not very familiar with call-based project generation systems, which are common for Slovenian actors. This has caused difficulties since a call based system was implemented in the Austria – Slovenia cross-border cooperation programme. **In other words, when choosing a project generation process, domestic practices and not just the territorial cooperation environment should be taken into account.**

Table 12: Strengths and weaknesses of project procurement systems (based on Bachtler et al., 2006)

	Thematic/geographic calls	Seeding projects	Shortlisting projects	Special funds	Strategic projects
<b>Strengths</b>	<ul style="list-style-type: none"> <li>helps meet the strategic programme objectives</li> <li>increases participation of areas and groups</li> <li>ensures a spatial or thematic spread of resources</li> <li>can give good indication of the demand for funds</li> <li>generates innovative projects by bringing together new partnerships</li> </ul>	<ul style="list-style-type: none"> <li>generates better quality projects</li> <li>involves a larger number of partners from more regions</li> <li>pave the way for a larger projects that face external restrictions/ delays</li> <li>useful for generating strategic projects</li> <li>particularly useful in programmes in which partners incur high travel costs due to peripherality</li> </ul>	<ul style="list-style-type: none"> <li>limits the complexity of the initial application</li> <li>less risk of applications being excluded at a late stage</li> <li>higher quality final applications</li> <li>ensures high take-up of funds</li> <li>allows screening of lower quality projects at an early stage</li> <li>higher levels of trust between partners and programme</li> <li>can help ensuring co-financing commitments</li> <li>attractive for private enterprise involvement</li> </ul>	<ul style="list-style-type: none"> <li>high number of final beneficiaries</li> <li>better chance of ensuring good geographical and community spread of resources</li> <li>potentially high added value for small amounts of money</li> <li>small projects could lead to more substantial or innovative future submissions</li> <li>increased 'visibility' of funds</li> <li>increases cross-border activities</li> </ul>	<ul style="list-style-type: none"> <li>fewer, larger projects can simplify programme delivery</li> <li>greater capacity to address strategic programme objectives</li> <li>demonstrable impact</li> <li>scope to enhance cross-border element</li> <li>can increase synergies</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>may reduce scope for more innovative projects</li> <li>narrows the potential range of end beneficiaries</li> <li>long waiting times of bid assessment process</li> <li>applicants can be under greater time pressure to develop their bids</li> <li>spatial selectivity can make it difficult to involve partners from all partner areas and lead to administrative complexity</li> </ul>	<ul style="list-style-type: none"> <li>application procedures can be overly complex relative to the amounts of money available</li> <li>not all 'seeded' projects are successful in their final applications, therefore there is an element of financial risk</li> <li>less tangible results</li> <li>Member State specific seeding funds may lead to imbalances in the programme</li> </ul>	<ul style="list-style-type: none"> <li>lack of transparency</li> <li>longer times to develop final project applications</li> <li>delays in the shortlisting/ feedback process</li> </ul>	<ul style="list-style-type: none"> <li>reduces budget for strategic projects</li> <li>potentially high administrative costs of managing and implementing a large number of small projects</li> <li>limited 'reach' and impact of small projects</li> </ul>	<ul style="list-style-type: none"> <li>limits number of beneficiaries - some groups not reached due to their resource limitations</li> <li>lack of flexibility in programme</li> <li>long lead-in time</li> <li>potential N+2 concerns, if delays or lack of projects. a small number of large projects can dominate resource allocation</li> </ul>



**Table 13: Administrative efficiency, strategic orientation, transparency & equity and visibility of project procurement systems (based on Bachtler *et al.*, 2006)**

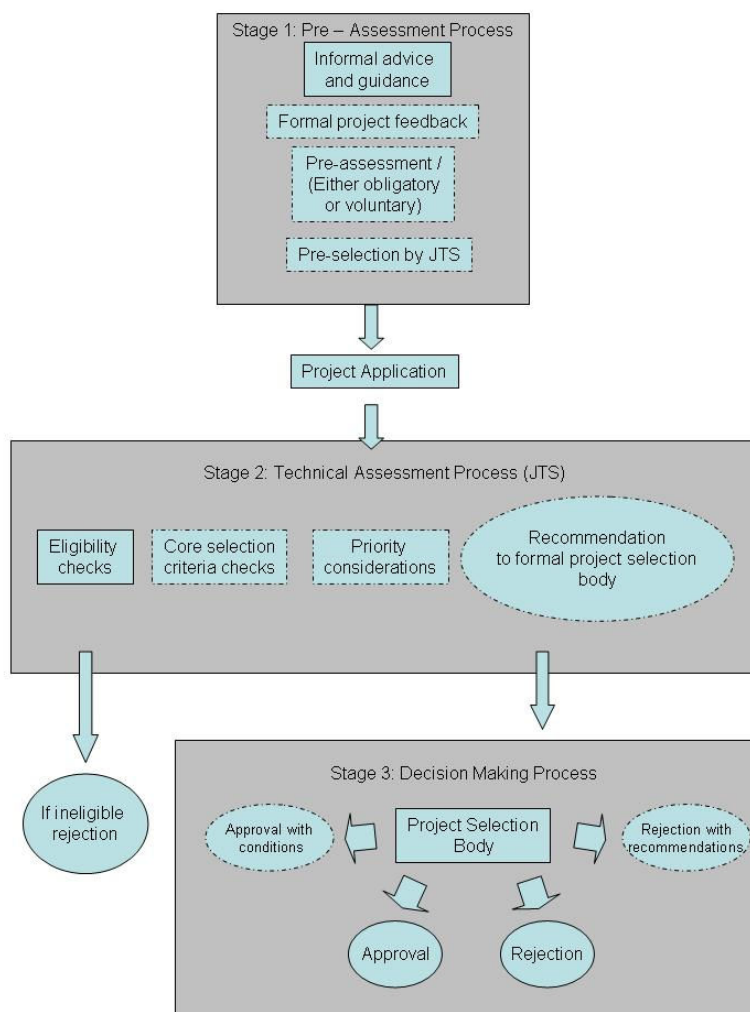
	Thematic/geographic calls	Seeding projects	Shortlisting projects	Special funds	Strategic projects
<b>Administrative efficiency</b>	<ul style="list-style-type: none"> <li>predictable, time limited project assessment and selection period</li> <li>administrative burden of assessing large number of projects in a short period</li> </ul>	<ul style="list-style-type: none"> <li>the administrative resources involved can be high relative to the amount of money available</li> </ul>	<ul style="list-style-type: none"> <li>reduces the length and complexity of the initial application phase</li> <li>delays in the feedback process can be a common problem</li> </ul>	<ul style="list-style-type: none"> <li>reduced budget for strategic projects</li> <li>simplified application procedures</li> </ul>	<ul style="list-style-type: none"> <li>large projects are simpler to administer than a high number of small projects</li> </ul>
<b>Strategic orientation</b>	<ul style="list-style-type: none"> <li>can be used to meet the strategic objectives of the programme, address 'gaps' in the portfolio of funded projects and commitment concerns</li> <li>can lead to better, more innovative bids</li> </ul>	<ul style="list-style-type: none"> <li>can be used to develop higher quality, more strategic projects</li> <li>can be used to increase the number of project partners</li> <li>not all seeded projects are successful</li> </ul>	<ul style="list-style-type: none"> <li>higher quality final applications</li> <li>ensures high take up of funds</li> <li>less risk of projects being excluded at an early stage</li> </ul>	<ul style="list-style-type: none"> <li>limited 'reach'/impact of small projects</li> <li>potentially high value added for small amounts of money</li> <li>high numbers of final beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>projects developed in line with the programme goals</li> <li>good way to commit large amounts of funding</li> </ul>
<b>Transparency &amp; equity</b>	<ul style="list-style-type: none"> <li>cuts out support for some areas, where demand could be higher</li> </ul>	<ul style="list-style-type: none"> <li>supports project developers, who may not have been in a position to develop a full project themselves</li> <li>May lead to imbalances if Member States finance preparatory costs from domestic funds</li> </ul>	<ul style="list-style-type: none"> <li>difficulties with lack of transparency in shortlisting criteria</li> <li>pressure to provide detailed feedback</li> </ul>	<ul style="list-style-type: none"> <li>can be used to support/encourage new beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>can be viewed as less transparent and accountable</li> <li>limits opportunities for smaller beneficiaries</li> </ul>
<b>Visibility</b>	<ul style="list-style-type: none"> <li>can increase the profile of the programme in under-presented areas</li> </ul>			<ul style="list-style-type: none"> <li>increased visibility for the programme amongst key groups</li> </ul>	<ul style="list-style-type: none"> <li>high impact of larger projects</li> </ul>

### 5.4.3 Project selection procedures

The end responsibility in terms of project selection lies in most programmes with either the JMC or will be the main task of a Steering Group. Membership of these bodies includes representatives from the national and regional level in all instances, but can also include local representatives, social and economic partners, higher education representatives, and civil society (see above).

The selection process involves three stages that include a formal or informal pre-assessment process, a technical assessment process, and a decision making process. In each of these stages, important processes take place which result in projects being selected or rejected. Not all programmes use the same processes but all of them include these three stages. Figure 16 provides an overview of the complete selection process. The stages are represented by the large grey rectangles whereas the processes are represented by the smaller blue rectangles. Those blue rectangles with solid lines are processes that take place in every programme whereas those with dotted lines take place in some.

**Figure 16: Project Selection Process**



The first stage of the project selection process involves a certain level of pre-assessment or in some cases pre-selection. In this pre-assessment stage JTS members or NCPs provide advice for potential beneficiaries on their future application. In some programmes the assessment process is relatively informal (e.g. NSRP, NWE, CBP). Project ideas can be submitted to the JTS for feedback. Some programmes have a more formalised process in terms of pre-assessment procedures. Project proposals can be assessed at an early stage (in the case of the NSRP, for example). This may be either a voluntary or obligatory process. However, the outcome is non-binding. In other words, even if a project is assessed as weak by the JTS it can still proceed to the next stage. Yet more formalised are those programmes that use a pre-selection process (Flanders – Netherlands – see previous section) in which projects are pre-selected by the JTS or the project selection body at an early stage before submitting a full application.

The importance of this first stage is that a certain level of selection takes place before a full proposal is submitted. These processes are not formalised in all programmes as outlined above, but nevertheless a certain level of pre-selection will always take place in programmes through informal means. For example, discussions with staff about the feasibility of certain projects will lead to some informal selection.

In the second stage projects are technically assessed by the JTS. As a minimum, this assessment involves eligibility checks (which the JTS is responsible for in every case), but they can also include core selection checks which involve certain qualitative checks according to pre-set criteria. Furthermore, in their role supporting the project selection body, the JTS can make certain priority consideration checks and draft recommendations accordingly. The level of influence the JTS has at this stage varies across programmes and is dependent on:

- the JTS' remit;
- the administrative culture in the Member States;
- the level of experience of the JTS; and
- the level of connection of the JTS in relation to domestic government structures.

In the third stage, the official project selection body (the SG or JMC) takes the formal decision to approve or reject a project. In some cases approval can be conditional or rejection can come with recommendations for a next stage. The OP will specify specific criteria to which projects should be selected. These are to prevent 'subjective' or domestic interests influencing the selection procedure.

Nevertheless conflicts can occur between the JTS and project selection body. Conflicts can occur for several reasons:

- domestic interests and strategies may take priority;
- projects may not always meet assessment criteria, but may have strategic impact; or

- priorities may have shifted due to changes in the external environment (for example due to the financial crisis).

Programme partners can hold domestic pre-meetings that take place before the project selection body will meet (e.g. CBPCBP and NSRP). On the one hand such meetings lack transparency as positions are determined behind closed curtains. On the other hand, they speed up the process of decision making during the final meeting.

#### **5.4.4 Generating impact, finding synergies and lesson learning**

Evaluating the outcomes of territorial cooperation can be challenging, and defining them in quantitative terms may be even more difficult. Depending on the type of territorial cooperation, the outcomes can vary from unclear or symbolic to more tangible results and impacts. As discussed previously, common problems shared by many small-scale cooperation activities relate to difficulties of identifying the impacts and disaggregating the effects from other public expenditure and determining cause and effect. The ‘breadth’ and scope of cooperation objectives can also make it particularly difficult to clearly demonstrate ‘concrete’ results and impacts (Taylor *et al.*, 2004), particularly in comparison to many regional and national programmes which more often have a narrow range of objectives and receive more funding (INTERACT, 2010). In addition, the large geographical scale of cooperation areas means that resources are spread widely, which can mean that measurable impacts may not be immediately apparent in all regions.

A key challenge in the past has related to the definition of common indicators. Most INTERREG programmes have suffered from a lack of clarity in the definition of common indicators and a lack of baseline data against which to measure progress, which has invalidated attempts at aggregating data collected from projects (Colomb, 2007; Taylor *et al.*, 2004; INTERACT, 2006). Traditional approaches to monitoring and expressing impact and progress have been extremely problematic in the context of territorial cooperation. As Colomb (2007) argues, monitoring and evaluation approaches are commonly inadequate for the investigation of processes of cooperation that characterise INTERREG, and the qualitative changes that may arise as a result.

This is echoed in the case study findings. Despite the fact that improvements have taken place, most case study programmes continue to report specific limitations with respect to their indicator systems. Indicators are generally perceived to be of limited value, particularly with respect to measuring tangible outcomes. Some of the key concerns are that:

- projects rarely meet their initial assessment criteria;
- most partners want to focus on local activities and the transnational dimension is not seen as a priority;
- measurability can vary across themes;
- indicators are difficult to interpret; and

- indicators do not measure long-term outcomes of the programme (e.g. policy influence).

Some programmes have adopted specific approaches to try to overcome these problems. Programmes may have worked to refine their monitoring systems to ensure that the both the tangible and intangible outcomes can be more accurately captured. For instance, in the Flanders – Netherlands INTERREG IVA programme, all projects have to develop their own indicators as well as complying with the programme's general set of indicators. The project-specific indicators have been able to assess project progress and capture tangible results where these are delivered. The downside is that these project-specific indicators do not provide a programme-wide overview. Another example in the Flanders – Netherlands INTERREG IVA programme is related to the interpretation of indicators, which has caused problems in the past. A process is now in place to identify and solve interpretation complexities (see Box 17 below).

**Box 17: Solving interpretation complexities in the Flanders – Netherlands programme**

The Flanders – Netherlands INTERREG IVA programme maintains a database in which differences in interpretations of programme procedures, rules and indicators are recorded, managed and archived. If a question of interpretation arises in one of the organisations or if one of the partners has a query then a decision is taken (if necessary by the Steering Group). This decision is recorded and can be queried by all organisations. Thus if there are differences in interpretations, they are solved, confirmed/communicated and logged. This creates a high level of consistency which increases the level of trust between partners and organisations.

Despite the challenges, territorial cooperation is increasingly assessed in terms of the extent to which it demonstrates added value and delivers results (McMaster et al, 2006a). Considerable effort has been made to intensify the impact of cooperation programmes and capture and convey impacts. Indeed, many programmes are increasingly focussed on tackling 'real' problems and producing 'ground-breaking' (e.g. North West Europe INTERREG IVB) and tangible products or services (e.g. Northern Periphery INTERREG IVB, Atlantic Area INTERREG IVB) which produce concrete economic results (Austria Slovenia INTERREG IVA), legacy and impact (e.g. Ireland-Northern Ireland – Scotland INTERREG IVA, North Sea INTERREG IVB). Notwithstanding these developments, the need for softer outcomes, such as networking, remains important. This is because networking and personal relations are often deemed to be necessary conditions to pave the way for other (more concrete) types of cooperation.

When considering the impact and added value of territorial cooperation one has to take into account that no 'one size fits all'. Of particular importance is the fact that territorial cooperation efforts are 'phased' (Perkmann, 2003) and a certain level of maturity is reached through experience and negotiation between partners (Gabbe and von Malchus, 2008;

INTERACT, 2006). Such differences in maturity should be taken into account when evaluating territorial cooperation (AEBR, 1997).

Interviewees stressed that the ‘softer’ characteristics of territorial cooperation are prerequisites for implementing ‘hard’ projects that may be more strategically beneficial and produce measurable tangible outputs. In other words, partners first have to build up relations of trust and understanding before committing to more intense forms of cooperation.

Conceptually, three phases – new, consolidated and embedded territorial cooperation - can be identified (Table 14). In the first phase cooperation is new; it relies on external funding and compliance requirements. At this stage territorial cooperation efforts are usually small scale and there is a lack of coordination. The outcomes of such efforts are measured using soft programme indicators.

In the second phase territorial cooperation efforts have been consolidated. There is a continued reliance on external funding but commitments amongst partners and Member States is no longer fleeting. There usually is an increase in resources available for territorial cooperation at this phase. Projects are implemented on a larger scale and coordination frameworks/ instruments are being developed. In this phase there is scope for using harder, more quantitative measures that focus on outputs and results.

The final phase is aspirational. territorial cooperation is fully embedded and there is strong domestic commitment for territorial cooperation activities. Programmes and projects are no longer reliant on external funding. There is a comprehensive strategic framework in place which ensures that territorial cooperation efforts have a high impact. territorial cooperation activities are effectively coordinated with, domestic regional development programme, thematic programmes that have a regional impact as well as other territorial cooperation programmes. At this phase there is scope to use a broader set of impact indicators.

Although the final stage is aspirational, the key question to ask is: are the partnerships which have been created with the help of external incentives sustainable? This question is important in light of the current economic circumstances and policy makers should put more emphasis on the sustainability of partnerships in project applications and programme development in order to ensure a lasting impact.

**Table 14: Phases of territorial cooperation**

Phase	Maturity	Motivation	Scale	Measurement
3	embedded	Strong domestic commitment with limited requirement for external funding	A comprehensive strategic framework is in place and territorial cooperation efforts are effectively coordinated	Scope for using impact indicators
2	Consolidated	Continued reliance on external funding but emerging commitments	A more strategic approach is emerging and attempts are made to coordinate efforts	Scope for using harder quantitative measures that focus outputs and results
1	New	Reliant on external funding and compliance requirement	Efforts are usually small scaled and lack in coordination	Programme's impact is measured using soft qualitative indicators

Maturity does not only depend on the time that a programme has been running. A similar sort of phasing applies to programmes that have expanded their territory or merged their cooperation areas. It can be challenging for partners which already have experience of cooperating from previous programme periods to include partners from other/new areas. Partnership networks between historic areas have to be supported. This should also be reflected in the type of activities a programme supports and the types of indicator used to measure the success of a programme. Naturally, a programme can use a mix of softer and harder project indicators depending on the specific territorial cooperation activity. The level of external resources that is necessary to support these different types of cooperation is also likely to change in accordance with the phase of cooperation. The need for external resources is likely to increase when cooperation intensifies and projects with tangible outputs are established.

There is an increasing focus on synergies in territorial cooperation which can be achieved in order to ensure impact (Interact, 2010, p.3). In fact, some argue that the key purpose of territorial cooperation is to create synergies (Doucet, 2006, p.1,481). In interviews different types of synergies could be identified:

1. Synergies between projects in the same programme (intra programme synergies).
2. Synergies between different territorial cooperation (INTERREG) programmes (inter programme synergies).

3. Synergies between territorial cooperation and other EU funding streams (ESF, ERDF, FP7, EEPR).
4. Synergies between different domains (e.g. between culture and education).
5. Synergies between different scales of territorial cooperation (multi-level governance).

There are certain measures that are available to achieve such synergies. On a most basic level conferences and workshops can be organised in which actors from different scales, domains and levels come together to exchange best practice and knowledge. Such events are taking place but usually include a limited geographical territory. Many of such workshops, road shows and conferences are organised nationally and promote several territorial cooperation programmes in which the country takes part in a single event (for example Norway organises road shows in which all INTERREG programmes are represented together). Programme secretariats often play an active role to achieve synergies between projects. Some secretariats (e.g. NSRP and NWEF) use innovative practices such as project clustering (see Box 16) to achieve intra-programme synergies. Often events are also organised around a certain theme. This restricts the opportunities for learning between domains.

The new draft regulation for territorial cooperation (CEC, 2011) proposes closer links between INTERREG and mainstream funding resources (such as ESF, ERDF, FP7, TEN-T, TEN-E and EEPR). Considering the relatively small budget that many territorial cooperation programmes have, it can be difficult to achieve impact, hence a link to programmes with greater budget would be beneficial in terms of achieving synergies. However, how such links would work in practice remains unclear as yet. One possibility would be for INTERREG programmes to pilot new innovative projects on a small scale which would then be 'upscaled' in mainstream programmes if successful. INTERREG programme secretariats could facilitate the application process of 'their' beneficiaries in relation to mainstream funds.

New forms of territorial cooperation such as EGTCs and macro-regional strategies also present an opportunity for increasing synergies across space. Until now, macro-regional strategies have encompassed territories which include multiple territorial cooperation programmes/activities. These are all required to contribute to strategy, ensuring greater impact and synergies. However, as will be discussed in section 6, macro-regional strategies as a tool are not supported by additional resources, institutions and legislation. Therefore their impact and support amongst Member States is limited. The impact and added value of EGTCs are also further discussed in the next section. What can be said here is that EGTCs formalise relations between different levels of government across borders. The EGTC construct is particularly valuable in relation to achieving synergies on different scales. It provides a legal framework in which multi-level governance structures can be organised. However, as of yet, only one EGTC is set up as an MA for an INTERREG programme (Greater Region) and only two others include representatives from all levels of public administration (from local to national level)).



Besides synergies that can be achieved in space, there opportunities are also identified for synergies to be achieved over time. As noted earlier in this section, territorial cooperation requires time for relationship building, establishing trust and exchanging experiences. Therefore follow-up projects can build on that experience and can deepen the achieved results and aim and more sustainable outputs.

### **5.5 Conclusion: Governance experiences best practice**

Territorial cooperation programmes are very diverse. First, territorial cooperation efforts, their intensity and scope, are heavily context dependent. Second, and related to this, the efforts and the frameworks in which they are operationalised show considerable variation, ranging from highly institutionalised EU-driven territorial cooperation arrangements to informal efforts such as city twinning. The governance frameworks of these arrangements have to take into account the types of borders that they cross.

This means that, on the one hand, governance/administrative frameworks have to be flexible and accommodating towards these contextual differences. On the other hand, there is considerable convergence in terms of the challenges and administrative pressures that come with operationalising territorial cooperation. Therefore, some general lessons can be learned and some universal conclusions can be made about what 'makes territorial cooperation happen' and, what 'maximises positive impact'.

The analysis above has shown that there are various stages in which different levels of government and different types of actors can influence the strategic management of a programme (see Figure 15). In general the different points in which different spatial actors can influence the strategic management of the programme are stratified to a considerable degree. With the EU and national actors taking responsibility for the high level strategic direction of the programme (although in certain cases with considerable input from regional and local actors) with lower spatial levels responsible for selection and implementation. Programme bodies also play an important role in all these phases, in particular when the programme has reached a certain level of longevity.

Barriers and drivers to territorial cooperation efforts both include endogenous and exogenous factors (Figure 6 p.716). It is particularly the endogenous factors (policy initiatives, sufficient funding, sufficient staffing and innovation and ideas) which are considered important by territorial cooperation actors. This does not mean that exogenous factors (administrative traditions, cultural ties, institutional framework, economic disparities and geographical distance) are not important but these can be influenced to a lesser extent in the short term.

Programmes adopt certain measures to mitigate barriers. A key feature of any programme governance framework is the project generation process which to a certain extent will determine the types of territorial cooperation activities that are supported and the types of beneficiaries that participate. Of course, the type of generation activities that are adopted depends on contextual factors. So, for example, in cooperation areas with close cultural ties and well developed economies which have a diverse range of potential partners it may be

less necessary to incentivise project applications. In areas where partnerships are not yet well developed such an approach may be more necessary. Following on from that, if a programme wishes to attract certain smaller partners, it may be necessary to adopt generation practices which make it easier for such partners to cooperate. For example by using shortlisting methods the risk of applying is significantly reduced. This is particularly important for smaller partners. A programme can also make a dedicated funding stream available to attract such smaller partners (small project funds). Furthermore, the type of project generation process a programme adopts also depends on the type of activities the programme supports. If innovation is a key theme an open, inclusive, project generation procedure may be more appropriate. If large infrastructural programmes are considered of key strategic importance then a thematic closed call may be more suitable. However, these project selection procedures have certain advantages and disadvantages and have an impact on the administrative efficiency, strategic orientation, transparency and equity and visibility of a programme (see Table 12 and Table 13)

Table 13 In a similar manner to the project generation process, the project selection process also has a considerable impact on the programme. Project selection happens in three stages; a pre-assessment stage, a technical assessment stage and a decision making stage (see Figure 16). However, processes vary considerably across these stages. They can include formal or informal pre-assessment, and the role of the JTS in the second stage may be minimal or extensive. This has an impact on the types of projects that are selected. If the role of the JTS is minimal then project selection is more likely (but necessarily) to be based on other criteria than eligibility and priorities.

There has been an increased focus on the impact of territorial cooperation activities. Generally speaking, these are thought to be difficult to measure especially in the short term. Furthermore, the range of territorial cooperation activities as well as the range of domains and actors that take part in territorial cooperation means that there cannot be a single solution in the context of measuring impact. Instead, territorial cooperation should be regarded as phased, in which different level of resources and indicators for success are required in different stages of programmes and partnerships. Synergies between projects, programmes and other funding instruments can be achieved through a range of activities. These include basic activities such as conference, workshops and road shows. The role of the JTS in linking up projects is also important. However, more innovative approaches such as project clustering and piloting projects for mainstream funding can also be considered. Furthermore, new forms of territorial cooperation such as macro-regional strategies and EGTC also provide opportunities for increased synergies.

## **6. Analysis: new forms of governance and cooperation - EGTC and macro-regions**

This section provides an overview of macro-regional strategies and EGTCs, both of which are new tools for territorial cooperation for EU and non-EU Member States. Both are

considered to have potential in terms of making territorial cooperation more effective. However, as they have only been adopted to a limited extent their real impact is for as yet uncertain. Furthermore, several ‘teething’ problems have been identified.

In the next section the macro-regional concept is unpacked and associated opportunities and challenges are explored by assessing its impact in the Danube region. The Strategy for the Baltic Sea Region, which is the only macro-regional strategy to precede that of the Danube region, is also discussed as the former had a major impact on the latter. However, the discussion of the EUSBSR should be considered as background knowledge for the EUSDR.

In the second part of this section development and implementation opportunities and challenges for EGTC are discussed. The findings are based on three case studies areas; Eurometropole LIKOTO, EGTC Greater Region, and two EGTCs (one settled, one in negotiation) in the Danube Region.

### **6.1 Macro-regional strategies: implementation of an undefined concept**

The 2007-13 programme period has seen the emergence of new forms of territorial cooperation, in the form of tailor-made responses to address macro-regional challenges. Macro-regional strategies are broad-based integrated instruments covering several Member States and regions focussing on the alignment of policies and funding to increase policy coherence and overall impact of public spending.

To date, the Commission has endorsed and created two such strategies, namely the EU strategies for the Danube Region (2011) and the Baltic Sea region (2009). Other potential macro-regions identified include those for the Alpine, Black Sea, Mediterranean and North Sea areas (Mirwaldt and McMaster, 2010). In addition, another strategy under elaboration is the proposed Adriatic and Ionian Sea macro-region, which is foreseen to involve national and regional authorities from three EU Member States (Italy, Slovenia and Greece) and five countries that are preparing to join the EU (Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Albania).<sup>146</sup>

Despite these developments, the macro-region concept continues to lack clear understanding. There is no standard definition for a macro-region. The term has been used to describe both globally significant groups of nations (e.g. EU, ASEAN) and groupings of administrative regions within a country (e.g. Australia, Romania). The definition developed during the preparation of the EU strategy for the Baltic Sea region, defines macro-region as ‘*an area including territory from a number of different countries or regions associated with one or more common features or challenges.*’ However, this carries no implication of scale. Indeed, in the EU context, a macro-region is understood to involve several regions from several countries with the number of Member States being significantly fewer than in the Union as a whole (Samecki, 2009).

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<sup>146</sup> Ministers from these countries have asked the European Commission to work with them on developing an EU strategy that would provide a framework for their cooperation in various fields, such as environmental protection, shipping and transport. Meeting in Brussels on 23 May 2011, ministers from the eight countries adopted a declaration asking for a ‘formal acknowledgement of the strategy at the highest level’ and confirming their willingness to work with the Commission (<http://www.euractiv.com>, press release, 24 May 2011).

The idea behind a macro-regional strategy is 'to add value to interventions, whether by the EU, national or regional authorities or the third or private sectors, in a way that significantly strengthens the function of the macro-region. Moreover, by resolving issues in a relatively small group of countries and regions the way may be cleared for better cohesion at the level of the Union. Working together may become a habit and a skill. In addition, overall coordination of policy areas likely generates better results than individual initiatives' (Commission - Directorate-General for Regional Policy, Macro-regional Strategies in the European Union).<sup>147</sup>

According to the Commission, the macro-region is 'a concept' to be implemented with no additional funding, no additional institutions, and no additional legislation.<sup>148</sup> According to the so-called '3 NO principle', a macro-region implementation:

- **does not provide any new EU fund.** It emphasises that a better use of existing funds must be achieved. Projects are financed through already-available funds such as Structural Funds, the IPA (Instrument for Pre-accession Assistance) and ENPI (European Neighbourhood and Partnership Instrument). Other funding sources are disposable, such as those from international financing institutions like the European Investment Bank and via national, regional and local authorities. Mixing funding from the public and private sectors should be the rule to follow.
- **does not set up additional legislation.** Stakeholders must refer to already-implemented EU and national legislation.
- **does not create new institutions.** Implementation of the strategy will be via existing bodies.

At the national level, this ambiguity has caused some considerable concerns with regards to whether it is necessary to be part of a macro-region for the next programme period. The Commission proposal for territorial cooperation for 2014-2020 provides some answers to this: the macro-region is no longer only 'a concept' without funding, however neither is it (yet) a territorial criteria to be used across the EU.

*'The proposed regulation explicitly foresees that transnational cooperation can also support the development and implementation of macro-regional strategies and sea Basin programmes'* (Com (2011)/611, explanatory memorandum, p.6). More specifically, on investment priorities, the proposal for regulation specifies that ERDF shall support "under transnational cooperation: development and implementation of macro-regional and sea Basin strategies (within thematic objective of enhancing institutional capacity and an efficient public administration..." (id., Art. 6).

In this section, the governance implications of the introduction of macro-regional strategies is explored. In the first section, EUSBSR – the first EU supported macro-regional strategy – is briefly discussed. The EUSBSR had a profound influence on the formation of the second macro-regional

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<sup>147</sup> The ESPON SIESTA project will have to clarify these issues, as the actual macro-region they have to deal with are broadly defined as seven macro-regions: two existing ones (the Danube Space and the Baltic Sea Region) and another five (Atlantic Axis, North West Europe, Mediterranean Basin, South East Europe and Northern Periphery).

<sup>148</sup> Presentation Commission representative Open Days (October 2010).

strategy in Danube area (EUSDR) which is the main macro-regional case study for this report. The discussion of the EUSBSR should be regarded as an introduction to EUSDR. Subsequently, the criteria for a macro-regional approach are examined. Next, the specific governance implications of macro regional strategies are addressed. In the penultimate section, the links between macro-regional strategies with other territorial cooperation activities are discussed. In the final section, the added value, best practice and some of the challenges related to macro-regions are analysed.

### **6.1.1 EU Strategy for the Baltic Sea Region (EUSBSR)**

The EUSBSR represents the first time that a comprehensive strategy, covering several Community policies, is targeted at a macro-region. The strategy was adopted by the European Council in October 2009 and is seen as a way of developing an integrated approach to identifying development needs and solutions, and matching them with available resources. It aims to coordinate action by Member States, regions, the EU, pan-Baltic organisations, financing institutions and non-governmental organisations to promote more balanced development of the region. The initiative has a strong inclusive and dynamic bottom-up dimension. However, the absence of a strong institutional framework reduces the effectiveness of cooperation (Salines, 2010, p.21). In order to ensure that the strategy has tangible effects, it was decided to take concrete, visible actions to address the challenges facing the region.<sup>149</sup>

The four cornerstones of the strategy are to make this part of Europe more: environmentally sustainable (e.g. through reducing pollution in the sea); prosperous (e.g. through promoting innovation in SMEs); accessible and attractive (e.g. through better transport links); and safe and secure (e.g. improving accident response). An action plan based on the four pillars was drawn up defining fifteen goals that convert these priorities into concrete policy action (see Table 15).<sup>150</sup>

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<sup>149</sup> CEC, The European Union Strategy for the Baltic Sea, *op. cit.*

<sup>150</sup> [http://ec.europa.eu/regional\\_policy/cooperation/baltic/index\\_en.htm](http://ec.europa.eu/regional_policy/cooperation/baltic/index_en.htm)

**Table 15: Priorities and actions of the Baltic Sea Strategy**

Priority	Action	Earmarked funding <sup>151</sup>
1) Environmental sustainability	Reducing nutrient inputs to the sea to acceptable levels	€9.8 bn
	Preserving natural zones and biodiversity including fisheries	
	Reducing the use and impact of hazardous substances	
	Becoming a model region for clean shipping	
	Mitigating and adapting to climate change	
2) Competitiveness and prosperity	Removing hindrances to the internal market in the Baltic Sea Region	€6.7 bn
	Exploiting the full potential of the region in research and innovation	
	Implementing the Small Business Act to promote entrepreneurship, strengthen SMEs and increase the efficient use of human resources	
	Reinforcing sustainable agriculture, forestry and fishing	
3) Accessibility and attractiveness	Improving the access to, and the efficiency and security of, the energy markets	€27.1 bn
	Improving internal and external transport links	
	Maintaining and reinforcing the attractiveness of the Baltic Sea Region	
4) Safety and security	Becoming a leading region in maritime safety and security	€697 million
	Reinforcing protection from major emergencies at sea and on land	
	Decreasing the volume of, and harm done by, cross-border crime	

Eighty so-called flagship projects are distributed over the 15 actions in order to implement them. Over and above the action priorities, there are a number of horizontal actions that cut across priority areas, including urban, rural and maritime issues, territorial cohesion and spatial planning.<sup>152</sup> No additional financial resources are committed to the strategy; instead the aim is to make better use of the funds that are already available and make their distribution more effective (Mirwaldt *et al.*, 2010).

Some of the key characteristics of a macro-regional approach in the Baltic Sea Region are: (i) an inclusive consultation process; (ii) new policy principles; (iii) flexible membership; (iv) the allocation of responsibilities; (v) policy ‘experimentalism’; and (vi) territorially-coordinated policy interventions (Mirwaldt *et al.*, 2010). Now well into the implementation phase, the

<sup>151</sup> From the Structural Funds and other EU sources. Directorate General for Regional Policy, *EU Strategy for the Baltic Sea region at a glance*, Inforegio, Panorama, Special edition.

<sup>152</sup> CEC (2009), *The European Union Strategy for the Baltic Sea*, op. cit. R. Bengtsson, *An EU Strategy for the Baltic Sea Region: Good Intentions Meet Complex Challenges*, European Policy Analysis, September 2009, 9-2009.

strategy has been concluded to bring multiple partners and policy areas together to achieve more than any could do alone, with specific recommendations for the future (CEC, 2011b):<sup>153</sup>

- to reinforce the integrated nature of the strategy through closer alignment with the themes and flagships of Europe 2020;
- to assure the European nature of the strategy through regular discussions of the strategy at policy Councils;
- to prioritise work on establishing targets to make the strategy more focussed and more concrete as regards to its main aims;
- to maximise efforts to align Cohesion policy and other funding sources in the Region with the objectives of the strategy;
- to strengthen implementation structures both financially and in terms of staff; and
- to develop a ‘Communication initiative’ to ensure broader participation in the strategy, as well as understanding of its achievements.

### 6.1.2 EU Strategy for the Danube Region (EUSDR)

The Danube is one of the most international rivers in the world. Various types of cooperation have existed in the area before the official declaration of the strategy for the Danube Region. Indeed, the area has been the place for the implementation of numerous cooperation projects since the start of the INTERREG initiative in the 1990s. The Danube Region is a functional area defined by its river basin. It covers one fifth of the EU’s surface: eight EU Member States (Germany, Austria, the Slovak Republic, the Czech Republic, Hungary, Slovenia, Romania and Bulgaria) as well as six non-EU Member States (Croatia, Serbia, Bosnia & Herzegovina, Montenegro, the Republic of Moldova and Ukraine). Thus, over 100 million people are affected by the EUSDR. The Danube area encompasses 18 cross-border programmes, seven transnational programmes, 13 Instrument for Pre-Accession Assistance (IPA) CBC programmes and three European Neighbourhood and Partnership Instrument (ENPI) programmes. The EU has made €4.3 billion available for cooperation activities until 2013, with the support of ERDF, IPA and ENPI financing instruments.

The process of setting up the EUSDR (from its first mention to its implementation) has been rather quick. This is because it has been largely inspired by the already-existing EU Baltic Sea Strategy. *‘The fact that the Danube Strategy followed the already-existing Baltic Sea Strategy made it easier to organise regarding experiences, structure, decision making,*

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<sup>153</sup> European Commission (2011) Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Implementation of the EU Strategy for the Baltic Sea Region (EUSBSR), COM(2011) 381 final, 22 June 2011.

*project types, and implementation. The Baltic Sea Strategy can be used as an example which should be modified to some extent*.<sup>154</sup>

The foundations of EUSDR were laid in Brussels in October 2008. The EU Commissioner for Regional Policy at the time, Danuta Hübner, called for a *'targeted policy for the Danube that meets its ecological, transport and socio-economic needs'*. Consequently, in June 2009, the European Council invited the European Commission to develop a strategy for the Danube area. On 8 December 2010, the European Commission adopted the Action Plan and Communication for the EUSDR with the participation of the Member States and stakeholders and defined the main pillars and types of actions envisaged. On 3 February 2011, Commissioner Johannes Hahn designated the Priority Area Coordinators. Finally, following the adoption by the European Council in April, the EUSDR was endorsed by the Heads of State in June 2011.

The EUSDR is built around four pillars, divided into 11 priorities which can be grouped into 4 sections:

1. connecting the Danube Region (mobility and multimodality, sustainable energy, culture and tourism, people to people);
2. protecting the environment (water quality, environmental risks, biodiversity and landscapes, air and soil quality);
3. building prosperity (knowledge society, competitiveness, people and skills); and
4. strengthening the region (institutional capacity and cooperation, security).

Priorities are implemented in actions and projects. In order to be considered as successful, actions and projects must meet four criteria:

- they should address identified priorities and be supported. In other words, they should meet a need emanating from a country or stakeholders;
- they should have an impact on the macro-region;
- they should be realistic, being technically and financially feasible; and
- they should be coherent and mutually supportive. They must be set up in an integrative manner so as not to jeopardise one another.

Crucially, the EUSDR is not a programme but a sustainable framework for policy integration and coherent development of the Danube Region. Therefore, there are no additional budgetary resources, legislation or institutions (3 No principle) to support macro-regional strategies.

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<sup>154</sup> On cite Kurt Punchinger, City of Vienna, Priority Area Coordinator for Priority Number 10 in EUSDR.



### **6.1.3 A macro-region, on which basis?**

The area of the Danube Region is characterised by its diversity. A review of the literature reflects in many cases on the division of the Danube space into three major parts. The Upper Danube, with the highly developed ‘old-EU’ Germany and Austria; a middle section with Slovakia, Hungary, the Czech Republic, Croatia and Slovenia (in this area, capitals as well as some regions are highly economically developed); and a ‘lower section’ with Romania, Bulgaria, Serbia, Montenegro, Bosnia and Herzegovina, Moldova and Ukraine. In the latter zone, only capital areas emerge, and some specific areas like ports (for more details, see annex F)

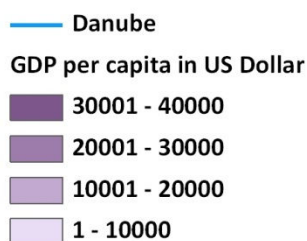
Map 3: GDP per capita (ppp) in the Danube Region, 2009



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

Regional level: NUTS 0  
Source: VATI, 2011  
Origin of data: Eurostat, 2009

### GDP per capita (PPP) in the Danube Region, 2009



Therefore, several questions arise: Is it possible to set an area which is this large as a planning-statistical, sociological-economical region? Is the Danube region a unit? What are the main common interests in the region? Is it a common shipping lane (linking the river harbours and seaports), an integrated economic space, a space for common ‘Danube

identity' and culture, and a corridor which improves the North-South and East-West network linkages Danube Region – or simply a laboratory area of European cohesion efforts? Additionally, which type(s) of identity could be shared?

The Danube area is characterised by great diversity from economic, social, cultural, linguistic, ethnic, etc. points of view. The Danube Strategy as a conceptual framework tries to accomplish a kind of 'Danube consciousness of individuals living in the 14 participating states'. However, according to Kollár (2010), a Danube identity is currently just a vision of the EU. In order to realise this vision, Danube identity building programmes (territorial co-operation, culture, tourism, education, civil society, media, etc.) should integrate a bottom-up logic, but to be more successful, various forms of bottom-up initiatives should be coordinated from a top-down approach on different scales (EU, national and regional).

Working on transnational scale means first of all creating a spatial 'awareness and fostering the recognition of this new space. But it is a challenging issue since the actors involved have different planning cultures and languages and are confronted with changing administrative and political structures, and complex support system. That is why spatial development on European and transnational scale is regarded as a social process with communication as essential element' (Tazenberger, 2008).

Transnational cooperation in the Danube Region could strengthen and facilitate communication efforts and also establish the basis for appropriate mixed usage of the bottom-up and top-down approaches. The right mix would afford the Danube area the chance to be a new European unit, in which different cultures and languages are able to cooperate for the common interest and development.

The delimited area for the Danube Strategy could be the background of the political cooperation, between 'old' and 'new' Member States, as well as with non (yet) EU Member States, in the framework of the macro-region strategy as an umbrella for several more locally driven initiatives.

#### **6.1.4 Macro-region and governance aspects**

The EUSDR adheres to the multi-level governance principles of the EU. It aims to establish broad partnerships and combines a bottom-up approach with a top-down approach, ensuring strategic relevance, coherence and coordination as well as local drive and buy in. However, the lack of tangible support for the macro regional approach (no resources, no legislation and no institutions) has created considerable uncertainty about the impact the approach can have.

##### **(i) Initiating and mobilising partnership**

The Danube macro-regional strategy has been mainly initiated from EU and national state levels. Nevertheless, many of the interviewees (sub-national authorities, see annex) support the location of the present borders of the Danube Region which fits the catchment basin of the river Danube. This strengthens the idea of privileged 'territorial structures' to be

supported, which *'using the territory of the catchment area of any river to define an area of a Strategy globally, is a pretty good idea'*, but with the addition that the geographical definition of the Danube Region is also very pragmatic as it sticks to the borders of administrative entities. *'If the Danube Region was not defined in accordance with the borders of these administrative units, it would probably have never worked'*. Thus the partnership can be considered 'broad and large', mainly at State level at this stage.

Nevertheless, some interviewees do not believe in the potential of integrating such large geographical areas. They think that the potential for territorial cooperation lies with the local level, the most important aspect being to implement projects at the local scale. Some also emphasised that the catchment area is too broad in terms of territorial cooperation and that the Danube territory should be divided into different sectors (e.g. functional areas) instead of the integrative approach related to transnational territorial cooperation initiatives and programmes.

## **(ii) Joint structure, formalisation and delegation**

Even if this strategy is adopted at high political level and therefore has a high level of formality, the actual 3 No principle (no additional resources, legislations or institutions) is not allowing any specific structure or formalisation. There is no specific structure to implement it, and no delegation of competences.

This could change with the next programming period regulation (see Com 2011/611), but points of view are quite different between old and new Member States. Approximately half of the respondents (mostly from the Upper Danube sections) accept the principle as a fixed EU statement and try to conform to it. *'The three 'No principles' were important in the development process because otherwise people would have been talking about money and institutions.'* They are preparing themselves for the next programme period, when they are hoping to receive instruments for realising their plans. According to them, targets of the Danube Strategy should play a role in the operational programmes of the next financial period; *'As far as the legislation is concerned, it makes no sense to make an EU law since the Danube Strategy includes non-EU countries'*.

The other half (mostly representatives from the Middle and Lower Danube sections) were strongly against the 3 No principles. Referring to their institutional, legal and financial backgrounds, they would support different tailor-made solutions. For instance, at the institutional level there was an idea to build up a kind of 'Danube Region Development Unit' into the Hungarian governmental structure (having in mind Council for Development of the Lake Balaton). As financial background concerned, an obligatory national Danube fund was mentioned as an option. The base for all of these initiations could be a tailor-made national Action Plans for the Danube which could follow the framework of the EU Danube Strategy.

### **(iii) Expanding partnership for territorial cooperation: inclusion of non EU countries**

The Danube Strategy Region also includes non EU countries (as of yet). So it is characterised by the diverse relationships between these countries. A large majority of those states are members of the EU. Others are at different stages of the integration process. Croatia is to become a member of the EU in 2013. Montenegro has just started the negotiations with the EU, whereas Bosnia and Herzegovina and Serbia have just been approved as candidates.

Involving countries which are currently not members of the EU but are candidates or potential applicants poses difficulties in terms of coordination, administration and implementation. However, because of the strong common interest their inclusion is important: 'The Danube Strategy without non-EU countries is *useless*' (*interviews*). Non-EU countries also have an impact on conditions, and guidelines of territorial cooperation affecting the internal market of the EU: 'In the Danube Region it is a must to include non-EU members in territorial cooperation. It is hard to include them without any funding. They usually join cooperation initiatives if the leading partner can provide *funding*' (*interviews*).

#### **6.1.5 Drivers and barriers of macro-regional strategies**

The uncertainty of the current economic situation as well as the declared 3 No principle by the Commission limits the effectiveness and efficiency of the strategy. Most interviewees (especially from Central and Eastern Europe and at the local level) are unable to interpret the 'essence' of the EU Danube Strategy without concrete financial, institutional, and legal frameworks. Implementing the 3 No principle within the Danube Strategy will create a situation akin to an '*empty balloon, without relevant outputs*' (*interviews*).

Nevertheless, for others, the area of the macro-region outlined by the Danube Strategy provides great opportunities to redevelop operational transnational cooperation programmes like SEE and CE (e.g. the existing JTS of the South-Eastern European Transnational Cooperation Programme (SEE), that already oversees operations on most of the territories along the Danube and manages many Danube related projects, could possibly be an appropriate financial and institutional management organ for the Danube Strategy).

Due to the well-developed institutional structure and more stable financial background, respondents from regions of the upper Danube have a completely different attitude. They would rather concentrate on the preparations for the next programme period when they expect to have to confront many changes in the regulatory system of the Danube Region.

In general, many respondents seem to be convinced that the Danube Strategy is just an EU recommendation. Re-evaluating the cohesion process with macro-regional orientation provides Member States with an opportunity to improve the procedure. The results depend on the activities and the extent of involvement of the stakeholders: "*Priorities set by Action Plan of the Danube Strategy are important but they don't mean anything. The most important question is how to improve the structure of governance. If the macro-region perspective*

*improves the situation, it will be considered a success. We will see in ten years' time” (interviews).*

The Central-Eastern part of the EU has a short history of territorial cooperation, so the parties here are open to new possibilities. They were pioneers in applying the new form of European regional division, and in the implementation of the legal form of EGTC as well (see section 6.2). The development of fruitful synergies between functions of the territorial cooperation takes time, lots of grass-rooted, close collaboration, joint achievements, and strong government support.

According to interviewees, the most important factor in territorial cooperation is the current and forecasted economic situation. This is followed by political tendencies in the region. In many cases the weak or non-existent political influence would act as a barrier for a smooth cooperation, but a strong political backing could speed up and support the process. Transparency is the next important point. Complete knowledge of the different options and possibilities is the foundation for motivation. The ‘appropriate legal/institutional background’ is viewed as a guarantee of success for these ‘serious-minded’ plans (especially in the Central-Eastern EU).

According to the respondents, differences in cultural and religious roots have no influence on the Danube-related territorial cooperations. As the lack of language skills is not such a prevalent problem as it was a few years ago, it is easier to include states that are not members of the EU.

The key drivers and hinders in relation to macro regional strategies in the Danube region are summarised in Table 16.

**Table 16: Drivers and barriers in relation to macro-regional strategies in the EUSDR**

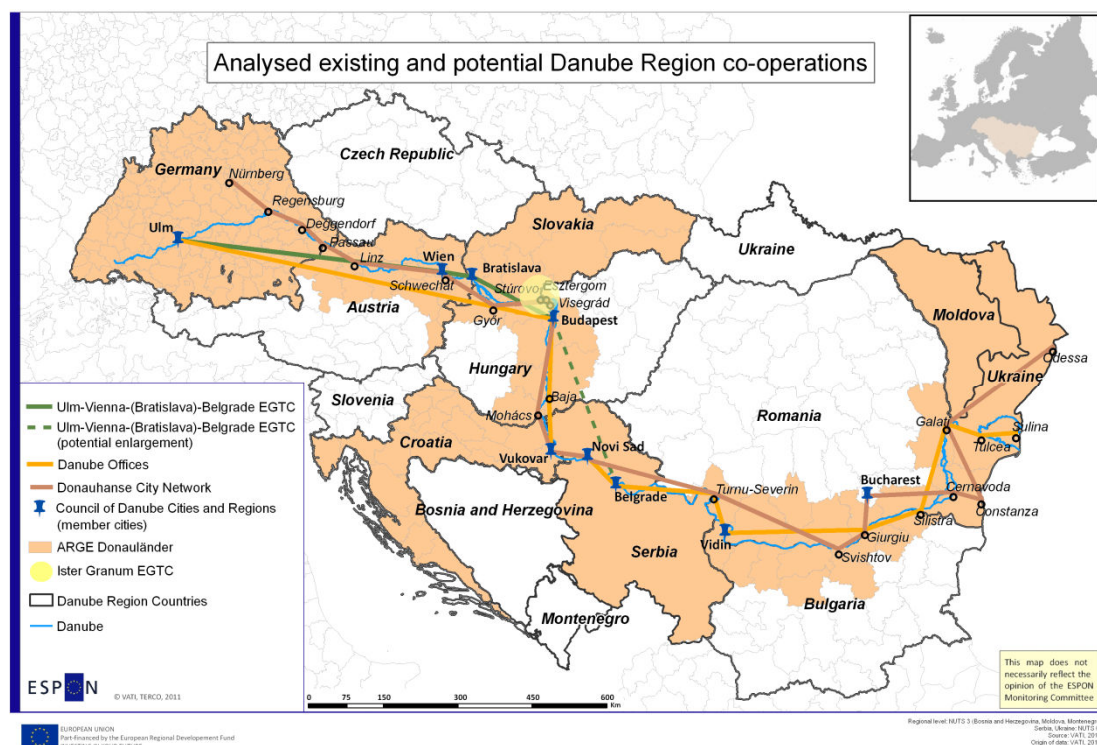
<b>Drivers</b>	<b>Barriers</b>
Opportunities to redevelop different transnational cooperation programmes in more coordinated ways	Governance problems, including different legal and institutional backgrounds, and the 3 No principle
Opportunities to organise cooperation for the next programming period	Declining economic situation
Support from EU institutions	Lack of funding
Transparency, better knowledge of existing opportunities	Lack of political will and conviction, low expectation levels
Appropriate legal/institutional frameworks	Incomplete knowledge

### **6.1.6 Links with other territorial cooperation**

Many interviewees from the local level (mainly smaller Hungarian, Slovakian towns), mentioned the Ister-Granum EGTC (see section 6.3.2) as the only ‘transnational’ territorial

cooperation in which they participate. Many of them are very proud of their twin-city programmes (dealing with cultural, touristic and sport activities) and their common projects. These programmes are partly related to the Danube River, though none were described as being inspired by the Danube Strategy.

**Map 4: Analysed existing and potential Danube Region co-operations**



(details: see annex H); *Source: VÁTI*

After the official declaration of the EUSDR, former Danube related networks and cooperative projects were trying to define their new roles and position (e.g. ARGE Donauländer, Donauhanse, Donaubüro Network) within the extended Danube territory. Some of them lost their importance, with control passed to the EU (e.g. Dunalog). There are still many overlapping areas among different Danube related initiations, which should be clarified during the implementation of the 11 priorities declared in the Danube Strategy. Newly-formed SCs led by international experts have started work to address these issues.

### 6.1.7 Macro-region strategies: added value, best practices and challenges

Although it is still too early to assess the impact of the EU Strategy for the Danube Region, some lessons can be taken on board from the Baltic Sea region experience. As discussed, the EUSDR was inspired by the EUSBSR, which was the EU's first macro-regional strategy. Referring to the article 'the Baltic Sea region co-operation as the testing ground of macro-

regional approach' (Török and Zaucha, 2011), the strengths and weaknesses of the Baltic Sea were summarised in order to be able to draw lessons from its experience. The EUSBSR can be treated as a testing ground for examination of the strengths and weaknesses of the macro-regional approach. However, several are context-dependent. Some could be of lesser importance or, contrarily, multiplied when transferring macro-regional planning experience to different parts of EU.

#### **(iv) The Baltic macro-region strategy (strength and weaknesses)**

##### Strengths

The main strengths of the strategy lie in its Baltic orientation and place-based ambition (i.e. its mobilisation of a broad range of stakeholders and recognition of the Baltic Sea region specificity). The strategy addresses the actual and real problems of the region. Another important strength of the strategy is its solid diagnostic base. It puts together knowledge about the Baltic Sea region available so far in different reports and studies. It has also promoted discussion on these sometimes contradictory findings. The third strength relates to the synergy between existing processes. In particular the strategy recognises the role of the Helsinki Commission in combating eutrophication and sea pollution, but other pan-Baltic efforts and projects have also been recognised and brought together. Lastly, thanks to its inclusive and participatory character, the strategy provides an opportunity for the macro-regions in Europe to overcome the distance between the EU and its citizens (see address of Estonian President Toomas Ilves at the first Annual Forum of the EU Strategy for the Baltic Sea Region in Tallinn in October 2010).

##### Weaknesses

The main weakness of the strategy is its limited place-based character. It lacks the vertical mechanisms necessary for optimal strategic debate. During the technical drafting of the Strategy, the Commission was influenced by the wishes of the stakeholders and national governments. As the result it did not bring any new focus to the stagnant Baltic Sea region's cooperation (for details see Schymik Krumej, 2009, p.16). It is too complex to become fully implementable. Its implementation is dependent on ambitions, commitment, goodwill and the resources of different stakeholders. In fact, the strategy is an inventory of all possible efforts benefiting the Baltic Sea region, with Antola (2009, p.36) naming such a strategy a 'Christmas Tree' strategy. It contains numerous distantly-related projects and actions, many of which would be implemented without it.

The second important drawback is that the strategy does not propose any new solutions. Ketels (2009, p.112) has pointed out that *'the projects suggested are, to an overwhelming degree, the logical continuation of efforts that have already been under way. So if there is a hope that the EU Baltic Sea Region Strategy will lead to a significant change in the Region it will not be.'*



The third weakness is in the structure of the Action Plan itself. Despite ambitions to integrate different processes in the Baltic Sea region, the Strategy has remained rather sector-oriented, creating insufficient mechanisms for cross-sectoral integration. The attention paid to cross-cutting tools and instruments such as spatial planning, education, and innovation is low.

The fourth shortcoming relates to the implementation of the Strategy, particularly the lack of any targets or objectives appropriate for evaluation.

The fifth weakness is in the field of governance. This is an important issue as the strategy was envisaged as a remedy for the lack of coordination between Baltic actions, efforts, and projects. Such coordination would be necessary to achieve consistency among them and their maximum impact. Ketels (2009, p.13) argues *'that achievements of the EU Baltic Sea Region Strategy on this question are mixed due to the Commission's limited mandate that was charged not to create new institutional structures, and was not in a position to define a comprehensive top-down Strategy that others in the Region would be obliged to take as their orientation'*. He highlights the negative consequences of the lack of a mechanism *'to evaluate all potential projects and activities according to one central benchmark in order to decide what to do and what not to... and lack of structure to align activities by the EU, the Member States, and regional/local authorities, or to identify the different roles that these levels of government should play.'*

Held (2011, p.23-24) also underlines the complexity and cumbersomeness of the governance mechanism. She notes that relations between the actors are quite complicated and communication channels are not fully transparent, mostly due to the three layers of coordinators and international cooperation required at each cooperation level. These weaknesses have been disappointing to the stakeholders.

## **(v) Towards a Danube macro-region strategy**

Table 17 summarises the conclusions of the Council of the EU (2011 April) publication of the Commission- Directorate-General for Regional Policy (2011), the opinions of different stakeholders and own experiences (Török, 2010) about what the Danube Strategy could learn from the experiences of the Baltic Sea Strategy. These lessons can also be applied to other future macro-regional strategies.

**Table 17: Lessons learned for the formulation and implementation processes of the Danube Strategy on the basis of the experiences of the Baltic Sea Strategy**

	Improvements	To be developed further
<b>Involvement / Commitment</b>	<ul style="list-style-type: none"> <li>• High-level political commitment from the Member States;</li> <li>• Involvement of key stakeholder groups;</li> <li>• Successful inclusion and participation of third countries and the civil society.</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings, new networks, new documents without tangible results. There is a need to publish concrete results in order to keep the stakeholders motivated;</li> <li>• Lack of coherence between the different players within each national administration;</li> <li>• Limited participation from the private sector due to the lack of awareness about available EU instruments and funds.</li> </ul>
<b>Methodology</b>	<ul style="list-style-type: none"> <li>• Implementation of the macro-regional strategy as a cooperative new working method;</li> <li>• Sharing existing macro-regional, regional experiences on the use of space among regions and their citizens;</li> <li>• <i>“Recognising the common challenges and the specific conditions at the different States”</i> (Council of EU).</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of assistance to facilitate the implementation of projects and the further development and screening of project ideas in order to make full use of already-existing sources;</li> <li>• Unexplored interconnections and synergies between the two existing macro-regional strategies.</li> </ul>
<b>Priorities</b>	<ul style="list-style-type: none"> <li>• Clearer, more targeted priorities identified quickly and in a structured way by Priority Area Coordinators.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector-oriented priorities (which do not really correspond to the needs within Europe as a whole and in the Danube Region in particular, e.g. TEN-T) with parallel, sectoral measures which may contradict and even undermine one another;</li> <li>• Identification of sectoral priorities and projects without embedding these in a broader framework of vision, goals and objectives to which they should contribute. Priorities still reflect only the wishes of stakeholders and national governments.</li> </ul>
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• More transparent formulation and implementation processes (EU, national and regional levels).</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of relevant information in local level;</li> <li>• Low state of social capital development.</li> </ul>
<b>Links to other EU Strategies</b>	<ul style="list-style-type: none"> <li>• Closer links to other EU strategies and policies (e.g. EU2020, European Sustainable Development Strategy, Water Framework, 5th Cohesion Report).</li> </ul>	

## (vi) Danube area: added value and best practices

Even though, according to some interviewees, the Danube strategy is at this stage nothing more than ‘an empty framework, without any results’ and there are still challenges ahead, Danube macro region strategy has already had some concrete added value for some local and regional actors.

For example, it has improved external relationships for the City of Budapest which managed to rebuild relationships with many Danube-related cities and regions. Working on the subject of the strategy, Budapest was able to reduce existing disagreements with some cities. It also helped handle conflicts between the rural areas and the capital within Hungary and reduce conflict between competing cities (Bratislava, Vienna) to a friendly, cooperative behaviour.

The macro-regional strategy has also created an umbrella framework which functions above the political divisions and in some cases, isolated Danube space. It inspires participants to recognise an actual situation (opportunity, problem, plan) in the neighbouring countries along the Danube, leading to expand their way of thinking.

It has also provided new scope for the territorial cooperation. Already existing and working cooperation programmes were much more local and regionally oriented. The Danube Strategy expanded people's way of thinking. Furthermore, the opportunity to involve non EU Member States in a large territorial cooperation framework is also a major added-value aspect of the macro region strategy tool.

### **(vii) Challenges ahead**

Besides the challenges and the list of improvements noted above, a challenging task for the Commission will be to handle the declared 3 No principle. The strong feeling from interviewees in the Danube area was that highly-developed 'old' EU Member States, with resources at hand, higher quality administration and well-organised institutional and civil society backgrounds are much better equipped for the macro-regional way of thinking. The 'new' candidate and non-EU Member States with vulnerable economic, social and administrative situations without relevant networking traditions, and lacking knowledge on existing EU funding system would need strong support to be able to understand the 'essence' of being part of a macro-region.

The actual proposal on territorial cooperation should allow more flexibility on this subject but new possibilities for funds and structure could also in some ways diminish the possibilities for non-EU member States to participate, as they could undermine some of the 'flexibility' of the strategy framework. At this stage, *'Due to the flexibility of the strategy and multi-level governance, as an underlying structure of policy-making, the set of problems and the method fit is general'* (Dieringer, 2010, p.78). In spite of this, to avoid inverse effects, special tailor-made solutions should be worked out as well in the differently developed regions.

Combining bottom-up and top-down principles, co-financing of EU Structural Funds with money from the European Investment Bank (EIB), and creating small secretariats at the national level to enhance the coordination process are all methods and initiatives which already exist. Transnational Territorial Cooperation through *'interaction between local, regional and national authorities'* (Engle, 2009) is a good tool for realising the proposed theoretical macro-regional priorities beyond national borders.

The macro-regional strategies could play a key role in helping the development of large transnational areas, mainly through their impact on governance and their potential for

deepening European integration, as well as ‘welcome framework’ for more formalised territorial cooperation with Non-EU neighbouring countries.

## 6.2 EGTC: a new European tool

Governance arrangements for the majority of INTERREG programmes have evolved over an extended period. In contrast, EGTC arrangements are new, but have important implications for the governance of territorial cooperation, and as a potential instrument for territorial integration. The European Grouping of Territorial Cooperation (EGTC) was established the 5 July 2006, by Regulation (EC) 1082/2006 of the European Parliament and of the Council, and came into force on 1 August 2006. It allows public entities of different Member States to come together under a new entity with full legal personality.

EGTC is the result of a long standing desire, on the part of both local and regional authorities as well as EU institutions (in particular the Committee of the Regions and DG REGIO) to develop a more efficient instrument for territorial cooperation. The Committee of the Regions (CoR) has strongly supported and commented the creation of the regulation, as articulated through numerous opinions and reports on the subject (CoR 2002, 2004, 2006, 2008): *‘it is desirable, in terms of the future of European integration, and especially enlargement, to present a comprehensive strategy on cross-border, inter-territorial and transnational cooperation, that takes into account the growing need for the regional and local authorities to enter new, broad, structured forms of cooperation, with enlargement in mind’* (CoR 2002). Furthermore, CoR *‘underlines that by giving forms of territorial cooperation between institutional actors at different levels from two or more Member States a Community legal structure, the EGTC can trigger a process of horizontal European integration in which the principles of subsidiarity and proximity are applied’*(CoR, 2008).

Adopted in 2007, the regulation was strongly promoted and supported by the EU Commission DG in charge of the INTERREG programme, who wanted to implement it as a tailor-made instrument to organize INTERREG programme management and implementation. Nevertheless, despite this strong support, implementation of EGTC has so far been scarce. As such, EGTC initiatives are still an excellent indication of a strong willingness to cooperate in the territories involved in a formalised way. For the purposes of this study, EGTC offers cases where public actors are willing to cooperate, are actively engaged, and are facing – and trying to respond to – concrete problems and challenges. This practical experience allows the study to identify best practice and policy lessons. As will be explained, the EGTC initiatives that already exist involve an important but unbalanced geographic coverage (for example they are non-existent in Northern Europe), different types of territories as well as varied forms of cooperation and approaches to governance. Territorial cooperation through EGTCs is not necessarily linked to EU funds. As a ‘new’ form of cooperation implementation, EGTC also offers the possibility to explore new opportunities

for territorial cooperation governance in different countries.

The following sections will introduce the general framework of the EGTC regulation and its implementation, as well as current revision of the regulation. Subsequently it will provide a synthetic presentation of institutional and governance arrangements of all established EGTCs.

Next, some three specific EGTC case studies Box 7 - LIKOTO Eurometropole, EGTCs in the Danube region and EGTC Greater region - are examined in order to explore different types of governance arrangements for territorial cooperation implementation in relation to EGTCs.

### **6.2.1 EGTC regulation, implementation, revision and governance arrangements.**

The EGTC is the first European cooperation structure with a legal personality defined by European Law. It is designed to facilitate and promote territorial cooperation between public authorities (cross-border, transnational and interregional cooperation), in order to strengthen the territorial, economic and social cohesion of the European territory.

#### **(i) An optional tool**

'Becoming' an EGTC is optional. Thus it has to be considered as a new tool for territorial cooperation, which is there to help when convenient. Nevertheless, some wonder if the EGTC would benefit from becoming a 'privileged' tool for territorial cooperation, with some specific support from the Commission. In particular, CoR has voiced this opinion (CoR 2008, 2011 own initiative opinion of CoR, CdR 100/2010fin, M. Bresso, President of CoR, speech during Open Days, 12 October 2011), stating that it *'emphasises that one measure to be implemented at the Community level would be to encourage the use of the EGTC as the preferred instrument for cooperation, due both to the substantial benefits resulting from the simplified management of cooperation policies, plans and projects and to a more widespread use of better administrative practices across the EU'* (CoR 2008).

In its explanatory memorandum to the proposal for a revision of the EGTC regulation, the Commission clarifies the subject:

*'While the CoR in its opinion adopted in January 2011<sup>155</sup> suggested that financial and other incentives might be used to promote usage of EGTCs, and some active group endorsed this, the Commission is of the opinion that recourse to an EGTC should be a free and unbiased choice of the parties concerned, without specific incentives beyond the inherent utility of the instrument'* (COM (2011) 610 final, 2011/0272, 6 October 2011, p.3).

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<sup>155</sup> Own-Initiative Opinion of the Committee of the Regions on New Perspectives for the Revision of the EGTC Regulation (CdR 100/2010fin), Rapporteur: Alberto Núñez Feijóo

## (ii) An EU tool with national provisions

According to EU definitions, territorial cooperation is always between two different states. It has an international character and has to follow an 'international agreement', even though initiatives from the Council of Europe (e.g. Madrid Convention, 1980, and additional protocols) have given sub-national bodies scope to maintain international contacts. In contrast, the EGTC is governed by the Regulation (EC) 1082/2006 of the European Parliament and of the Council. This Regulation is complemented by national provisions adopted by each EU Member State.<sup>156</sup> Therefore, EGTC initiatives are governed and regulated according to a number of frameworks:

- the Regulation (EC) 1082/2006 of the European Parliament and of the Council;
- the provisions of the Convention and the Statutes adopted by the EGTC's members; and
- the Law of the Member State where the EGTC has its registered office.

This structure appears to offer a clear framework that can be applied across the EU Member States. However, Member States hold different interpretations of the way this regulation can be implemented. This is despite the fact that the regulations are supposed to be directly applicable in all EU Member States and are legally binding, without Member States having to enact domestic legislation.

However, a level of uncertainty and ambiguity has surrounded arrangements for EGTC, due to the fact that EGTC arrangements have to be 'complemented by national provisions' and that several aspects are kept open for decisions by Member States. Thus, in practice, EGTC initiatives have to be approved by national governments.<sup>157</sup> Linked to these ambiguities, some Member States are considering EGTC as a directive and, therefore, not held as directly binding.

Additionally, this flexibility for 'national provision' has created quite a different pattern of EGTC regulation implementation in all EU countries, introducing differences in status where this tool had the objective to harmonise implementation procedures (see section 0).

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156 It is specified that EGTC 'must not work against the general interest of the Member States, or a Member State's regulation of public order, safety, health or morals'.

157 When regional and local bodies have filed a request for EGTC-implementation with their national governments, the governments have three months to respond (Art. 4.3). The system indicates a kind of veto power for the governments. However, the regulation is formulated in such a way that the government is presumed to grant the request if it does not oppose Regulation 1082/2006, national law or goes against the national public interest or public policy. In the latter case, the government is required to give an official motivation for rejecting a request. (Talberg, *et al.*, EGTC report, 2011).

In the proposal for revision (the period for approval from national governments is extended to 6 months, but without an answer in this period, the convention '*should be deemed to be approved by tacit agreement*' com 2011 610, p 7)

### **(iii) Resources, members and mandatory documents**

With regard to the resources for EGTC, an EGTC may carry out actions of territorial cooperation with or without a financial contribution from the EU (Art. 7 of the EGTC Regulation). The EGTC can be dedicated to the management and implementation of territorial cooperation programmes or projects co-financed by the Community through the European Regional Development Fund (ERDF), the European Social Fund (ESF) or/and the Cohesion Fund. It can also use all other EU financial instruments. Crucially, it can implement tasks without European co-funding, as long as the overall objective is territorial cooperation.

Members of an EGTC can include: Member States, regional or local authorities, or any other bodies governed by public law. This multilevel governance element to EGTC offers major added value. State and sub-national authorities can participate jointly within the same cooperation. Currently, an EGTC has to be made up of members located within the territory of at least two EU Member States. Therefore it is not possible to use it for bilateral cross-border cooperation with 'neighbourhood' countries, but this issue is modified in the proposal for revision of the regulation (see Section 6.2.3).

In terms of the strategic orientation of an EGTC, members are required to unanimously agree a convention and adopt statutes on the basis of this convention. The convention sets out the following (Art. 8):

- the name of the EGTC and its registered office (located in a Member State);
- the territory of the EGTC; and
- the objective and tasks of the EGTC.

The EGTC statutes contain (Art. 9):

- the operating provisions for the EGTC's institutions and their competencies;
- the decision-making procedure of the EGTC;
- the working language(s);
- the arrangements for its functioning (personnel management, recruitment procedures, etc.); and
- the members' financial contributions.

Agreements on these aspects of the EGTC are of particular relevance for this study, when considering obstacles and challenges involved in the governance of territorial cooperation. For example, in the convention, the exact territory of the cooperation has to be specified, as well as the objectives of the cooperation, and the tasks it will undertake. This means that all

authorities participating in the cooperation have to be involved in setting goals and agreeing structures. They have to be clear on the definitions and objectives, and must agree on them. The statutes introduce an accepted frame for working together, which, once agreed, reduces uncertainties and loopholes within the cooperation. Nevertheless, it can also 'block' cooperation activities on very practical administrative matters, or by having to solve some specific disagreement. Such issues are investigated in the case study analysis in this report.

## 6.2.2 Implementation challenges

Despite the strong support from the Committee of the Regions (CoR) and DG Regio, EGTC has only been implemented on a very small scale, as we can see from the CoR register (see Table 18).<sup>158</sup>

**Table 18: Established EGTCs**

Name	Partners	Constitution
Abaúj - Abaújban	Hungary and Slovakia	11/06/2010
Amphictyony	Greece, Cyprus, Italy and France	01/12/2008
ArchiMed	Italy, Spain and Cyprus	06/03/2011
Arrabona	Hungary and Slovakia	07/06/2011
Bánát - Triplex Confinium	Hungary, Romania, Serbia	05/01/2011
Hospital de La Cerdanya	Spain and France	26/04/2010
Duero - Douro	Spain and Portugal	21/03/2009
Eurodistrict Saar Moselle	France and Germany	06/05/2010
Eurodistrict Strasbourg - Ortenau	France and Germany	25/01/2010
Euroregion Pyrénées - Méditerranée	France and Spain	25/08/2009
Euregio Tirolo - Alto Adige - Trentino	Italy and Austria	13/09/2011
Galicia - Norte Portugal	Spain and Portugal	23/10/2008
INTERREG - Programme Greater Region	France, Germany, Belgium and Luxembourg	29/03/2010
Ister-Granum	Hungary and the Slovak Republic	12/11/2008
Karst-Bodva	Slovak Republic and Hungary	11/02/2009
Lille-Kortrijk-Tournai	France and Belgium	22/01/2008
Linieland van Waas en Hulst	Belgium and the Netherlands	15/06/2011
Pirineus - Cerdanya	France and Spain	22/09/2011
Pons Danubii	Slovak Republic and Hungary	16/12/2010
West-Vlaanderen/Flandre-Dunkerque-Côte d'Opale	France and Belgium	25/03/2009
Espacio Portalet	ES/FR	03/06/2011
Territorio dei comuni: Comune di Gorizia, Mestna Občina Nova Gorica e Občina Šempeter-Vrtojba	Italy and Slovenia	15/09/2011
Ung - Tisza - Túr - Sajó (UTTS)	Hungary and Slovak Republic	15/01/2009
ZASNET	Portugal and Spain	19/03/2010

<sup>158</sup> Article 5 of the EGTC regulation specifies that EGTC members are obliged to inform the Committee of the Regions of future conventions and the registration and/or publication of the statutes; this opens the way for a "European register" of EGTCs to be held at the Committee of the Regions, as originally requested by the Committee itself in its 2004 opinion on the proposal for a regulation (CdR 62/2004).



**Source:** Committee of the Regions<sup>159</sup>

By the end of September 2011 24 EGTCs have been established in 15 countries: France, Belgium, Hungary, Slovakia, Spain, Portugal and Germany have more than one EGTC. Romania and Luxembourg, and very recently Austria, Netherlands and Slovenia all have one EGTC which are cross-border cooperation. Italy was until September 2011 involved in the existing two 'network' EGTCs (no geographical proximity), but has recently implemented two cross-border EGTCs, including one with Slovenia, which is the first case of a bilateral cross-border EGTC between an old and a new member State. Greece and Cyprus are involved in the two existing 'network' EGTCs, but do not have any cross-border or transnational EGTC. There is one EGTC between two EU Member-States and one non-member-state (Hungary, Romania and Serbia).

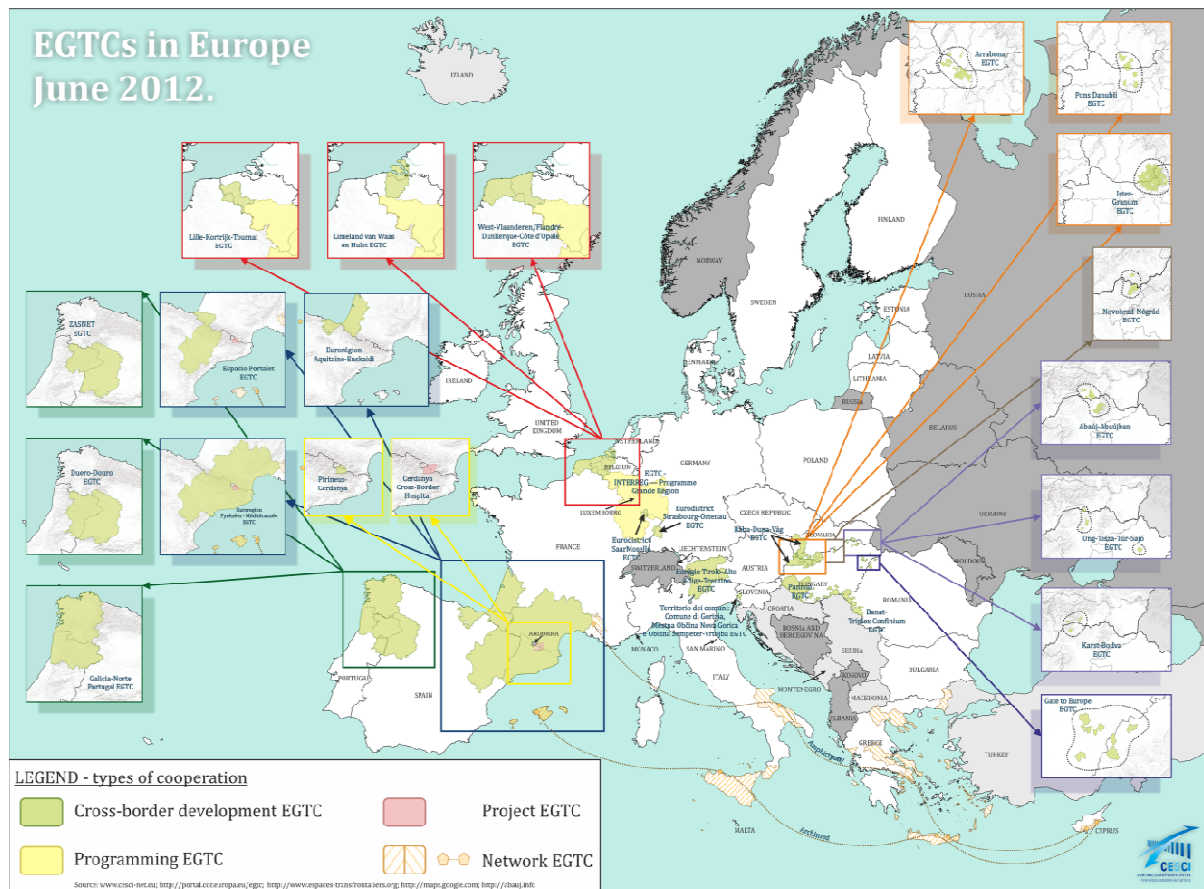
Map 5 illustrates that no EGTC exist in North Europe or between the UK (even though the UK was one of the first to adopt the regulation) and Ireland, and that no EGTC exist between EU Member States and neighbouring countries, with the exception of Banat EGTC (Serbia). The highest concentration of EGTC implementation is between France and Belgium, North Portugal and Spain, and between Hungary and Slovakia. There is one EGTC in charge of an INTERREG programme (Greater Region INTERREG IV A, see case study section 6.3.3), and 2 EGTC with no proximity (network). Officially, 21 EGTCs are under preparation (see CoR register), but some of them have been for quite a long time so they are obviously facing some strong obstacles.<sup>160</sup>

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<sup>159</sup> The EGTC Platform was created by the Bureau of the Committee of the Regions on 26 January 2011 (ref. CDR 397/2010 pt. 6) and includes all the existing EGTC and EGTC under constitution, experts, associations and other stakeholders such as local and regional authorities, cross-border structures and supportive organisations. <http://portal.cor.europa.eu/EGTC/EN-US/PROJECTS/ALREADY/Pages/welcome.aspx>

<sup>160</sup> In December 29 EGTC were implemented

Map 5: EGTC in Europe



Source: CESCO website<sup>161</sup>

This scarcity of EGTC implementation could be explained by several challenges this regulation is facing. These challenges have been summarised in Box 18 and will be discussed point by point below.

#### Box 18: main EGTCs challenges

1. Member States have adopted national provision to implement the regulation at different speeds.
2. Diversity of implementation due to 'national provision'.
3. Regulation adopted too late for 2007-13 programming period.
4. Some countries already have relevant tools for territorial cooperation.
5. The regulation is not solving all problem of territorial cooperation, and is even introducing

<sup>161</sup> [http://www.cesci-net.eu/tiny\\_mce/uploaded/Europa\\_EGTC\\_ENA4.png](http://www.cesci-net.eu/tiny_mce/uploaded/Europa_EGTC_ENA4.png)

some new ones (e.g. statue of EGTC staff).

6. This European tool is still not fully acknowledged by EU institutions, including Commission DGs.

The adoption of the national provision to implement the regulation at national level was a first major step for the formation of EGTC. The ease and speed with which EGTC Regulation 1082/2006 has been treated at national (and regional levels when required) has varied across the Member States. The regulation was supposed to be fully integrated in national jurisdiction by August 2007. By December 2011, 24 Member States had completed the implementation process. A first group of countries (BG, HU, UK GR, PT, RO) adopted the EGTC in 2007. A second group (DK, EE, ES, FR, LT, PL, SK, SI) followed in 2008, while a third group (CY, CZ, FI, IE, IT LV, LU, NL, SE) completed their processes in 2009, and MT in January 2011. AT, BE and DE have yet to complete their federal processes, but EGTC regulation is already implemented.

Even though the regulation is supposed to be directly applicable, the interpretation of 'national provision' has led to some ambiguity on this matter. However, the first EGTC to be constituted and adopted was the EGTC Eurometropole LIKOTO (January 2008), involving FR and BE, at a time when Belgium had not yet implemented the regulation. Another issue for the low number of EGTCs concerns the role of an EGTC as MA for the INTERREG programme, or other EU-funded programmes. EGTC regulations were adopted specifically to address the following cooperation efforts:

*'Specifically, the tasks of an EGTC shall be limited primarily to the implementation of territorial cooperation programmes or projects co-financed by the Community through the European Regional Development Fund, the European Social Fund and/or the Cohesion Fund' (Art 7).*

And;

*'An EGTC may carry out other specific actions of territorial cooperation between its members in pursuit of the objective referred to in Article 1(2), with or without a financial contribution from the Community' (ibid.).*

The Regulation was adopted too late to be of real use for the programming period 2007-13. Therefore, so far the EGTC has concerned 'other specific actions', with the exception of the INTERREG IV A Greater Region EGTC which was created in 2010 as MA (see section 6.3.3). Furthermore, it can be argued that some countries have already developed quite relevant and effective tools for territorial cooperation, and do not want EGTC as a new tool. This seems to apply particularly to Scandinavian countries. In these countries there has been a long tradition of well functioning territorial cooperation structures.

With regard to points 5 and 6 in Box 18, several political, administrative or technical issues have been highlighted in relation to the creation and functioning of EGTC, meaning that they

are still quite constraining. These are listed in the Commission report on ‘the application of the Regulation on a EGTC’ (COM (2011) 462 final).<sup>162</sup>

In terms of the creation of EGTC, issues relate to:

- Time-consuming and complex procedures;
- the novelty of the instrument;
- insufficient awareness and acknowledgement from the national authorities and the Commission services other than DG Regio;
- different status of local and regional authorities;
- different national implementations of EGTC regulation, leading to different legislation, (e.g. public or private law) and limited or unlimited liability;
- the impossibility of creating a bilateral EGTC with a third State, non EU member (the necessity to involve two EU Member States, and the possibility to have a ‘trilateral’ EGTC with non-EU Member States);
- potential confusion between what should be included in the convention and in the Statutes;
- membership limited to public authorities (with some exceptions),<sup>163</sup> and
- delays in the publication process.

In terms of the functioning of EGTC, issues involve:

- different national provision, which can give way to different practices;
- the fact that it does not move all problems experienced in cross-border cooperation; and
- difficulties in terms of staff contractual arrangements.

### 6.2.3 Revisions

Several positive steps have been taken to further develop EGTC provisions and to address some of the issues identified above. According to Art. 17 of Regulation 1082/2006, the Commission was to present an evaluation of EGTC before the European Parliament and the Council of Ministers by August 2011, and go on to propose a revision of the regulation. In this perspective, important work on a revision of the EGTC regulation was ongoing in 2010 and 2011. A special task group from DG Regio has been working on this issue and the CoR

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<sup>162</sup> This report as well as the proposal for revision of regulation takes into account work and opinion from CoR, Conference on EGTC 27-28 January 2011 (Eurometropole LIKOTO anniversary, and launch of the CoR EGTC platform), Conference on EGTC 21- 23 March 2012 (Hungarian Presidency), large consultations of EGTC settled or in preparation, and several targeted meetings.

<sup>163</sup> On this issue, recall that private entities already have an EU instrument to collaborate, the European Economic Interest Grouping (EEIG).

has followed progress closely.<sup>164</sup>

### **(i) Proposal for revision of the EGTC regulation**

After the evaluation was presented in August 2011, and taking into account all comments made by main actors (see Note 7), the Commission presented its proposal for revision

*'The message from all groups (involved in consultation process), and most especially the active EGTCs and those under preparation, was clear: the instrument is useful and has potential going beyond its anticipated functions, but the procedures for operating and especially setting up EGTCs are more complex and uncertain than they should be'* (COM 2011 610 final 2011/0272 COD).

Several problems are addressed in response to the weaknesses and areas of potential improvement identified in the Report referred to above.<sup>165</sup> These changes concern the membership, the content of the convention and statutes of an EGTC, its purpose, the process of approval by national authorities, applicable law for employment and for procurement, approaches for EGTCs whose members have different liability for their actions and more transparent procedures for communication.

- On Membership, new legal bases are employed to permit regions and bodies in non-Member States to be members of an EGTC, whether the other members are from one or many Member States. The eligibility of membership of bodies under private law is also clarified.
- The convention and statutes of an EGTC are re-defined and the distinction in approval procedure underlined.
- The criteria for approval or rejection by national authorities are specified, and a limited time for examination is proposed (this is the single most frequently heard complaint from existing and planned EGTCs).
- Solutions, in line with the *acquis* of the Union, are proposed for tax and social security regimes for employees of an EGTC, who may be employed in any of the Member States whose territories comprise the EGTC. A similar approach is proposed for procurement rules.
- And for liability, where some local or regional bodies are required by their national laws to have limited liability and others, in different Member States, are required to have unlimited liability, an insurance-based solution modelled on that used for

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164 CoR has already adopted two *'avis d'initiative'* on the subject (2008 and January 2011), had several high level meetings (e.g. COTER) and seminars on the subject, and launched a web platform in January 2011. There was also a joint consultation on the EGTC regulation at the initiative of the CoR, the EU presidency trio (Caceres, June 2010), EU Commission and the Interact programme. Contributions from members states, established EGTCs, EGTCs under preparation, local and regional authorities and other stakeholders fed into the own initiative opinion of CoR (January 2011, own initiative opinion of the CoR on the new perspectives for the revision of the EGTC regulation) and the legislative work of the EU institutions.

<sup>165</sup> Commission report (Com 2011) 462 final.

European Research Infrastructure Consortia (ERIC) is proposed (COM 2011 final 201/0272).

## **(ii) Reaction to the proposal from the stakeholders**

During the workshop of the EGTC platform (CoR, Open Days, October 2011), the proposal was generally welcomed. The only comment on problems still ahead was made by a law specialist. These related to the ambiguity of ‘national provision’, which can have potential consequences in terms of divergent interpretation, and the fact that public or private law can be applied. A joint consultation on the proposal from the Commission was organized by the CoR in November and December 2011, under the presidency of M. Delebarre, Vice President of CoR (CoR EGTC platform).

A draft opinion was subsequently published by the CoR (5 December 2011).<sup>166</sup> The introduction expresses very positive feeling concerning the proposal, but goes on to further clarifications: the CoR *‘considers that use of EGTCs should be voluntary: only territories or networks that will gain a real benefit from setting up an EGTC are using this tool to perpetuate and formalise their cooperation effort’*. This is clearly in line with the Commission proposal, but the CoR nevertheless *‘calls on the European Commission to take more account of the EGTC as a preferred tool for implementing European territorial cooperation policy and to incorporate the EGTC more effectively into legislation relating to cohesion policy for the period 2014-2020’* (COTER, 2012).

The CoR is also worried about strong future divergences, as it *‘has identified 79 authorities, designated by the 27 Member States, which are entitled to receive and process requests to set up EGTCs’* and *‘notes that questions on the interpretation of Regulation (EC) No 1082/2006 may receive different answers from these authorities, as shown in the matter of the law governing EGTC staff or EGTCs whose members have limited liability’* (COTER 2012).

The CoR is happy with the evolution on non-EU Member States and *‘welcomes the introduction of specific provisions at the external borders of the EU and the inclusion of overseas territories in EGTC partnerships’* as well as supporting *‘the possibility of creating a “bilateral” EGTC consisting of members drawn from a single Member State and members from a single non-EU state or an overseas territory’* (COTER, 2012). There are still concerns that the permission for ‘national provisions’ in relation to the implementation of the regulation are giving discretionary power to Member States which hampers harmonisation. CoR *‘feels that, for this provision to be fully implemented, the establishment of such an EGTC must not be left to the discretion of each Member State but that the relevant scenarios must be set out objectively in the regulation’* (COTER, 2012). Eventually, concerning the potential

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<sup>166</sup> DRAFT OPINION of the Committee of the Regions, 5 December 2011; COTER V 022 (to be discussed in CoR commission on territorial cohesion policy (COTER), plenary 15-16 February 2012.

empowerment of EGTC, CoR *'emphasises that an EGTC acts on behalf of its members and does not exercise their powers. The EGTC is not a tool for merging members' powers but rather for implementing cooperation projects or programmes'* (COTER, 2012).

#### **6.2.4 Governance arrangements**

As was discussed in section 6.2.2 the regulation has been implemented by Member States at different rates. It has also been implemented in different forms, sometimes with quite substantial divergences. The inclusion of 'national provisions' mean that there can be (and are) important differences in approach. These can be found in relation to the opportunities for non-EU 'third countries' to participate. In addition, the potential scope of the cooperation (limited, unlimited) and the potential involvement of Central State authorities differs. There are also divergences in the application of public or private law. These differences between Member States are an obstacle for harmonisation, contradicting the fact that this was an objective which the EGTC regulation had initially intended to achieve.

In terms of the organisational infrastructure for managing and implementing the EGTC, an EGTC is required to appoint (Art. 10):

- an assembly made up representatives of the EGTC members, which fulfils key tasks such as establishing an annual budget; and
- a director representing the EGTC and acting on its behalf.

EGTC members may also decide to set up additional institutions. For example, a number of arrangements include a consultative assembly of non-public authorities. Additionally, the ways in which multi-level governance approaches are applied appear to vary. Only a small amount of EGTCs are really using a multi-level governance structure. Most include partners from the same level of authority on both side of the border. One of the consequences is that membership can become quite large (maximum up to now being 170 municipalities members in one EGTC).

Based on desk research analysis of this new form of territorial cooperation, it is apparent that specific arrangements for EGTCs already appear to differ on several governance issues, and it is possible to distinguish between different EGTC arrangements. These differences in arrangements are summarised in Table 19.

**Table 19: Governance arrangements**

Type of cooperation	<p>All established EGTCs are for cross-border cooperation, even if some cover quite large areas around borders.</p> <p>There are two exceptions: EGTC Archimède (Islands) and Amphictiony (urban municipalities), which are cooperation networks with no geographic proximity.</p>
Authorities involved	<p>The only States involved in EGTC as members are Belgium, France and Luxembourg. The main members of EGTC are sub-national authorities, but are usually from the same level on both sides of border (municipalities with municipalities, regional level with regional level, etc.).</p> <p>Only 6 EGTCs have a real multi-level governance structure, involving different level of public authorities on both sides of the border.</p> <p>Only one EGTC includes a non-EU Member State.</p> <p>There were no bilateral cross-border EGTCs between ‘old’ and ‘new’ Member States until September 2011. The first one has now been established between Italy and Slovenia.</p>
Actors involved	<p>Public authorities.</p> <p>Some private sector and civil society actors are involved through established organisations in some EGTCs, but only in very few cases. Furthermore it is difficult to estimate how intense the involvement of these organisations is.</p>
Competences/objectives	<p>In the majority of the cases EGTCs have a large range of objectives but have no delegated competences. EGTCs are mainly in charge of undertaking ‘missions’ and supporting and implementing projects.</p> <p>In general EGTCs concentrate on the following issues:</p> <ul style="list-style-type: none"> <li>• regional development in border areas (ES,FR, PT);</li> <li>• policies for integrated conurbation (BE, LU, FR, DE and Secretariat Greater Region INTERREG A);</li> <li>• local and regional development initiatives (HU, SK); and</li> <li>• two EGTCs are targeted on one specific project: <ul style="list-style-type: none"> <li>○ implementation and management of a cross-border hospital; and</li> <li>○ cross-border natural reserve.</li> </ul> </li> </ul>
Law	<p>In the 15 countries with established EGTCs, two have chosen to implement the regulation under private law (GR, SK).</p>



Joint structure	Two clearly identified joint structures, with specific hired staff (EGTC LIKOTO and Greater Region), but several joint working organisations, with a director and some staff working partly in them, in national (local) structures.
Languages	Two languages are mostly used (sometimes three).

Sources: CoR Platform, Metis 2008, 2009, 2010.

### 6.3 EGTC Case studies

As was discussed in section 6.2, there is a large variety of EGTCs. Desk research is not sufficient to grasp how EGTCs are functioning in depth, so to further understand the governance arrangements, three governance case studies have been selected representing specific types of EGTC which are of major interest to the EU. The first EGTC case study examines the Eurometropole Lille-Kortrijk-Tournai (LIKOTO) and is the best example until to date of a real multi-level governance implementation with a strong strategy process to build a Eurometropole. The second EGTC case study is the Danube area and illustrates the potential links between EGTC and macro-regional strategies. The final case study is the Greater Region and is the only example at this stage of an EGTC which functions as managing authority of a INTERREG programme.

The research was carried out by experts of the territories involved: IGEAT, University of Brussels for the Eurometropole LIKOTO, VATI institute (Budapest) for the Danube area, and University of Luxembourg (LP ESPON project Metroborder) for the Greater Region, under the supervision of IGEAT.

The research is based partly on desk research into existing documents and includes a detailed documentary analysis (juridical agreements, operational programme, literature on the EGTC - see annexes and bibliography). It is also based on in depth, mainly face to face, interviews with key actors and stakeholders of the EGTC (see list in annex). These interviewees have been selected in order to gain deeper insight with regard to current political processes, the detailing of the EGTC tool, as well as the current developments in cross-border cooperation.

The interview schedule was based on the questionnaire elaborated from EPRC and IGEAT (See Annex G), but differs on some points, as the target here is not an INTERREG programme, but a different type of cooperation structure. Some general information in relation to the context of EGTCs in depth case studies is presented in Annexes F, G and H but here the focus is on governance processes and barriers and drivers in relation to EGTC arrangements. In the final section, a synthesis on best practices, added value and future challenges is provided.

### **6.3.1 Eurometropole Lille-Kortrijk-Tournai (LIKOTO)**

This case study (which is extensively dealt with in TERCO report on BE/FR border, WP2.5) is located on the France/Belgium border and covers the territory of Lille métropole Communauté Urbaine on the French side, and the supra-municipalities of IEG, IDETA, WVI and Leiedael on the Belgian side. From the point of view of governance, Lille is better positioned to be included in a 'Communauté urbaine' (LMCU) which fits well with the Functional Urban Area (FUA) limits. The trans-border cooperation of the 'Communauté urbaine' of Lille with both the Flemish and Walloon areas (respectively the Belgian 'intercommunales de développement' Leiedal and West-Vlaamse Intercommunale - WVI - for the arrondissements of Kortrijk, Ieper, Roeselare and Tielt and IEG and IDETA for the areas of Mouscron and Tournai-Ath) is developing and quite well structured. Nevertheless, one can neither speak of a true integrated economic area nor a unique manpower basin (like around Luxembourg), despite some flows of commuters, mainly from France to Flanders (for more details and maps, see TERCO report WP2.5 on the Belgium/France border).

#### **(i) Initiating and mobilising**

Key actors of this cooperation have been supra-municipalities, strongly supported by high level political actors. It is an interesting example of locally and regionally driven cooperation with initiative from local authorities, as well as coming from regional level. The process of intensifying cooperation has been slow and cautious but has been ongoing since the 1980s. Cooperation has taken place in a framework which included both bottom-up and top-down initiatives that were supported with real incentives. Initially, good interpersonal relations between territorial development experts from different institutions, who were meeting in an informal way – provided a strong basis for territorial cooperation. The political vision and support from some high level politicians with roots in the areas gave the territorial cooperation efforts a European dimensions.

Thus, the daily needs of a densely populated cross-border territory in combination with the desire of some major political figures to position the Lille area as a Eurometropole were the main drivers for further developing and formalising territorial cooperation. The formalisation trend was also linked to the new opportunity coming from the EU framework. The opening of the internal EU border and the start of INTERREG provided opportunity structures for cooperation. Cooperation activities and partnerships have matured over time and mutual diplomacy has been an important driver. A first strategy for the cross-border metropolitan area was adopted in 2001 (Grootstad, 2001), and a process of elaborating a new strategy for the area is currently underway, which involves several thematic groups and civil society

#### **(ii) Partnerships and level of formality**

For a decade, the supra-municipalities involved in the cooperation efforts functioned on the basis of informal interpersonal relations. In 1991, they implemented a permanent cross-

border conference (COPIT), with a small bureau and staff based in Lille. Its task was to investigate potential interesting projects for the cross-border area, to support studies on the territory, and to exchange knowledge from all partners.

When the EU adopted the EGTC regulation as a new instrument for territorial cooperation in 2006, the partners took the opportunity to further intensify their level of cooperation. In the past, cooperation efforts were too often blocked by a lack of legal and/or political competences (even after 2001 when the COPIT was transformed in association under French law). The EGTC structure was regarded as an opportunity to address some of these issues. From their experience, they also decided that all levels of authority should participate as it was considered the only way to make this cooperation fully operational on an ambitious basis.

The partnership was therefore extended to regional, departmental and federal as well as central state authorities, from Belgium and France, making it the first truly multilevel territorial cross-border cooperation. Cooperation arrangements were formalised and partnerships were extended in the same process. This was quite a challenge, but was also seen as a necessity to further develop cooperation efforts. Again, progress was made possible because of a shared history, maturity and longevity of the cooperation efforts in the area, involvement of local actors, and important support from high level politicians from the area.

Under EGTC regulation additional organs were permitted to be implemented. The Eurometropole LIKOTO EGTC implemented a civil society Forum, where 60 representatives from civil society are working together. They come from official civil society organisation in their respective territories, and gather unions, cultural actors, economic actors, sport actors, etc. in a balanced way between territories. The President is elected every two years from the Assembly. A 'Bureau' is meets each month to organise the Forum works, establish links with other civil society organisations, and prepare the collaboration with the Eurometropole; in particular the six working groups on priority thematic. The Forum can provide advice and make proposals, and some projects it has developed have already been implemented. It will also be involved in the strategy building process for the area. The Forum nevertheless is to date not completely representative and it also lacks some dynamism, so the idea is to enlarge it, with more young members and more female members. The Forum's concrete role and real impact is nevertheless still unclear, and it will be interesting to follow in the next years, as one of the most advanced efforts to involve civil society in the cooperation process.

### **(iii) Joint structure and central level of delegation?**

Partners created a joint structure, the 'Agency of the Eurometropole', within their EGTC. A quite significant budget was granted to it (see Appendix H : **Eurometropole LIKOTO (+ see TERCO report for WP2.5, integral final report BE/FR)**) and a team of ten persons is working in the Agency, based in Kortrijk, Belgium. The official seat is in France, so the applicable is French law. All this shows a very subtle and sensitive understanding of each partner motivations, interests and needs for mutual respect. The structure has missions, but no delegation of competences.

The cooperation was never a ‘centralised’ one and it has benefited from the support it enjoys from local and regional actors as well as the opportunities the EU has provided in terms of legislation and funding. Additionally, the decision regarding which priorities are important for the territory are made on a consultative basis between public actors at local and regional level. This is a real asset for the cooperation. The involvement of central authorities is on a bottom-up basis, not on a top-down one. It has to be said, nevertheless, that some crucial decisions with a strong impact in the cross-border cooperation area were taken on a unilateral national basis, and are not included in the cooperation mechanism of consultation.

#### **(iv) Barriers and drivers**

The main motivations for territorial cooperation in the area were synthesised from the interviews as follows (see case study WP2.5).

- A strong political will at local and regional level for national, EU and international positioning, as well as to be in a better position when facing external actors, including the EU.
- A concrete need for practical day to day cooperation on a cross-border territory related to citizen needs in this territory, as well as environmental concerns (water management mainly, floods) – so not only linked to ‘functional’ (employment flows) aspects.
- A common feeling that border territories are at the – forgotten – periphery of their respective country, and that the cooperation changes this position, creating a new centrality and focus.

Key drivers and facilitators as well as hindrances and obstacles are summarised in Table 20 and Table 21.

**Table 20: Drivers and facilitators**

<b>Drivers</b>	<b>Facilitators</b>
Political will, mainly at local and regional level	Availability of financial resources
A clear policy initiative to promote cooperation	A clear EU policy initiative to promote cooperation
Institutional commitment and resources at regional/local level	Institutional commitment and resources at national level
Shared development concerns	Shared cultural/historical links
Good interpersonal relations	Good interpersonal relations
Physical proximity	Men and women on the ground
Population needs	Languages facilities

**Table 21: Hindrances and obstacles**

<b>Hindrances</b>	<b>Obstacles (can be overcome)</b>
Lack of political interest/support	Lack of financial resources
Lack of institutional resources	Cultural/linguistic differences
Organisational/institutional barriers	Organisational/institutional barriers
Lack of solidarity between partners	Difficulty to identify the relevant actors
No shared development concerns	Different political agenda (elections)
Administrative burden	Administrative burden

### 6.3.2 EGTC and macro regions: the Danube area

Macro-region strategies were investigated earlier in this paper. In this section, the focus is on the EGTC arrangements that are in place, or are undergoing preparation, inside the Danube macro-region area, as well as the potential links between these two instruments of governance.

The first Danube case is the Ister Granum EGTC, which was the second EGTC established in the EU. The cities of Esztergom (30,261 inhabitants) and Štúrovo (11,290 inhabitants) are located on the Hungarian-Slovak border, which is marked by the rivers Danube and Ipoly/Ipel. Together, with other towns (Dorog, Nyergesújfalu, Lábatlan) they form a conurbation (about 90,000 inhabitants). This forms the centre of the cross-border Euroregion Ister-Granum, composed of 102 municipalities, of about 218,000 inhabitants. The Hungarian side is more urbanised and inhabited (69% of the population of Euroregion), and contrasts with the Slovakian side, which has small villages and two towns (Štúrovo and Želiezovce - for detailed presentation see Annex F - **Danube area macro-region and EGTC cases study**). Presently, there are no links between macro-regional strategy in the Danube area and this EGTC, but this could change in future. This will depend on whether this EGTC can survive a crisis of 'motivation'. The current difficulties the EGTC is experiencing makes it an interesting case to assess the entity's robustness.

The City network Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) EGTC in preparation was chosen as the other case study. It is one of the first initiations which was directly inspired by the EUSDR. It is not yet fully established. The case illustrates the difficulty to overcome strong differences in terms of cooperation objectives and lack of political will.

#### **(i) Initiating and mobilising (Ister Granum)**

For Ister Granum EGTC, the first step towards cooperation started with the twinning of the towns of Štúrovo and Esztergom in 1991. A deepening of the political cross-border network took place over time. In 2000, the two national sub-regions established a consultative cross-border council. In terms of concrete actions, the opening of the Maria Valeria Bridge with the financial support of the EU in 2001 was the most central project contributing to spatial integration.

In 2003 the cross-border-council was replaced by the Ister-Granum Euroregion. This structure had a mayoral parliament and a presidency, and was shared by 14 members of the parliament and the two sub-regional development agencies supporting the Euroregion in its works. The Euroregion has decided to build up a global policy for the Ister-Granum area. A cross-border strategic development plan was approved by the local authorities in 2005 for the 2007-13 period; that is to say, for the following European Structural Funds generation. The strategy has been achieved with the support of the two regional development agencies located on both sides of the Danube. Eight cross-border committees comprising a total of 150 experts have also been involved in developing the strategy.

The end of systematic police control on the bridge due to the entry of Hungary and Slovakia in the Schengen zone in 2007 was also a crucial step that facilitated cross-border urban integration. The Ister-Granum Region decided recently to intensify cross-border governance to secure an efficient integration of the conurbation. Local politicians signed the convention officialising the entry of their municipalities into an EGTC in May 2008. It is the first initiative taken in Eastern Europe concerning the new governance tool proposed by the European Institutions

## **(ii) Partnerships and level of formality (Ister Granum)**

The statutes of Ister-Granum EGTC show that the executive power is exclusively shared by the local municipalities of the Euroregion. Sub-regional authorities and national governments are not members of it. The decision-making process in the EGTC is under the responsibility of organisations. First, there is the General Assembly, which is responsible for statutes, budget, integration and exclusion of members, and the election of the Senate's members. The assembly meets at least twice a year. Second, there is the Senate (of eight members), which is the managing body of the General Assembly and consequently represents the assembly between meetings. Third, the head of the Senate is the chairman of the General Assembly and the permanent professional committees, which are expert networks helping the EGTC in the definition/implementation of its working programme. They are connected to external organisations and can organise conferences/workshops on specific issues. Six different committees have been established: External relations, Human Resources Policy, Economic and Assets Management, Environmental protection, Industry and Transport, and Culture and Tourism.

A 'Civil Parliament' has been established for civil organisations, in order to:

- strengthen the relation between Hungarian and Slovakian civil organisations;
- articulate common interest either at local or regional level;
- launch common programmes, events and projects; and
- operate a network which facilitates non-profit organisations at local level Civil Portal.

Although the body of Civil Parliament exists and is a defined element of the EGTC's operative structure, it is not a real parliament. The membership is voluntary; only the Executive Board is elected.

It is interesting to note that in the case of the Ister Granum EGTC, different stakeholders held different opinions on the governance characteristics of their cooperation. Half of the Ister Granum related interviewees were of the opinion that Ister Granum has centralised management. The other half treated it as a locally driven type. The proportion was the same in the case of a question regarding the organisation of Ister Granum; half considered that it was 'closely regulated', and half that it was 'loosely organised'. A majority of the respondents considered Ister Granum as an 'open/flexible' organisation. With regard to involvement, half

of the respondents characterised the cooperation with 'narrow stakeholder involvement', and the other half as 'based on partnership'.

With regard to respective dominant factors in relation to co-operation, EU laws and regulations or general (formal or informal) daily routine; the majority of the respondents stated that EU regulation could foster territorial co-operation (e.g. before EGTC regulation it was not allowed for the Slovakian partner to pay membership fee) but that it could also be a barrier. Personal contact, informal relationships and communication were mentioned as more dominant factors. The general understanding is that successful co-operation needs both. EU legislation as a framework and bottom-up, grass rooted initiation formed by informal daily routine as well.

### **(iii) Joint structure and central level of delegation? (Ister Granum)**

The Region of Ister-Granum has created the Regional Advisory Council which is a tool to officialise connections between its executive instruments and external organisations. The regional advisory council is a consultative body which used to connect with civil society (members: the chairmen of the six professional committees, three representatives of the Ister-Granum Regional Civil Parliament, the representatives of the chambers of commerce and industry, three persons representing the counties Komaron-Esztergom, Pest and Nitra, and three representatives of the largest employers of the Region (a total of 15 people). The group supports the work of the professional committees and expresses external organisations' interests (employers, employees and professional organisations).

The technical management of the EGTC is under the responsibility of a Director employed by the structure. The EGTC has 2 sub-regional development agencies covering both sides of the EGTC. These were created to support actively the actions plan of the conurbation.

### **(iv) Barriers and drivers (Ister Granum)**

According to interviewees, the main drivers for territorial cooperation in the area are:

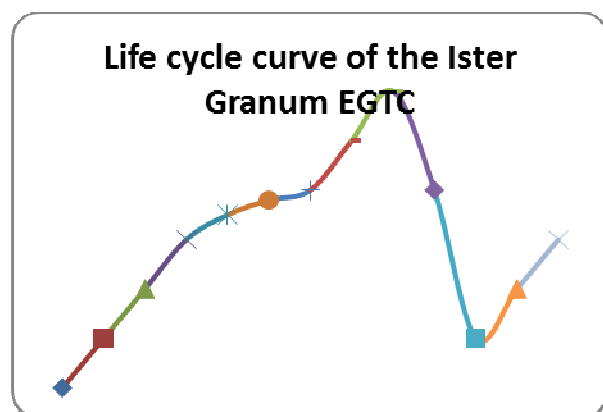
- The reconstruction of the Maria Valeria bridge between Esztergom and Párkány (common goal, with pooled financial support), which was a driving force for more than 10 years. Now the project is complete (the bridge has been built), the parties will need new motivating factors.
- 'Reunion' of formerly coherent territories.
- Possibilities of urban development.
- Proactive, open-minded attitude of the participating stakeholders.

Some important barriers were also identified. Due to the loss of faith in the cooperation the territory of the Ister Granum EGTC is likely to decline in the future both in terms of partners and in ambitions. Many stakeholders were of the opinion that the existing territory of the cooperation had already extended too far and that it was too heterogeneous to handle. This weakening of the cooperation can also be blamed on the currently poor economic situation



which is the result of financial losses. The evolution of 'life cycle' of the Ister Granum cooperation has experienced some ups and downs, which help to illustrate drivers and barriers (Figure 17).

**Figure 17: life cycle curve of Ister Granum EGTC**



**Source:** In-depth interviews with the stakeholders from Ister Granum EGTC

2001- rebuilding of the Maria Valeria Bridge (starting point)

2002- slow development period

2003- foundation of the Euroregion (gave sweep for the co-operation)

2005- accepted Development Plan (upsweeping phase) was introduced in the European Parliament

2008- new members joint to the Euroregion (upsweeping phase)

2008- foundation of the Ister Granum EGTC (top)

2008- change of leadership

2009- loss of trust of the members- lack of committed leadership, lack of new projects and critical financial situation (falling phase)

2010- return of the formal leadership

2011- reorganisation of the EGTC

Sept 2011- further personal changes in the leadership

Due to numerous unstable factors in the system, it is expected that some members will resign from its participation in the near future, even though many of the partner cities seemed to be optimistic and confident, and indicated that in spite of the difficulties would stick their membership.

### **(v) Governance process: City network Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) potential EGTC**

The initiative for this network dates back to 2009 and involves authorities from several cities along the Danube river. It is more difficult to identify the added value of a EGTC in a network case (non-geographical proximity), as the cooperation is looser, with less concrete projects. Additionally, there is less action on a day-to-day basis and 'functional' needs are less obvious. The two established EGTC networks were not investigated in depth for this report, so we cannot draw any conclusion at this stage concerning the added value of EGTC in this type of cooperation, and therefore this remains an open question for future.

## (vi) Drivers and barriers

The formulation of the EU Strategy for the Danube Region (EUSDR) changed perspectives in the area. It improved attitudes to transnational cooperation in the affected territories. The official, joint framework for the development of the Danube valley inspired the participants along the river to use a more systematic way of co-operation. However, at the same time it intensified competition between partners. As a result, during the preparation phase of the EUSDR in December 2009, the City of Ulm initiated the establishment of a Danube related city network in the form of an EGTC. The initiative originally involved the City of Budapest and the City of Vienna, but it was always planned as being open and inclusive towards new members. The City of Budapest supported the idea, as it was an opportunity to position the city in the newly formed Danube Space.

Nevertheless, today the EGTC has still not been established, due to different positions and objectives from the different partners. Ulm and Budapest seemed to be the more proactive members, whereas Vienna was more reluctant to establish a new structure. Vienna fully supported the 3 No principle as outlined by the Commission (see section 6.1.5). Additionally, Vienna considered the EGTC structure unsuitable for a network type of cooperation. An EGTC could be used for two close communities working together, at a local level but it was deemed not suitable for such a large scale. Eventually, political and personal changes in the second half of 2010 in all potential partner cities slowed down the process.

Due to the current weak political will, the ‘wait and see’ attitude adopted by Budapest and Ulm, the adverse attitude of the City of Vienna, the non-existence of an appropriate action plan and target system, and at last but not least the differences in financial and institutional frameworks between the key actors, the future of proposed Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) EGTC is uncertain.<sup>167</sup>

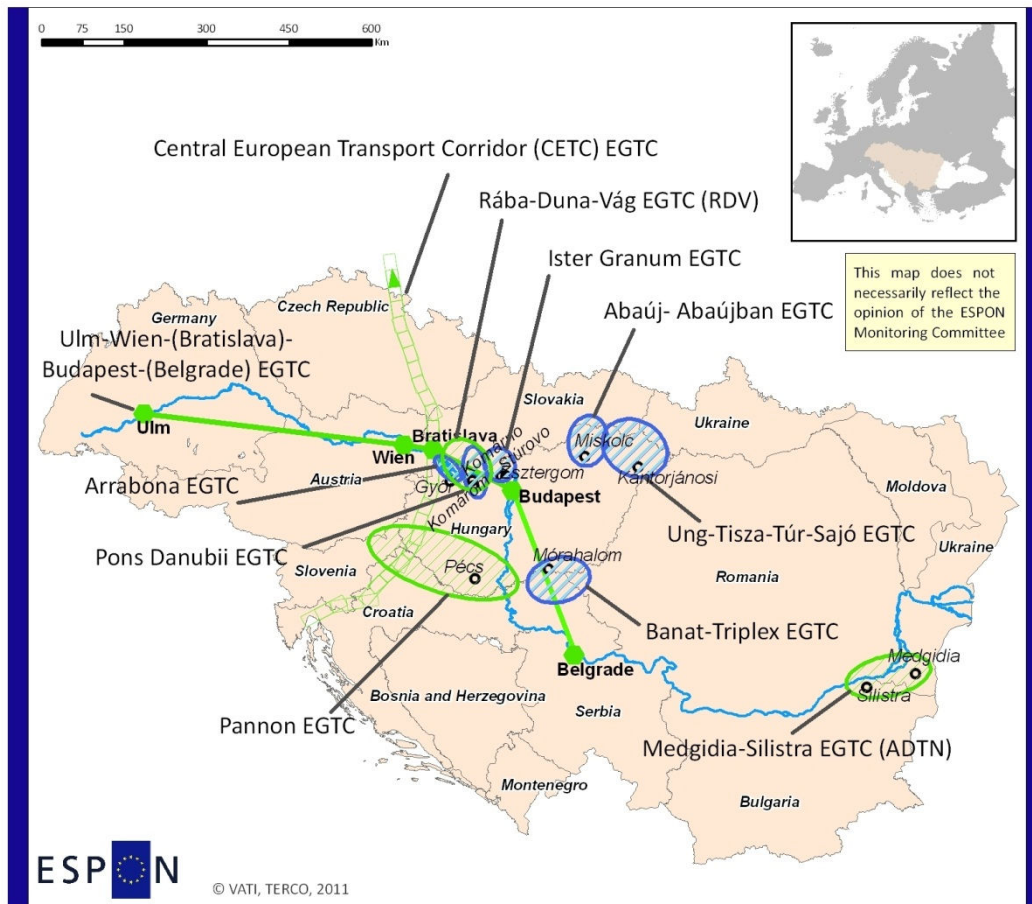
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<sup>167</sup> This underlines a crucial point of different understanding of this instrument: it is dedicated to public authorities, or equivalent, and should therefore follow objectives and values of public interest. But some EGTCs are implemented under private law, e.g. commercial law, and in this case study the ambiguity is clearly stated: ‘*An EGTC has one big problem: it is run like a company. Indeed, this is an instrument to implement the Danube Strategy in an economic manner. Partners into an EGTC have to invest money in it but nobody can be sure that they will get their money back. As there is no business plan, an EGTC may cost a lot without offering any results in return. Administration does not act like a company so there may be a problem in financing the EGTC and the projects. Many do not agree with the economic and business aspects of this territorial cooperation. Knowledge sharing, know-how based projects are much more important according to them.*’

### (vii) Links with macro-region

As was outlined in section 6.1 and in this presentation of case studies, the macro-region strategy can be an incentive for developing and reorganising several territorial cooperations in the Danube area and EGTC can be a tool for implementing this evolution. Map 6 shows existing EGTCs and those under preparation in the Danube area.

**Map 6: EGTCs and Proposed EGTCs in the Danube region**



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

Regional level: NUTS 0  
Source: VATI, 2011  
Origin of data: VATI, 2011

#### Danube related registered and potential EGTCs in the Danube Region

- Registered EGTC
- EGTC under preparation
- Danube Region countries
- Danube

Nevertheless, as the case studies of Danube area illustrate, EGTC is a tool, and only a tool, to formalise and organise cooperation efforts. Strong support for territorial cooperation as well as a clear common goal is an absolute prerequisite. An EGTC is tool that is specifically useful for mature cooperation efforts. Furthermore, it is not necessarily the only – or the most relevant – tool for territorial cooperation.

### **6.3.3 EGTC Greater Region: INTERREG IV A Managing Authority**

The area covered by this INTERREG A programme is large for a cross-border cooperation programme. It includes the territories of Luxembourg State, Région Wallonne (Belgium), Région Lorraine (France) and the *Länder* of Saarland and Rhineland-Palatinate (Germany). It was initiated on the basis of the Franco-German reconciliation in 1962, has a long history and involves a variety of partners from different political levels. The cross-border cooperation was developed to deal with the steel industry crisis in the area between Lorraine, Luxembourg and Saarland (1971). It was also at this moment that the name ‘SaarLorLux’ was coined. The purpose of the cooperation evolved and was extended – as well as partnership, governance was also experimenting with change. In 2010, the Greater Region settled an EGTC as MA for the INTERREG programme covering the area.

#### **(i) Initiating and mobilising**

Today, the aim of the cooperation is widely defined as to ‘*continue to organise the cross-border cooperation*’ (Accord SaarLorLux, 2005, p.2). Cross-border institutions are in charge of ‘*facilitating the study and proposing solutions to neighbourhood questions*’ (Accord SaarLorLux, 2005, p.2). Since the mid-1980s, the financial sector has played a major role in the economic growth of Luxembourg, which attracts a growing number of people from Lorraine, Saarland, Rhineland-Palatinate and Wallonia to work there. Historically, Sarrebruck’s employment area has also cross-border in extent. In 2009, the number of commuters in the Greater Region reached 203,000. This situation created numerous functional interdependencies across the whole region. Transport, spatial planning, multi-linguism and professional mobility are the most important topics on the agenda and are followed by thematic working group (ESPON/Metroborder, 2010, p.131). To deal with these challenges, a new cross-border strategy is currently being developed to build a cross-border polycentric metropolitan region (Evrard, Chilla, 2011).

In parallel to this political cooperation, INTERREG programmes are considered to be a driving force for the concretisation of cross-border projects; not only for the development of institutional flagship projects (the University of the Greater Region, for example) but also to support local and regional entrepreneurs.

The Greater Region cooperation has also evolved on the issue of governance. Starting with informal intergovernmental meetings – working on the basis of the regional commission – a legal framework was provided for this structure in the 1980s. Thematic working groups report directly to the Regional Commission. Supplementing this cooperation initiated at the national level, in 1995 key political actors from Saarland, Rhineland-Palatinate (*Länder*), Luxembourg

(national State) and Lorraine (region prefecture and department) decided to organise summits every 18 months, creating an informal political intergovernmental platform and bringing political actors from national and regional levels together. In 2005, a new intergovernmental agreement repealing the agreement of 1971 was signed to merge the Regional Commission and the Summit. The objectives remain the same: to 'continue to organise the cross-border cooperation' (Accord SaarLorLux, 2005, p.2), which was also needed due to the importance of the functional area on this territory.

## **(ii) Partnerships and level of formality**

Evolution also concerned partners. Following the initial Franco-German cooperation in the 1960s, Luxembourg joined in 1971. In 1995, a decision was taken to involve not only the Lorraine Préfecture but also to take into account French decentralisation from 1982 and to involve the elected executives at regional (Lorraine region) and local level (Meurthe-et-Moselle, Meuse, Moselle and Vosges Départements). In 2005, the Walloon Region and the French and German speaking Communities of Belgium, already involved in an informal way, officially joined the 'summit of the Executives'. Thus, since 2005, 11 partners participate in the Summit, the widest cross-border institution of the Greater Region. Concretely, three levels of governance are involved, from the local to the national level.

During the three first programming periods (from 1991 to 2006), three different INTERREG programmes were implemented in the Greater Region. With the support of the Commission, partners of the cooperation decided to merge them for the fourth programming period and to create an EGTC to manage the whole programme. The EGTC is defined by all experts as a 'tool' or an 'instrument' designed by the EU to facilitate territorial cooperation. This instrument formalises and strengthens cooperation. In this case, even though the cooperation was already quite formalised, the added-value of the EGTC was that for the first time the cooperation between national and sub-national authorities was also formalised, and that the twofold objective of creating a unique INTERREG programme for the area was reinforced. Specifically, these are to develop strategic projects on the whole territory of the Greater Region and increase the visibility of the Greater Region towards Brussels.

## **(iii) Joint structure and level of delegation?**

The EGTC was officially created in March 2010. As the EGTC has only been operational for a year, it is difficult to assess the use of this instrument. Partners maintain an important role in the administration of the programme. This can be explained by the relatively formal procedures required to create an EGTC. A joint structure has been created, and partners have to decide upon the duration of the structure, a common budget, etc. Decisions have to be taken regarding the level of autonomy of the newly created structure. Moreover, their engagement has been enacted in binding agreements (conventions and statutes are the two

major documents to be adopted to settle an EGTC, Arts. 8 and 9, Parliament and Council, 2006, p.22).

The EGTC needs to create its own routine within the institutional architecture of the cross-border cooperation. At the same time, the EGTC has to establish itself and to develop its own functioning and its reputation. This is one aspect explaining why there is a reluctance to delegate important competencies to a newly created EGTC, whose institutional framework is not well known in regional administrations. Establishing a strong EGTC is seen as a considerable risk from the political point of view.

#### **(iv) Drivers and barriers**

According to interviewees, main drivers and barriers were as follows.

##### ***Drivers:***

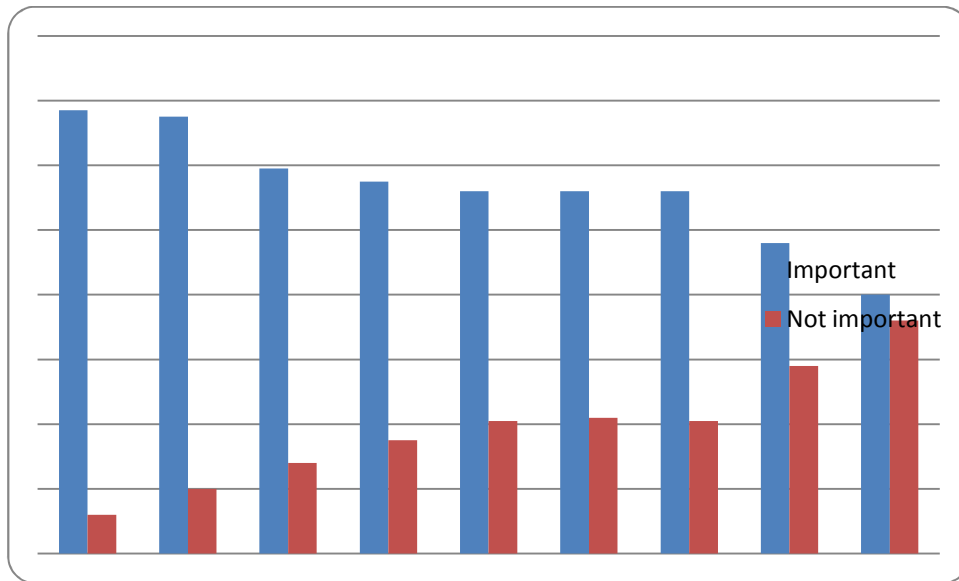
- A current window of opportunity with regard to the development of a 'cross-border polycentric metropolitan region' within the Greater Region shows a strong political will to intensify the cooperation at the highest level.
- A need to manage an important functional area.
- The aim of positioning the Greater Region at EU level.

##### ***Barriers***

- A multi-level mismatch: partners associated do not have the same competences and represent different institutional levels (from local to national). This is considered as a major obstacle for territorial cooperation.
- An ambiguity towards the exact future status of EGTC in relation to other political 'international' institutions.

The 2010 'Delphi study' conducted in the Greater Region identified a lack of common strategy, agenda and resources; multi-level mismatch; and lack of political will, as barriers of territorial cooperation. Language and territorial layout were considered to be less important (see Figure 18)

**Figure 18: Main barriers to the cross-border cooperation (Greater Region INTERREG A)**



Source: (Delphi study conducted in the Greater Region in Jan-Feb 2010, among 156 experts, ESPON/Metroborder, 2010a, p.132).

### **6.3.4 Convergence and divergence in relation to governance issues**

From the three case studies presented above several observations can be made in relation to governance issues. These include: how cooperation is initiated; how cooperation is mobilised; what the driving forces are; which type(s) of partnership are involved; and what the motivation(s) to further institutionalise and formalise territorial cooperation efforts are. Additionally, in relation to EGTCs in particular, whether there is any kind of joint structure in charge of the cooperation, whether it is more centrally or locally driven, and which potential of delegation of competences are at stake are all salient points (Table 22).

The key points in Table 22 are that the initiating, mobilising and driving forces are convergent and rely on political will at different levels. They also are closely linked to the opportunity structures in the EU framework and the funds that are provided. However, a legal framework and evolution towards a Europe with no internal borders are also important drivers. Considerable divergence between EGTCs can also be noted. Some focus on a European macro-regional strategy; others are more locally oriented, and/or link to the functional needs of a territory. Partnerships are very diverse, from an exhaustive multi-level governance (from state to local level, both side of the border) to limited local member partnerships, or multi-level governance excluding the local level. The motivations for further formalisation of territorial cooperation efforts through an EGTC are also varied. These include attempts to reduce multi-level governance mismatches in relation to territorial cooperation and implementing specific territorial cooperation programmes. However, in terms of motivation for formalisation all EGTCs converge on the visibility aspects of the region, mainly towards EU and national level. The joint structures that are being implemented are also very diverse in nature, some having truly joint structures with extended missions and others having implementation responsibilities. Diversity is also present concerning the way the cooperation is driven, from local to national, or an interaction of both.

Such diversity and convergence trends can be considered as positive. They show permanent and shared added values of EGTC (convergence), and prove that EGTC is suitable for a large variety of territorial cooperation (diversity).



Table 22: EGTC governance issues compared

EGTC	Initiating/mobilising/ driving forces	Partnership	Motivation for formalisation/ EGTC	Joint structure (level of delegation)	Centrally or locally driven
LIKOTO	<ul style="list-style-type: none"> <li>- Political will from local actors organised at supra-municipal level and higher level politicians</li> <li>- A concrete daily need</li> <li>- A wish to position the area as a Eurometropole</li> <li>- EU opportunity frameworks (border openings, INTERREG)</li> </ul>	<ul style="list-style-type: none"> <li>- All levels of public authority, from local to national state (real MLG forum civil society)</li> </ul>	<ul style="list-style-type: none"> <li>- Visibility (laboratory of EU integration)</li> <li>- Stability (formal/binding agreement, budget)</li> <li>- Involvement of all requested authorities in a formal way creates potential for increased impact</li> </ul>	<ul style="list-style-type: none"> <li>- Agency of Euro-metropole, consequent budget, ten employees</li> <li>- No delegation of competence</li> </ul>	<ul style="list-style-type: none"> <li>- Locally driven (supra-municipal level) with interaction with regional level</li> </ul>
ISTER GRANUM	<ul style="list-style-type: none"> <li>- Political will from local authorities (municipalities)</li> <li>- Connecting infrastructure: rebuilding bridge</li> <li>- to reinforce external relations within the region</li> <li>- EU opportunity frameworks: opening borders, funds</li> </ul>	<ul style="list-style-type: none"> <li>- Only local partners: no MLG</li> <li>- feeling that territorial cooperation has 'lost credibility' by including too many partners (around 90 partners)</li> <li>- Civil society included through a 'Civil Parliament'</li> </ul>	<ul style="list-style-type: none"> <li>- EU tool to implement EU territorial cooperation programmes</li> <li>- visibility (towards EU and national level)</li> </ul>	<ul style="list-style-type: none"> <li>- Not one joint structure, but a Director, and a Regional Advisory Council (consultative body).</li> <li>- No delegation (responsibility is to apply for funds)</li> </ul>	<ul style="list-style-type: none"> <li>- Locally (municipality) driven</li> </ul>
Potential ULM Vienna Budapest	<ul style="list-style-type: none"> <li>- EUSDR formed inspiration. During the preparation phase of the Strategy, in December 2009, City of Ulm initiated the establishment of a Danube related city network EGTC</li> </ul>	<ul style="list-style-type: none"> <li>- Potential: Cities of Ulm, Vienna, Budapest, Bratislava, Belgrade</li> <li>- Vienna: against EGTC for network cooperation</li> <li>- State (Luxembourg), federal entities, decentralised authorities</li> <li>- no local level involvement</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of political will, 'wait and see trend' of Budapest and Ulm as prevented further formalisation</li> </ul>	<ul style="list-style-type: none"> <li>- Different viewpoints on the financial and institutional frameworks;</li> <li>- Vienna support 3 No principle.</li> </ul>	<ul style="list-style-type: none"> <li>- Driven, and stopped, by local cities authorities</li> </ul>
Greater Region	<ul style="list-style-type: none"> <li>- State level, post war reconciliation, steel crisis, and de-industrialisation;</li> <li>- Growing functional interdependencies (concerning mostly transport, spatial planning, professional mobility and multilingualism)</li> <li>- Aim to reinforce the Greater Region positioning towards the EU</li> </ul>	<ul style="list-style-type: none"> <li>- Reinforce attention on the structure, and the visibility of the region towards national and European levels</li> <li>- help to reduce MLG mismatch;</li> <li>- support further development of projects</li> </ul>	<ul style="list-style-type: none"> <li>- JTS for MA of cross-border territorial cooperation INTERREG IV A programme</li> <li>- No delegation, Specific missions</li> <li>- Discussion on future creation of an EGTC as 'technical' secretariat of the political Summit</li> </ul>	<ul style="list-style-type: none"> <li>- Centrally driven</li> </ul>	

## **6.4 Best practices, added-value EGTC, future challenges**

Notwithstanding the problems presented in relation to the implementation of EGTC, according to the Commission (see report (COM 2011)/462 final), the EGTC tool is extremely useful when implemented and is providing security, stability and visibility for territorial cooperation groupings. For the first time, a legal instrument has been designed by the EU for public authorities. It offers the opportunity for public authorities – independently of their level of competence – to become part of a common legal entity to implement territorial cooperation objectives, within the territory they define. The EGTC has a legal personality (it can hire staff; can be responsible for a common budget; can launch public procurement procedures). Based on the analysis above several specific instances of when EGTC can add value can be identified.

### **6.4.1 An innovative EU tool with many possibilities**

EGTC provides a structure for sub-national authorities from different countries, including non-EU Member States, to cooperate within an EU legal framework. All levels of authorities can be involved, from local to national.<sup>168</sup> It was created specifically for receiving and managing territorial cooperation resources, coming from EU funds or non-EU funds, and is suitable for both programme or project management. It is the only community tool today which makes the equal and proportionate representation of participating local governments possible, as well as the joint financing of tasks and the transfer of competences or, more commonly, responsibilities (Central European Service for Cross-Border Initiatives, CESCO). It gives the possibility for those territorial cooperation actors to act concretely, hire staff and implement action.

### **6.4.2 Institutionalisation and visibility**

Even if the framework of an already established cooperation programme (like for the INTERREG programme GR), the EGTC reinforces de facto the institutionalisation. The link established between sub-national authorities and the EU is being reinforced and diversified. The EU does not only stand for financial support but also for legal support, and is becoming more and more important for the project development in the field of territorial cooperation, providing e.g the opportunity that the cooperation between national and sub-national authorities between different countries could be formalised in an harmonised way all over EU. The formal character of the EGTC reinforces the attention of the European Union, other cross-border areas and local decision makers on the structure. It allows EGTCs to represent the joint interests of

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<sup>168</sup> For instance, nation states cannot be associated to a legal entity in the framework of the Madrid Convention (settled by the Council of Europe) - only subnational authorities may be members.

the members to external players, amongst them to the institutes of the European Union. It also has strong EU support from CoR, with a platform for exchange and knowledge

### **6.4.3 Reducing ‘multi-level mismatches’ and organising multi-level governance**

In the context of multi-lateral cross-border cooperation, the very heterogeneous organisation of political tasks is one of the most obstructive factors in cooperation (ESPON, 2010b). The EGTC framework constitutes a new opportunity to bring all partners into a consultation process, and to decide on a common strategy and action plan for cooperation. Partners also have to define their own ‘rules of the game’ in a formalised way. The agreement forms a binding framework, reducing the uncertainties of the cross-border context. This opportunity to bring all partners together in a more binding framework should help to reduce so called multi-level mismatches and to organise vertical and horizontal multi-level governance.<sup>169</sup> In other words, it provides opportunities for synergies.

### **6.4.4 Helping stability and sustainability of cooperation**

EGTC helps to create a more stable and sustainable environment for territorial cooperation by institutionalising cooperation as its creation requires the formulation of a convention, and statutes that clarify cooperation. The EGTC therefore provides a sustainable framework of the cooperation which is clear for all partners. As it is suitable for diverse aspects of territorial cooperation, it does not have to be adapted at each new step the territorial cooperation is taking. Such changes can take place within the existing framework.

### **6.4.5 Future challenges**

In light of the challenges identified in section 6.2.2, what could the impact of EGTC be in future?

#### **(i) Administrative complexity**

The EGTC regulation has been created, amongst other things, to address the problem of administrative complexity. However, until now it has not proved very successful in this respect, due to significant divergences in implementation at national level. Furthermore, it has become apparent that when EGTCs are implemented, new problems arise (e.g practicalities regarding staff status, or call launching procedure). The improvements presented in the proposal for revision of the

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<sup>169</sup> For further development on this issue, see (Evrard, Chilla, 2012)

EGTC regulation could help to reduce some administrative obstacles, but the major difficulties linked to diverse national provision remains.

## **(ii) Agreeing focus**

EGTC is an extremely useful instrument for addressing challenges in relation to agreeing focus and identifying common goals and strategies. To implement it, members must at least agree on statutes, which clarifies the operational management of the cooperation, and a convention, which has to present the territory, name, and objectives and tasks of an EGTC. So partners have to agree on a focus in order to be able to sign the agreement. The process of strategy building, which is an important asset for a territorial cooperation, can progress from this point.

With regard to implementing a strategic vision, the EGTC could implement a cross-border strategy on behalf of all partners (e.g in the way the managing authority for INTERREG IV A is implementing the operational program) but there is a clear reluctance at this stage to advance the implementation of a supra cross-border regional structure (as national supra-municipalities) with a delegation of competences (see CoR draft opinion on revision of EGTC regulation - section 6.2.3).<sup>170</sup>

## **(iii) Demonstrating impact**

Demonstrating impact remains a weak point for territorial cooperation – and a matter of debate concerning possibilities to ‘assess’ some major impact which are not possible to be directly counted by statistical method - and interviewees insisted on the importance of having concrete projects which have tangible impacts for citizens. But they also underlined that a broader perspective must be part of the cooperation; not all projects can directly impact citizens but this does not mean they are not beneficial. In this sense, EGTC provides an organised framework for reflection, and most importantly, provides visibility for cooperation at EU and national level. It also is a step towards organising civil society, which on the one hand could more easily

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<sup>170</sup> As was underlined by E. Evrard and T. Chilla (Greater Region case study, TERCO, 2011), institutions who are members of an EGTC may also delegate part of their own competences to the EGTC in order to ‘facilitate and promote cross-border, transnational and/or interregional cooperation [...] with the exclusive aim of strengthening economic and social cohesion’ (art 1§2, European Parliament and Council, 2006). The current juridical debate reflects on the question to what extent and under which preconditions domestic competences can be delegated (Evrard, Chilla, 2012, p.: 106-107). In any case, Member States do play an important role: they can limit this possibility in their national provisions and disapprove the statutes and conventions established to settle the EGTC. Moreover, the effective use of this option depends very much on the interpretation public authorities will make of this option.

identify a joint organisation, and on the other hand, when implemented by the EGTC, can be involved in the cooperation through an official organisation (e.g. a Forum).

However, the EGTC itself cannot be considered as a way to reinforce the visibility of cross-border cooperation towards citizens. Local visibility of the cooperation is being reinforced on the basis of concrete projects (harmonisation of prices on both sides of the border for public transport, cultural activities, exchange of students and pupils). This mainly depends on the concrete mandate given to the EGTC.

#### **(iv) Tensions between partners**

EGTC is not in itself a solution to tensions between partners but it can be a place of consultation and dialogue. Nevertheless, as was mentioned in our case study LIKOTO, the territorial cooperation is not the place where all negotiations on the territory take place. Nevertheless, EGTC members are involved in a binding agreement and will have some regular meetings of different EGTC institutions. Such an environment provides additional opportunities to overcome obstacles, and to avoid lack of communication between partners. Nevertheless, as illustrated in case studies in this report, EGTC in itself is not sufficient to boost cooperation, or to solve conflicts of interest.

#### **(v) Resources**

EGTC does not provide specific added value in this area, except that the partners can decide a common budget on their own, giving some stability to the cooperation, and not relying on EU programming strategy. Nevertheless, in the current crisis situation, partners usually rely on EU funds for their EGTCs, and EGTCs were initially created with the prior aim of managing EU funds for the territorial cooperation objective. In general, the issue of resource is a crucial point for all EGTC members.

#### **(vi) Changing political and institutional environment**

The majority of the experts interviewed welcome the EU initiative to establish a legal framework for cross-border cooperation. They consider it as constituting a step towards better facilitation of cooperation. At the same time, they underline that EGTC should not be considered as a 'one size fits all' solution.

In section 6.2.2 implementation challenges were discussed but the revision of the regulation could significantly improve the current situation. Nevertheless, the fact that the Member State still has what some consider as a 'discretionary' power is a real obstacle to further development of the EGTC framework. This is an illustration of balance of power at stake across all EU territories. Local and regional authorities would certainly appreciate a framework in which they could deal directly with the EU institutions (in order to have their existence and specificities acknowledged and to further develop a cross-border strategy for their territory). On the other hand, all interviewees call for a more common EU regulatory framework to avoid all the

(national) administrative discrepancies and support harmonisation – a framework that EGTC was supposed to provide, but which has been hindered strongly by national provision.

Nevertheless, the current Commission proposal on territorial cohesion funds for the next programming period, if it is indeed providing a common framework, and requesting more concentration of funds on specific priorities, is also quite constraining with regards to the selection of those priorities which are imposed from a restricted list. This is quite contradictory with the ‘one size does not fit all’ principle, and the importance of taking into account the expertise of actors ‘on the ground.’ EGTCs already involved in a process of strategy building in a democratic way and identifying priorities on their territories (all actors agree that more concentration on priorities is needed) could be even more frustrated by this development.

## **6.5 Conclusion: multiple forms of cooperation, perspectives and challenges**

Territorial cooperation efforts have become increasingly diverse in the European Union and beyond with many different EU driven programmes as well as ‘independent’ bilateral and multilateral efforts taking place. This means that increasingly complex measures are required to coordinate cooperation efforts. There are now considerable risks in terms of overlap and duplication. On the other hand, this produces opportunities to work together and creates synergies.

Other programmes such as European Twinning, LEADER, the educational programmes (the Lifelong Learning Programmes; Comenius, Grundtvig, da Vinci and Erasmus) clearly include territorial cooperation activities. Furthermore, the Commission is endorsing several new cooperation structures or frameworks such as EGTC and macro-regions as discussed in the previous sections. These can potentially enrich coordination efforts but could also make them increasingly complex. Moreover, as was outlined in section 5.1, diversity amongst more traditional forms of territorial cooperation (such as INTERREG) and the considerable territorial overlap that exist makes coordination vital.

As of yet, the impact of these newer forms of territorial cooperation is either limited or not entirely clear. EGTCs have only been implemented on a limited scale and in a limited time period (the first EGTC was implemented in 2008 in Eurometropole LIKOTO). Their impact on more traditional cooperation structures is unclear. The Flanders – Netherlands programme had experience with similar structures as EGTC in the previous programming period and abandoned it in the current programming period as it was deemed to add another layer of bureaucracy. Additionally, the new administration system could not rely on existing institutional experience (as it does when it is embedded in national governance frameworks). Finally, many of the problems EGTCs were meant to resolve remain. Generally the introduction of EGTC has until today had no impact on INTERREG programmes (except the Greater

Region), but the fact that the EGTC regulation was adopted too late to be used in the 2007-13 programming period makes it difficult to evaluate the exact significance of this. They require further development and may become attractive in the future as it would allow Member States to share responsibilities. The revision of the EGTC regulation should come in time to make the new regulation useful for the next programming period. This will be a real test for the EGTC instrument, which until now has only been used in one (successful) instance for managing an INTERREG programme.

In a similar manner to EGTCs, as macro-regions have only been introduced on a limited scale they have only had a limited impact overall. However, in those areas where they have been introduced the effects have been felt. For example, the Central Baltic programme has formed close links with the Baltic Sea strategy. These links are mostly present at a project level. Projects are required to comply with the Baltic Sea strategy criterion, although the strategy has no formal influence at the project-decision phase.<sup>171</sup> Evaluations, such as the Mid Term Evaluation (MTE), have noted that the Central Baltic programme is well in line with the Baltic Sea strategy. The relevant aspects/pillars of the EUSBSR have been taken into account in the actual implementation of the programme without much prior effort from the programme's side. This has been possible due to the fact that the Programme strategy largely coincides with EUSBSR and therefore ensures that majority of the projects is also in line with EUSBSR.<sup>172</sup> If the very recent EU strategy for the Danube area (which was investigated in this report) is considered, it is as yet too early to evaluate its impact, but the 3 No principle seems to strongly demotivate partners from new Member States. This could change in the next programming period (see COM proposal on territorial cooperation).<sup>173</sup>

As stated, the adoption of macro-regional strategies has more generally so far had a limited impact on other forms of territorial cooperation. Macro-regions offer the potential of better coordination and more strategic use of resources. This is one of the key reasons why the Commission endorses the use of macro-regional strategies.

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<sup>171</sup> The application form includes an input field where all project applicants are asked to explain if and how they see their project supporting the EUSBSR. In addition, project applicants who see their project in the Central Baltic Programme (not the Southern Finland – Estonia or the Archipelago and Islands Sub-programme) as belonging to one of the EUSBSR Flagship Projects mentioned in the Action Plan will have to provide a letter of recommendation by the respective Priority Area Coordinator. The information provided by the applicants in the EUSBSR input field (and, if applicable, the letter of recommendation) will be evaluated by the JTS in the assessment of the project applications and will become part of the assessment reports provided to the Steering Committees. This way the Steering Committees will be enabled to take into account the relevance of the projects for the EUSBSR when taking funding decisions. Approved projects which support the implementation of the EUSBSR are also highlighted in the programme's publicity measures as e.g. the Showcase Brochure if labelled as relevant for a certain priority area.

<sup>172</sup> Deabaltika, 'Evaluation of the Central Baltic INTERREG IV A programme 2007-13', Final mid-term evaluation report, 24 November 2010, p.5.

<sup>173</sup> CEC (2011) proposal for draft regulation on European territorial cooperation 2011/0273

The 2010 annual report from the Commission on the implementation of the Baltic Sea Strategy gives numerous examples of a more territorially coordinated approach to EU programme resources. The report identifies significant progress in gaining a new momentum for existing projects, the creation of new macro-regional networks in areas previously dominated by national approaches, the extension of networks in otherwise established areas, and the establishment of macro-regional dialogues (Mirwaldt and McMaster 2010).



## **7. Conclusion**

### **(i) Barriers and drivers**

This report set out to identify the driving forces and determinants behind territorial cooperation. As such it has identified numerous factors that have an impact on whether territorial cooperation is more or less successful. These can be categorised into exogenous and endogenous factors (Figure 6). Endogenous factors such as administrative traditions, cultural ties, institutional framework, economic disparities and geographical/ physical links between cooperation efforts are innate; they can only be directly influenced to a very limited extent. On the other hand, exogenous factors such as domestic and supra-national policy initiatives/frameworks, resources and staffing can be influenced in the short term and can therefore directly support territorial cooperation efforts. There is cyclical and reflexive relation (a positive feedback loop) between these two sets of factors. If endogenous factors are favourable this will make 'investment' in exogenous factors more likely. Conversely, if exogenous factors are favourable this will indirectly improve endogenous factors.

The policy implications of this assessment are that in areas which endogenous factors are weak but where it is desirable to engage in territorial cooperation activities, then higher levels of exogenous investment are necessary in order to achieve successful cooperation programmes. However, as the framework above suggests this is difficult because the immediate impact of such investments is less apparent, at least in the short term.

### **(ii) Governance framework**

Governance structures, legal instruments and institutional frameworks play a key role in territorial cooperation efforts. However, there is no 'ideal' set of structures, instruments or frameworks which can be regarded as a benchmark for all territorial cooperation efforts; what works in one case does not necessarily work in another. When considering what are effective and appropriate governance structures for territorial cooperation several key factors need to be taken into account. These include:

- the size of the programme area;
- the administrative/governance traditions in the cooperating areas;
- the intensity of cooperation efforts;
- the domains in which cooperation efforts takes place and the partnerships it wishes to establish; and
- the maturity/ longevity of cooperating efforts.

To a certain extent, territorial cooperation efforts can be regarded as ‘phased’ (see Table 14 **Błąd! Nie można odnaleźć źródła odwołania.**). The ‘softer’ characteristics of territorial cooperation are a prerequisite for implementing ‘hard’ projects that may be more strategically beneficial and produce tangible outputs. In the first phase, partnership networks across the programme area have to be established before physical projects can be carried out. This has an impact on the type of indicators that should be used to measure a projects’ success. For those partnerships that are well established, ‘harder’ indicators that focus on tangible outputs can be developed. In other words, the ‘newness’ of the programme needs to be taken into account and differentiation in indicators of success is important.

A similar point applies to those programmes that have expanded their territory or merged their cooperation areas. It is often difficult for partnerships which have already experience of cooperating in previous programme periods to include partners from other/ new areas and partnership networks between two historic areas have to be supported. This should also be reflected in the type of activities a programme supports and the types of indicators that are used to measure the programme’s success.

### **(iii) Governance dimensions**

The theoretical literature identifies several governance dichotomies that concern whether territorial cooperation has: a bottom-up/top-down approach; is centralised or locally driven; is institutionalised or loosely organised; or is regulated or open and flexible. Overall, there is an increasingly mixed picture of dynamic bottom-up territorial cooperation driven by municipal/local level action and, at the same time increasingly formalised and structured networks of higher regional/central level authorities, primarily involved in INTERREG programmes. Furthermore, many INTERREG programmes apply both bottom-up and top-down methods in their project generation, management and implementation approaches.

Partners find that territorial cooperation which has a bottom-up approach that is locally driven is preferable. However, a certain level of institutionalisation and regulation is necessary in order to ensure clear rules and guidelines, as well as transparency. At the same time there is a desire for increased flexibility. This particularly applies to the implementation stages where projects should be able to adapt as the environment in which they operate also changes. In other words, a high level of regulation and institutionalisation can be beneficial at the starting-up stage and in terms of the financial management (closing stage) but in other stages (such as implementation) a more flexible approach should be taken. Central level support is important for territorial cooperation to be effective and in some cases it can be beneficial for the central level to be involved in the management and implementation of territorial cooperation.

## **(iv) Partnerships**

Many territorial cooperation programmes are essentially hollow programmes; they rely on external actors becoming involved. There is an apparent tension between the aim of programmes to establish broad partnership and an increasing desire to achieve strategic impact. Thematic focus, which may yield strategic impact, can come at a cost of narrowing partnerships to those that are most likely to achieve these goals. One way to address this issue is developing broad themes that are able to attract a diverse range of partners, but to develop clear priorities within those themes that are able to give programmes strategic focus.

Most territorial cooperation efforts aim to form broad and inclusive partnerships which include partners from the public sector (national, regional and local) as well as broader society such as universities, NGOs, civil society, business community representatives and the private sector. Such partnerships bring certain opportunities and challenges. On the one hand, they can lead to innovative project ideas, cross-fertilisation, knowledge exchange, project diversification in programmes and higher levels of publicity/public awareness. On the other hand, present challenges relate to institutional incompatibility between partners, lack of thematic/strategic focus, management difficulties and the time investment needed to establish such broad partnerships.

INTERREG programmes but also other forms of territorial cooperation are increasingly eager to attract private enterprise as beneficiaries. The new legislation for 2014–2020 is likely to emphasise instruments that aim to lever private partner investment such financial engineering instruments. It is thought that through private enterprise involvement projects can have a greater socio-economic impact and be more sustainable. Although there are several external hurdles that in many cases prevent, or at least make it less attractive for private enterprises to become partners, there are several actions programme bodies can take to facilitate their involvement.

- Manuals and guidelines in terms of State aid and public procurement rules can be developed which make it clear when private enterprise involvement is possible.
- Private enterprise can become more involved in the early stages when the programmes strategy and priorities are determined. This would ensure that these priorities are more attuned to the need of private partners.
- There are certain project generation processes which are better able to attract private partners. For example, pre-selection procedures require less effort in the initial stages of an application and lead to higher rates of success in the second phase. This significantly reduces the risk for private partners to commit resources to a lengthy and costly project application. Additionally, special funds for 'small' project initiatives, or that are dedicated to SME

involvement, may be appealing to private enterprise particularly when the administrative burden associated with INTERREG is reduced for such funds according to proportionality.

### **(v) Governance practices**

The types of actors that a programme wishes to involve depends on the goals and themes of that programme. However, there are several ways in which territorial cooperation programmes can ensure that they attract the appropriate beneficiaries. First, a programme has to consider the involvement of partners in different stages of the programme development (see Figure 15). It is advisable for potential end beneficiaries to be involved in an early stage when the programme's strategic goals are being developed to ensure that their priorities and strategies are concurrent with that of the programme. Thus if local government, NGOs or the private sector are envisaged to be partners at the programme implementation stage, their involvement in the strategic planning of the programme can have a positive impact.

Second, a range of project generation procedures can be used in order to attract different beneficiaries. Some project generation can help 'smaller' actors to become active in territorial cooperation. For example, a pre-selection procedure reduces the risks of – and minimises the resources necessary for – a project application. Dedicated special funds can be used that are aimed to engage a particular group of beneficiaries. Seeding funds also afford organisations which would normally not be able to do so to develop high quality project applications. However, the use of an open call system, a strategic/thematic call system, seed projects, shortlisted projects or special funds arrangements has both positive and negative implications in terms of the governance framework of territorial cooperation (see Table 12). Furthermore, such measures also have implications in terms of administrative efficiency, visibility, transparency and equity as well as strategic orientation of a programme (see Table 13).

Third, a programme's institutional framework is a significant factor in how territorial cooperation is operationalised. Particularly, the role of the secretariat and the existence of regional or national contact points can have an impact on the ability to attract different types of beneficiaries. Due to the complexities of territorial cooperation, and in particular INTERREG, it can be perceived as a 'dark art' with only those that have insider status able to form acceptable applications. Proactive contact points and secretariats can reduce this image and provide support for newcomers.

### **(vi) New forms of territorial cooperation: EGTC and macro-regions**

New forms of territorial cooperation such as EGTCs and macro-regional strategies present new opportunity for increasing coordinating and managing territorial cooperation. Macro-regional strategies encompass territories which include multiple

territorial cooperation programmes/ activities. These are all required/ expected to contribute to the strategy ensuring greater impact and synergies. However, macro-regional strategies as a tool are not supported by additional resources, institutions and legislation from the EU level. Therefore, their impact is limited and not all Member States value the concept of macro-regional strategies. The recent Commission proposal on the future organisation of territorial cooperation funding intend to change this, as it foresees ‘that transnational cooperation can also support the development and implementation of macro-regional strategies and sea Basin programmes’.<sup>174</sup> Nevertheless, there are key questions in relation to the delimitation of the areas to be covered by a macro-regional strategy.<sup>175</sup>

EGTCs also provide an impetus for synergies, EGTCs formalise relations between different levels of government across borders. Therefore, such structures are particularly valuable in relation to achieving synergies on different scales. It provides a legal framework for the organisation multi-level-governance structures. However, as of yet, only one EGTC is setup as a managing authority for an INTERREG programme (Greater Region) and only a few EGTC includes representatives from several levels of public authorities. The initiating, mobilising and driving forces, identified in the in-depth case studies are convergent and rely on political will at different levels. They also are closely linked to the opportunity structures in the EU framework: evolution towards no internal border, common legal background and funds.

Considerable divergence between the EGTCs is also noteworthy. Some place themselves within a European macro-regional strategy, others are more locally oriented, and/or link to functional needs of a territory (the majority at this point). Partnerships are very diverse, from an exhaustive MLG (from state to local level, both side of the border) to limited to local member partnerships, or MLG without local level. Diversity is also present concerning the way the cooperation is driven, from local to national, or an interaction of both. The motivation for further formalisation of territorial cooperation efforts through an EGTC is also varied, some attempt to reduce MLG mismatches in relation to territorial cooperation others focus more on the implementation of a specific territorial cooperation programme. However, in terms of motivation for formalisation all EGTCs converge on the visibility aspect of the cooperation territory, mainly towards EU and national level. The joint structures that are being implemented are also of a very diverse nature, some having truly joint structures whereas others – the majority – do not. Nevertheless, a further convergent point is that no delegation of competences from the domestic public bodies to an EGTC could be identified which would then makes an EGTC a kind of supra-structure.

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<sup>174</sup> CEC (2011)/611, explanatory memorandum, p 6

<sup>175</sup> See ESPON SIESTA project which should shed light on this issue

These diversity and convergence trends can be considered as positive. They show some permanent and shared added value of EGTC (convergence), and it proves that EGTC is suitable for a large variety of territorial cooperation (diversity). The current revision of the regulation, which is addressing several loopholes of the original regulation, will also contribute to a better implementation of EGTC

## **(vii) Future proposals**

The Commission has tabled proposals for a performance framework for Cohesion policy involving conditionalities and a performance review of the milestone achievement with the possibility of sanctions (Mendez *et al.* 2011). Such increased focus on performance will also affect territorial cooperation programmes. The increased focus on impact and tangible outputs from programmes and projects has been problematic for several reasons. It can be difficult to measure impact. Indicators that are meaningful at the project level are often too specific to be of value at the programme level. Additionally, many territorial cooperation outcomes are ‘soft’ and difficult to measure, but they do provide opportunities for further territorial cooperation efforts to take place with more socio-economic impact. Related to this is that short term gains can be elusive (Ferry and Gross, 2005) and that no long term indicators have been developed. Finally, indicators and definitions often suffer from definitional confusion. Furthermore, Member States and participating organisations will have a different understanding of how indicators should be interpreted and consequently how they should be measured. Some solutions to these issues are:

- to introduce a mixed set of indicators that include project specific and programme generic indicators;
- as many programmes now span several programme periods, long term evaluation can help to highlight the ‘durable impact’ of territorial cooperation efforts; and
- an interpretation database can ensure consistency and avoid conflict.

One of the key challenges for territorial cooperation programmes, and especially INTERREG, is the administrative complexity and burdens (in relation to audit) which these programmes present. Territorial cooperation often has to manage and navigate through a plethora of different rules and regulations in different countries. The proposed harmonisation of eligibility rules by the Commission is a first step towards addressing these issues. However, further steps are required in the form of harmonising state aid rules, procurement rules and audit. This could simplify the implementation of territorial cooperation in general and of INTERREG in specifically.

Besides creating synergies amongst territorial cooperation projects on an intra-programme and inter programme basis, territorial cooperation has to contribute to domestic and international strategies. Coordination between programmes and

between strategies can be complex and it is therefore not surprising that improvements can be made. The thematic focus of the EU2020 Agenda in the next programming period as well as the introduction of macro-regional strategies can on the one hand make coordination more complex, with several competing and overlapping strategies having to be considered. On the other hand, it could present an opportunity to ‘focus minds’ and align strategies.

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### ***Presentations***

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***For extended sources of case studies Danube area, Greater 2007-13 region and LIKOTO please consult workpackage 2.5.***

## Annex A: Slovakia – Czech Republic Fact Sheet

**Budget:** €109,106,049 (85% ERDF funded)

**Type of programme:** INTERREG IVA

**Border type:** EU12 – EU12

**Territory:** 32,145 km<sup>2</sup>

**Population:** 5 million

**Managing authority:** Ministry of Construction and Regional Development

**Programme partners:** Czech Republic and Slovak Republic

**Programme longevity:** 1<sup>st</sup> EU Cross-border cooperation started in 2004 (participated in the PHARE programme in 1999 only).



### Priorities

1. Support of social, cultural and economic development and cooperation in the cross-border region (54 %)
2. Development of the cross-border region accessibility and environment (40 %).
3. Technical assistance (6%)

### Other characteristics

- Close historical and cultural ties but split in 1993 has brought about the deepening of marginalization of regions along the new border.
- diversified programme area covering areas that have structural problems (deindustrialisation) in the North and rural.
- A more decentralised (Czech) and more centralised (Slovakia) administrative structure.

## Annex B: North Sea Region programme Fact Sheet

**Budget:** €274.200.000 (50% ERDF)

**Type of programme:** INTERREG IVB

**Border type:** EU15 and Norway

**Territory:** 664.000 km<sup>2</sup>

**Population:** 60 million

**Managing authority:** Danish Enterprise and Construction Authority

**Programme partners:** Denmark, Germany, Sweden, Norway, UK, Netherlands, Belgium/ Flanders

**Programme longevity:** IIC pilot programme which ran from 1997



### Priorities

1. Building on our capacity for innovation (20.9%)
2. Promoting the sustainable management of our environment (28.5%)
3. Improving accessibility in the North Sea region (28.5%)
4. Promoting sustainable and competitive communities (17.1%)
5. Technical budget (5%)

### Other characteristics

- Large programme area with a physical barrier.
- Programme area includes some of Europe's most peripheral regions and its economic core regions. Overall, the programme is situated in a economically well developed area.
- A relatively large number of cooperating partners with different administrative traditions.
- The JTS actively identifies cluster projects in its project portfolio.

## Appendix c: Slovenia - Austria Fact Sheet

**Budget:** €78,954,680 (85% ERDF)

**Type of programme:** INTERREG IVA

**Border type:** EU15 – EU12

**Territory:** 35,523 km<sup>2</sup>

**Population:** 3.2 million

**Managing authority:** Government Office for Local Self-Government and Regional Policy (Slovenia)

**Programme partners:** Austria and Slovenia

**Programme longevity:** Third programme period (Phare CBC 1995 – 1999, IIIA and IVB)



### Priorities

1. Competitiveness, knowledge and economic cooperation (42%)
2. Sustainable and balance development (51.8%)
3. Technical assistance (6%)

### Other characteristics

- An asymmetry between an administration levels in both countries. Austria has strong regional bodies whereas there are no equivalent bodies in Slovenia.
- Physical barrier in terms of a mountain range in the western part of the programme area.
- The JTS and MA have moved in the IVA programme period from Austria to Slovenia.

## Annex D: Central Baltic Fact Sheet

**Budget:** €136,000,000 (75% ERDF)

**Type of programme:** INTERREG IVA

**Border type:** EU15 - 12

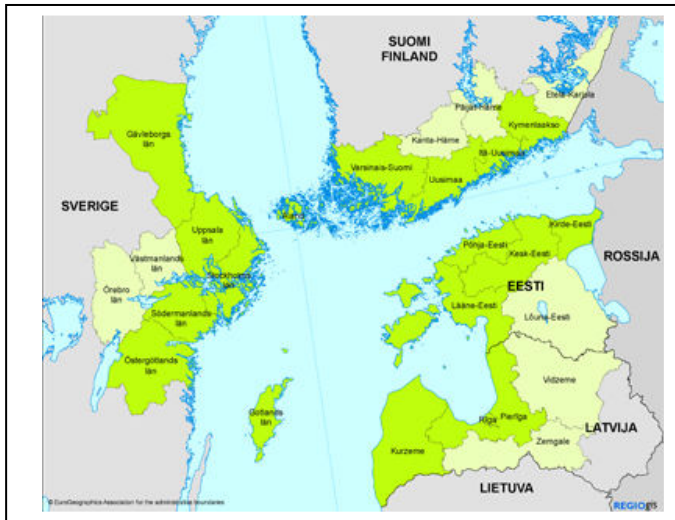
**Territory:** 180,000 km<sup>2</sup>

**Population:** 9,715,000

**Managing authority:** Regional Council of Southwest Finland

**Programme partners:** Estonia, Finland (including the Åland Island), Latvia and Sweden

**Programme longevity:** New programme but sub programmes have been active in previous programme periods.



### Priorities

1. Safe and Healthy Environment (26.6%)
2. Economically Competitive and Innovative Region (40.2%)
3. Attractive and Dynamic Societies (24.2%)
4. Technical Assistance (9%)

### Other characteristics

- The Central Baltic programme has a relatively high number of Member States participating for an INTERREG IVA programme.
- The Central Baltic programme is a new programme with two sub-programmes (i.e. Southern Finland - Estonia and Archipelago - Island sub-programmes).
- A long tradition of cooperation exists between Nordic partners on the one hand however the cooperation efforts with the Baltic Member State is relatively new.
- The involved partners vary between the Member States depending on their administrative traditions.
- The programme lies within the macro-region Baltic Sea.

## Annex E: Flanders – The Netherlands Fact Sheet

**Budget:** €189,747,122 (50% ERDF)

**Type of programme:** INTERREG IVA

**Border type:** EU15 – EU15

**Territory:** 23,746 km<sup>2</sup>

**Population:** 10 million

**Managing authority:** Province of Antwerp

**Programme partners:** The Netherlands and Belgium (Flanders)

**Programme longevity:** Long history of cooperation under two sub programmes (Scheldemond and Midden Benelux)



### Priorities

1. Economic development (50 %)
2. Environment (24 %)
3. People (20 %)
4. Technical Assistance (6 %)

### Other characteristics

- The provincial level plays an important role in relation to managing and implementing the Flanders – Netherlands programme.
- Both countries have close cultural and historic ties.
- The programme attracts a broad partnership by employing a diverse range of themes. Within these themes it identifies specific objectives that allow for the creation of high quality programmes.
- The programme has developed a two-stage application procedure in which partners' project ideas are pre-assessed before a full application is developed. This approach lessens the administrative burden on programme and partners, creates higher quality projects, and improves relationships between partners and programme.

- In order to ensure consistency, a process and database has been developed to avoid interpretation differences in relation to guidance, processes and indicators.

## **Annex F - Danube area macro-region and EGTC cases study**

### *Geopolitical, sociological and economical characteristics of Danube Region*

The key elements of the success of territorial cooperation lie in geographical demarcation, common interest, common identification and traditions. The Danube Region is a geographically defined macro-region. It includes all the countries located in the river basin (except Italy, Poland, Switzerland and Albania). Even though the Danube River is the link between the countries of the Danube Region, the latter is characterised by its diversity, whether economic, social, cultural, ethnical or political.

The Danube is the largest river in Europe after the Volga. It is a 2,850 km long transcontinental river, flowing from the Black Forest to the Black Sea. The Danube Region covers 14 sovereign states. Some of them are rather young, while others have very long histories as states, but all of them pride themselves with long-standing traditions of culture and society. The political situation in the region has not always been simple. In the past, this region has been unified through the development of realms like the Roman Empire and the Austro-Hungarian Monarchy which covered more than 80% of the Danube River basin. However, from the 20th century the region is more politically fragmented than ever. Many conflicts arose in this area, especially in the 1990s in post-Yugoslavia. In the Balkans, wars emerged due to ethnicity and minority problems which led to the implosion of the former Yugoslavia.

Those political and ethnical conflicts jeopardised the economic stability of the southern part of the Danube Region, meaning that these countries are less developed economically. This economic backwardness may also be explained by the slow shift from an inefficient socialist economy to a market based economy. Therefore, we notice a slope from the West to the East regarding economic development (see Map 3).



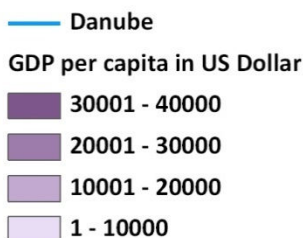
Map 7: GDP per capita (PPP) in the Danube Region.



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

Regional level: NUTS 0  
Source: VATI, 2011  
Origin of data: Eurostat, 2009

### GDP per capita (PPP) in the Danube Region, 2009



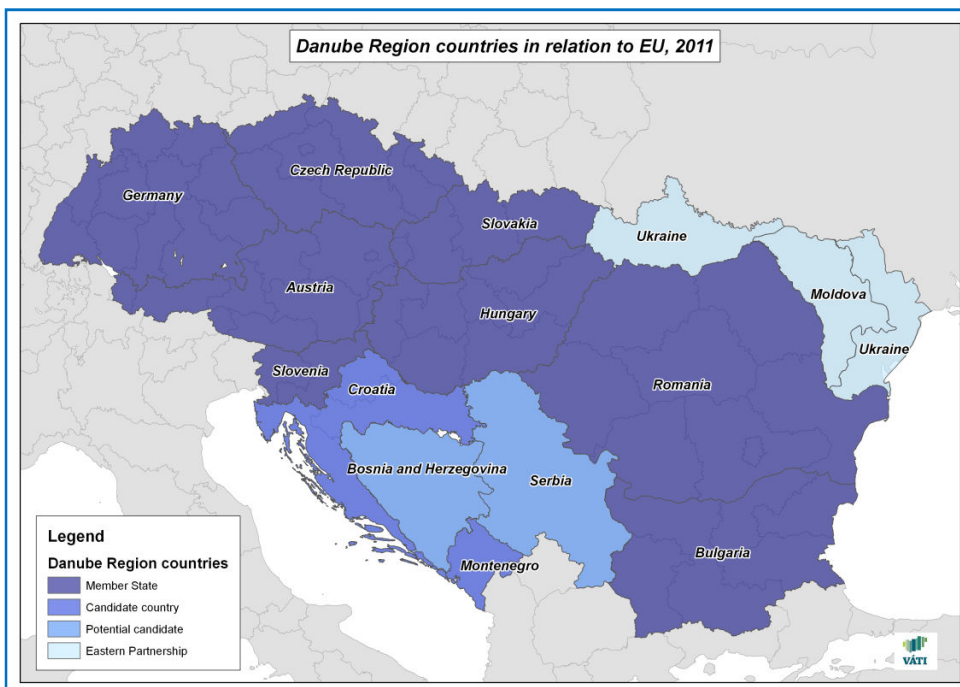
Source: VATI 2009

A literature review highlights that there is a division of the Danube area into three major parts:

- The Upper Danube, with the highly developed ‘old-EU’ Germany and Austria;
- A middle section with Slovakia, Hungary, the Czech Republic, Croatia and Slovenia: in this area, capitals as well as some regions are highly economically developed; and
- A lower section comprising Romania, Bulgaria, Serbia, Montenegro, Bosnia and Herzegovina, Moldova and Ukraine: in this zone, only capital areas emerge, and there are some areas such as ports.

The three sub-regions face particular problems which, according to Dieringer (2010), can only be solved through tailor-made solutions. The framework character of the strategy and multi-level governance as an underlying structure of policy making helps to find methods which could bridge the differences. The Danube Region is also characterised by diverse relationships between the countries of the Danube Region and the EU (Map 8). A large majority of those states are EU Member States. Others are involved in the EU integration process to varying degrees. Croatia is to join the EU in 2013 and Montenegro has recently started the negotiations with the EU, whereas Bosnia and Herzegovina and Serbia have recently been afforded candidate country status.

**Map 8: Danube Region countries in relation to EU**



Source: VÁTI

Cooperation in the Danube Region

Co-operation between countries in the Danube Region is not new. Most Danube countries, especially Germany (Baden-Württemberg, Bavaria), Austria, Slovakia, Hungary and Romania have a long history of cooperation.

The idea of unifying the Danube Region as a functional region dates back to the 19th century. At first, different Danube countries started to cooperate with each other in different fields. This was followed by the establishment of some Danube-related international organisations. In 1856 the Treaty of Paris the European Commission of the Danube River was established, which still deals with maintaining and improving navigation conditions of the Danube River, such as the International Commission for the Protection of the Danube River (ICPDR) which is responsible for the sustainable development of the Region.

After WWII, the Iron Curtain obstructed almost all cooperation initiatives on a larger scale. After the political changes in the late 1980s and early 1990s, territorial cooperation in the Danube Region began to grow again. Danube-related organisations extended their territories towards Central and Eastern Europe. In parallel, various political initiatives supported the idea of a common Danube Region. One of the main drivers was the Danube Cooperation Process initiative (DCP), which was jointly launched by Austria and Romania in mid-2001 with the support of the SEE Stability Pact and the European Commission. Another important initiative was the Process of Ulm, led by Baden-Württemberg, Bavaria, Austria and Hungary, which was also initiated at the beginning of 2001. The Process of Ulm started with the first Danube Summit, when Prime Ministers of the Member States met in Ulm. This was followed by six other highly protocol summit in order to create strong political backing for the idea. Some of the most important co-operation established before the EUSDR were:

- Danube River Protection Convention 1994: In 1971, the hydrologists of 8 Danube Countries launched a regional hydrological cooperation on a voluntary basis, aiming to produce consistent hydrological information about the whole Danube Catchment (an area of 817,000 km<sup>2</sup>). Since 1987 this cooperation has been carried out in the framework of the International Hydrological Programme (IHP) of UNESCO, so far under the coordination of the IHP National Committees of Germany, Austria, Slovakia and Hungary.
- South East Cooperation Initiative 1996: An operational regional organisation bringing together police and customs authorities from 13 member countries in South East Europe.
- The Carpathian Convention is a framework type convention pursuing a comprehensive policy and cooperating in the protection and sustainable development of the Carpathians.
- Stability Pact for South Eastern Europe 2002-2008: Focusses on conflict prevention and peace building which can only be successful if they start in parallel in three key sectors: the creation of a secure environment, the

promotion of sustainable democratic systems, and the promotion of economic and social wellbeing.

- INTERREG CADSES (Central, Adriatic, Danubian and South-Eastern European Space) 1997-2008: Aims to achieve higher territorial and economic integration within the cooperation area, promoting more balanced and harmonious development of the European space. In the new Structural Funds Period (2007-13), the current CADSES transnational cooperation area is divided into two spaces: the Central Europe Programme (CENTRAL) and the South East European Space (SEES).
- Working Community of the Danube Region (ARGE Donauländer).
- Stability Pact for South East Europe/ Regional Cooperation Council (RCC).
- Visegrad Group.
- Central European Initiative (CEI).
- Black Sea Economic Cooperation (BSEC).
- Vienna Economic Forum (VEF).
- GUAM Group.
- Corridor VII Steering Committee.
- SECI - Partnership for Improvement of Danube.
- Infrastructure and Navigation (PIDIN).
- Danube Tourist Commission.
- Donauhansé.

#### *EGTC case studies in the Danube area*

The Ister Granum EGTC was the second EGTC established in the European Union and is a real pioneer concerning its more than 10 years of cross-border cooperation. It has engaged many forms of territorial cooperation and are therefore is very experienced in this field. It can be seen from its history that it followed the 'classical way' of territorial cooperation. The first step of cooperation started with the twinning of the towns of Štúrovo and Esztergom in 1991. A deepening of the political cross-border network took place over time. In 2000, the two national sub-regions established a consultative cross-border council. In terms of concrete actions, the opening of the Maria Valeria Bridge with the financial support of the European Union in 2001 was the most central project contributing to spatial integration. The previous bridge was destroyed during WWII. Its reconstruction more than 50 years later has enabled cross-border mobility. In 2003 the cross-border council was replaced by the Ister Granum Euroregion. This structure had a mayoral parliament and a presidency shared by 14 members of the parliament with the two sub-regional development

agencies supporting the Euroregion in its works. The end of systematic police control on the bridge due to the entry of Hungary and Slovakia in the Schengen zone in 2007 was also a crucial step in favor of cross-border urban intergration. The Ister Granum Region has decided recently to intensify cross-border governance to secure an efficient integration of the conurbation. The local politicians signed the convention officialising the entry of their municipalities into an EGTC in May 2008. It is the first initiative taken in Eastern Europe concerning the new governance tool proposed by the European Institutions.

In order to be able to see 'behind the scenes', to understand driving forces of ongoing processes, five in-depth interviews were held with the key stakeholders of Ister Granum Region. Respondents were executive officers of the main cities and towns of the EGTC, experts experienced in cross-border programmes and professional supporters of cross-border cooperation along the Hungarian border as well as in several other states of Central and South-Eastern EU.

The first Danube case is the Ister Granum EGTC, which was the second EGTC established in the EU. The cities of Esztergom (30,261 inhabitants) and Štúrovo (11,290 inhabitants) are located on the Hungarian-Slovak border, which is marked by the rivers Danube and Ipoly/Ipel. Together, with other towns (Dorog, Nyergesújfalu, Lábatlan) they form a conurbation (about 90,000 inhabitants). This forms the centre of the cross-border Euroregion Ister Granum, composed of 102 municipalities, of about 218,000 inhabitants. The Hungarian side is more urbanised and inhabited (69% of the population of Euroregion), and contrasts with the Slovakian side, which has small villages and two towns (Štúrovo and Želiezovce).

Esztergom and Štúrovo (Hungarian: Párkány) were twinned in the Hungarian Kingdom in the 11th century, and remained so subsequently in the Austria-Hungary Empire. The two towns have belonged to two separate states since 1920 following the peace treaties ending World War I (Štúrovo to Czechoslovakia since 1992 and then to Slovakia; Esztergom to Hungary). Nowadays, Hungarians are the largest ethnic minority of Slovakia (9.7% of the population). They are mostly concentrated in the southern part of the country.

The rebuilding of the Maria Valeria Bridge in 2001, destroyed during the World War II, was the starting point for the recent integration of the two towns in a cross-border area. From this date, the number of cross-border flows increased rapidly in both directions (especially workers). Today, about 2,500 inhabitants of Štúrovo cross the border every day to work in Esztergom (mainly to work in the Suzuki factory).

The economic situation is reasonably well developed and the two parts of the EGTC are complementary. The Hungarian side of the border is more industrialised and urbanised, has a concentration of jobs and has a low unemployment rate (less than 5% in 2008). With 6,000 employees (2,300 Slovaks), Magyar Suzuki is the primary employer in the Euroregion (the Japanese company has organised its own bus

network for employees without personal vehicles). The Slovak side is more rural, with small villages and a higher unemployment rate (10%). However, this has been decreasing since 2001. The railway station of Štúrovo, which was the second biggest in Slovakia for freight transport in 1988, benefits from its location near the local plants (including the Suzuki plant).

#### *Political organisation on both sides of the border*

At the local level, Esztergom is a municipality. In Hungary, municipalities are the basic units of the system and are organized by settlements, which in Hungary include villages, cities and cities with county rights (Esztergom does not have this right). Today, the municipalities benefit from a considerable degree of autonomy. Municipal governments are no longer subordinated to county governments; notably, a county cannot overrule the decisions of a municipality. The main tasks of the municipalities are local development, urban planning, protection of the environment, housing, public transport, social services, primary schools, maintenance of the roads and public areas, water resources, fire services and culture.

On the Slovakian side of the border, Štúrovo is a municipality (mesto). In Slovakia, municipalities are legal entities. Their main tasks are public transport, water supply, social assistance, civil status, urbanism, environment, culture and sport, health and primary schools. They may participate in international, cross-border and interior cooperation.

At the regional level, Esztergom belongs to the Komárom-Esztergom County. In Hungary, there are 7 NUTS II regions, 19 counties (megye) and the capital city of Budapest (NUTS III), and 173 sub-regions (kistérség) (NUTS IV), which are mainly groupings of municipalities. The main tasks of the county are county road network maintenance, social assistance, land development, culture, education and regional development.

However, there are also seven statistical regions (régiók). They play a policymaking role not only in development, but also in other areas of spending. Esztergom belongs to the Central Transdanubian Region. Since 2004, there have also been 166 NUTS IV micro-regions (mikro-régiók), comprising groups of municipalities that plan and implement various local activities, mainly with an aim to expand the provision of joint services.

On the Slovak side, Štúrovo belongs to the Nitra Region. Slovakia is subdivided into eight regions (kraje). The main tasks of the regions are regional networking, social assistance, land development, culture, education and regional development.

#### *Short description of the organisation*

The statutes of the Ister Granum EGTC show that executive power is exclusively shared by the local municipalities of the Euroregion. Sub-regional authorities and national governments are not members of it. The decision making process in the EGTC is the responsibility of three organisations:

1. The General Assembly is responsible for the statutes of the EGTC, the budget, the integration and exclusion of members, the choice of the EGTC director, the choice of an auditor and the election of the Senate's members. The assembly meets at least twice a year.
2. The Senate is the managing body of the General Assembly and consequently it represents the assembly between meetings. The head of the Senate is the chairman of the General Assembly. The Senate has eight members chosen among the members of the assembly; an equal number coming from both sides of the border. The Senate prepares the decisions of the assembly and it implements them. It is also an instrument for making proposals and delivering opinions concerning cross-border projects, especially the ones prepared by the Committees.
3. The permanent professional committees are expertise networks helping the EGTC in the definition/implementation of its working programme. They are connected with external organisations and they can organize conferences/workshops on specific issues. Six different committees have been established: External relations – Human Resources Policy – Economic and Assets Management – Environmental protection – Industry and Transport – Culture and Tourism.

The Ister Granum Region has created a tool enabling official connections between its executive instruments and external organisations; that is to say, the Regional Advisory Council, which is a consultative body. That instrument is also used to connect to civil society. Its members are as follows: the chairmen of the six professional committees, three representatives of the Ister Granum Regional Civil Parliament, the representatives of the chambers of commerce and industry (three people representing the counties Komaron-Esztergom, Pest and Nitra) and three representatives of the largest employers of the Region; that is to say a total of 15 people. The group supports the work of the professional committees and expresses external organisations' interests (employers, employees and professional organisations). The technical management of the EGTC lies under the responsibility of a director employed by the structure. The two sub-regional development agencies covering both sides of the EGTC were created to support actively the action plan of the conurbation.

It is also important to say that the Hungarian language is used locally as the *lingua franca* of the cross-border cooperation at the political and technical levels because of the importance of the native Hungarian-speaking communities on both sides of the border. Non-Hungarian speakers are few on the Slovak side of the EGTC and the Slovak-speaking minority living in the Hungarian region of Esztergom is bilingual. The use of Slovak is mainly necessary to connect with external Slovak organisations located at the regional and national scales. An equal use of both languages is above all limited to written communication, especially when official documents are produced.

The Director of IG EGTC was changed a few years ago. Due to the 'careless' attitude of the new leadership, they lost the trust of the members. The former director (who

was ‘the motor of the cooperation’) was replaced a year ago in an effort to reorganise the previously well-functioning structure of the EGTC. As it was mentioned in the interviews, further personal changes are expected in the leadership in the near future which makes the already troubled situation more complicated. It is certain that the personality of the new director will influence very much the future of the Ister Granum EGTC.

#### *Main themes of cooperation*

- Joint development and management of touristic attractions and services.
- Creation of effective transport infrastructure across the borders.
- Development and provision of efficient public services for the citizens of the region.
- Maintenance and development of a strong, active and cooperative public sector.
- e.g.: Civil Parliament established for 20 civil organisation to:
  - Strengthen the relation between Hungarian and Slovakian civil organisations.
  - Articulate common interest either at local or regional level.
  - Launch common programmes, events and projects.
  - Operation of a network which facilitate non-profit organisations at local level (Civil Portal).

Although the body of Civil Parliament exists and is a defined organisation in the EGTC’s operative structure, it is not a real parliament. The membership is voluntary; only the Executive Board is elected which means that the opportunity is given, but the civil organisations have to find the relevant topics they are working for.

**Table 23: URBACTII EGTC (Source: Ocskay-Lunk)**

Field	Main projects
Industry	IG Enterprise-logistic Belt
Tourism	(Joint tourist destination management) and thematic routs
Health Care	Regional health care system
Energy policy	Joint energy agency for using renewable resources
Public transport	Joint transport management system
Communication	Joint broadcast and regional bilingual television



### *An overview of finance*

In the Ister Granum G EGTC, the members cover the contribution of the projects according to the number of inhabitants. According to the Local Action Plan of IG EGTC, some mayors want to increase the membership fees providing stable financial fund and secure pre-financing of common projects. Others prefer the pay extra only in case of successful tendering. This model seems to neither provide enough sources for implementation of development projects, nor sustainable operation of EGTC's institutions and employees (still the director)

In the interest of financial stability:

- a regional development fund was established in order to finance projects at the starting phase, before first payment (approx. €20,000); and
- a public foundation was provided by larger companies operating in the region (approx. €100,000 annually).

In Hungary the local governments collect local business tax from the enterprises that operate there. Since the employees of these companies are primarily not from Esztergom, the local government of the City took the decision to return 1% of this tax to the member settlements of the EGTC for them to be able to realise their smaller developments. To this end, a Solidarity Fund was established and municipalities were able to submit project proposals in an open calls system. As a result 14 contracts of smaller value (between €430 and €10,200) were shared, including for example the renovation of the community centre, the purchasing of a school bus, etc. Due to the economic crisis in 2009 there was no new call for tenders published, as the revenues of Esztergom have decreased by a third. However, there are plans for future tenders.

The Local Action plan of Ister Granum EGTC (2010) emphasises that the EGTC should have greater administrative independence and increased capacities in order to be more effective. However, no immediate solution has been found until now. Even if municipal leaders were extremely committed to finance forward-looking initiatives, the weak financial status on both sides of the border would represent impose limits on the ability to fund operations.

From the interviews it becomes clear that despite the innovative financial solutions the EGTC has introduced, the bad economic situation of the participating settlements and confusing financial losses within the EGTC (e.g: a TDM (Tourist Destination Management) tender was won in 2010, but the funds were used for other purposes) make the financial situation of the Ister Granum EGTC critical.

### *The global framework*

The Euroregion has decided to build up a global policy for the Ister Granum area. A cross-border strategic development plan was approved by the local authorities in

2005 for the 2007-13 period, that is to say for the following European Structure Funds generation. The strategy has been achieved with the support of the two regional development agencies located on both sides of the Danube. Eight cross-border committees regrouping a total of 150 experts have also been involved in defining the strategy.

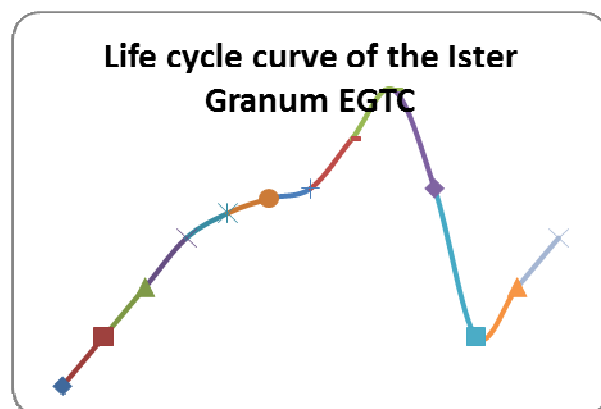
The objective of the strategy is to intensify the cross-border territorial cohesion in all possible ways. All spatial topics are considered as potential themes of cooperation. The creation of the EGTC, three years after the approval of the development plan, can be seen as a required evolution of governance in the area. The previous mayoral parliament and its presidency shared by 14 people have played a major role in raising awareness of the Euroregion but the implementation of a development plan has needed a more integrated structure of co-operation. Still, the first EGTC of Eastern Europe is a newly born cross-border public arena. Governance methods within the EGTC must be experienced to achieve concrete results in the coming years.

#### *Main challenges facing the Ister Granum EGTC in the near future*

- Implementation of new methodology of cross-border urban and spatial planning.
- Developing joint sector development plans.
- Joint planning of business infrastructure.
- Improving labour market efficiency.
- Developing a cross-border governance framework.
- Creation and operation of joint institution of tourism, health-care, social services, public transport, energy, etc.

#### *Life cycle curve of the Ister Granum EGTC*

According to the interviews the following life cycle curve can be draw for the Ister Granum EGTC.

**Figure 19: life cycle curve of Ister Granum EGTC**

**Source:** In-depth interviews with the stakeholders from Ister Granum EGTC

- 2001- rebuilding of the Maria Valeria Bridge (starting point)
- 2002- slow development period
- 2003- foundation of the Euroregio (gave sweep for the co-operation)
- 2005- accepted Development Plan (upsweeping phase) was introduced in the European Parliament
- 2008- new members joint to the Euroregion (upsweeping phase)
- 2008- foundation of the Ister Granum EGTC (top)
- 2008- change of leadership
- 2009- loss of trust of the members- lack of committed leadership, lack of new projects and critical financial situation (falling phase)
- 2010- return of the formal leadership
- 2011- reorganisation of the EGTC
- Sept 2011- further personal changes in the leadership

Due to numerous unstable factors in the system, it is expected that some members will withdraw from participation in the near future. Nevertheless many of the partner cities seemed to be optimistic and confident and despite of the difficulties they would continue their membership. It is highlighted in the Local Action Plan of the IG that ‘.... The public administration living on both sides of the border have only superficial knowledge of the political, social or legal system in the other country....Most of the mayors do not understand what the EGTC institution could provide in practice. They have unclear ideas about real purposes, the opportunities and the responsibilities of this instrument’. These statements were confirmed in the interviews as well.

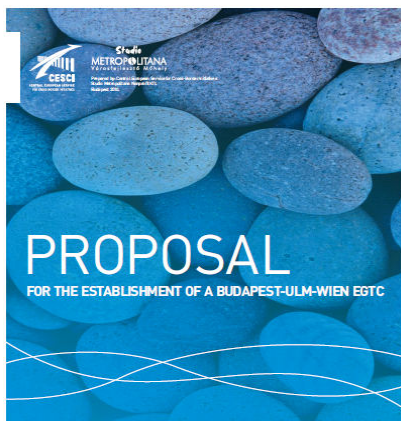
Achieving financial stability, increased awareness of the EGTC with regional and national authorities, more concrete results, skilled staff improvement, efficient cross-border civil society involvement, good communication as well as professional skills, activity and commitment of the new leadership will define the future of the cooperation and EGTC.

#### Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) EGTC

Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) EGTC was chosen as the other case study area in the Danube region. It is one of the first EGTCs, which was directly inspired by the EUSDR. ‘The initiative is remarkable, with regards to a question of

such gravity, as no attempts have yet been made for the establishment of a transnational EGTC organisation'. (CESCI, 2010) As a result of the novelty of the initiation and other hindering factors the EGTC is still in its preparation phase, far away from being realised. The “weight” of the potential participants in the Danube Space, political factors strongly pervade the process.

Four in-depth interviews were held with the potential key actors of the cooperation. All the respondents are very much experienced experts and politicians, who have been part of the Danube Strategy process from the beginning and are currently involved in the implementation process of the different Priorities, targeted by the EUSDR, which reflected their extended way of thinking. The respondent from the City of Budapest is direct advisor of the Major of Budapest, responsible for Foreign Affairs. Two respondents were asked from the City of Vienna. One of them is in a key position in the City of Vienna, the other respondent was a Project Manager from a background institute of the City of Vienna. He is experienced in theoretical and practical fields as well, as he is co-ordinator of one of the Danube-related City Network. The representative from the City of Ulm is the ‘father of Danube-related cooperation’, he has been working in this field for decades. City of Belgrade, as potential partner from a candidate member state was also requested to explain its opinion, but due to time constraints the interview was not realised.



ULM (Federal Republic of Germany)  
BUDAPEST (Republic of Hungary)  
WIEN (Republic of Austria)



The EU Danube Strategy changed the perspectives and extended attitudes in the affected territories in terms of transnational cooperation. The official, joint framework for the development of the Danube valley inspired the participants along the River to engage in a more systematic way of cooperation and at the same time it led to more competition.

As a result, during the preparation phase of the EUSDR, in December 2009, the City of Ulm initiated the establishment of a Danube-related city network EGTC, which could implement the Danube Strategy within the framework of a transnational cooperation. At the beginning the

initiation was initiated for the City of Budapest and for the City of Vienna, but it was always planned to be open and flexible towards new members. The City of Budapest supported the idea, as it was a perfect option to position the City in the newly formed EUSDR.

The leadership of Budapest, with the help of experienced experts and with the assistance of the Hungarian government prepared a proposal for the cooperation. According to the proposal, ‘*Assessing the geopolitical position of Hungary, its extensive centuries-old political, economic and cultural relations with numerous states in the Danube region, its unique hydrographic position (the only state along*

the Danube with its full territory being in the catchment basin of the Danube), and not least the elaborate national legislation for EGTC and the experience in establishing EGTC organisations, Budapest as the managing centre of this organisation could significantly promote the implementation of these now coalescing ideas'. Bilateral negotiations were held at a political level between the potential participants in January 2010. City of Ulm and the City of Budapest seemed to be open minded and active. They forced the earliest realisation of the institution. However, the commitment of the City of Vienna was less obvious. In January 2010 Austria did not yet have its own national legislation for establishing EGTC. Due to its experienced past in terms of transnational territorial cooperation and their involvement in the several already existing Danube-related institutions and networks, they were rather against of the new body. Later, the declaration of the 3 No principle<sup>176</sup> by the Commission was considered a good reference base for the City of Vienna. In short, the City of Vienna was against the proposed EGTC. The City of Bratislava supported a similar position.

In contrast, political support strengthened in the City of Ulm and the City of Budapest. The General Assembly of the City of Budapest officially accepted the initiation of the Ulm-Vienna-Budapest EGTC in 28 January 2010. The Cabinet of the City of Ulm also decided to take further steps towards the establishment of the EGTC. Although political support made the establishment process more intensive, no substantive result were achieved. Political and personal changes in the second half of 2010 in all potential partner cities also slowed down the process.

**Map 9: Planned extension of the Ulm-Bécs-Budapest (Danube Magistrale) EGTC**



Source: CESCO

<sup>176</sup> The Commission declared it would not make available any new resources, draft any new legislation or create any new institutions to support the EGTC.

The idea is still being considered. The new leadership of the City of Budapest made some steps forward and negotiation between the partner cities continued. The City of Ulm as president of the Danube Cities and Regions (CDCR) is very active and ambitious. The works of the Council intensify relationship between the potential partner cities. According to the representative of Ulm they are planning to have strong cooperation between the Council and the proposed EGTC. The Council *'will strengthen and expand this function by creating binding structures and, thus, contribute to the development of a strong economically, politically and culturally connected macro region along the Danube. The aim is to establish political, administrative and information structures that facilitate lasting cooperation in the Danube Region through continual know-how transfer and project development and consultation'*. The tasks and aid programmes focussed on the Danube Region by the EU Commission will be utilised systematically for the partner cities and regions along the Danube by forming suitable platforms, which correspond to the areas of action and themes in the Action Plan (Belgrade Declaration, 2011).

The CDCR is too extended to form its own EGTC. The proposed EGTC would be responsible for concrete Danube cities related programmes, mainly in the field of city development. In spite of the committed attitude no concrete steps were made for the realisation of the proposal in the last few months. The representative of the City of Vienna, as manager of the Steering Group of the Priority 10 (PA10) of the EUSDR, whose responsibility it is 'to set up Institutional Capacity and Cooperation' seemed to be more pessimistic. He strongly insisted on the fact that strategy should be based on the 'existing structures and networks' and maintained that no new institution is needed. The attitude of the City of Budapest is not exactly clear. There is support and opposition within the City Hall. In the last few months no concrete action had been made towards the realisation of the EGTC.

Due to the weak political will, 'wait and see trend' of Budapest and Ulm, the adverse attitude of the City of Vienna, none existence of an appropriate action plan and target system, and at last but not least the different viewpoints for the financial and institutional frameworks between the key actors, the future of proposed Ulm-Vienna-(Bratislava)-Budapest-(Belgrade) EGTC has become uncertain.

**List of interviewees for the Danube area case study:**

Gyula **Ocskay**, Central European Service for Cross-border Initiatives (Hungary)

Katalin **Fekete**, Ministry of Public Administration and Justice (Hungary)

Pál **Bakonyi**, Major of Zelizove(Slovakia)

Markus **Damm**, TINA Vienna (Austria)

Peter **Langer**, City of Ulm (Germany)

Jan **Oravec**, Major of Sturovo (Slovakia)

László **Petrovics**, Major of Nagymaros (Hungary)

Kurt **Puchinger**, City of Vienna (Austria)

Éva **Tétényi**, Major of Esztergom (Hungary)

Péter **Szegvári**, City of Budapest (Hungary)

Lajos **Veress**, Scientific Association for Spatial Development (Hungary)

## **ANNEX G:** Case study analysis: EGTC INTERREG IVA Greater Region (ESPON/TERCO)

### *Objectives of the case study*

The Summit of the Greater Region (involving Lorraine, Luxembourg, Rhineland Palatinate, Saarland and Wallonia) is the first cross-border institution having decided to set up an EGTC to manage an INTERREG programme. Beyond this political decision, the aim of this case study is to analyse how the newly developed EGTC instrument has been implemented in this case and how the cross-border cooperation is being influenced through this instrument.

The EGTC tool has been widely commented on and analysed in Europe (Committee of the Regions, 2007 and 2009). For sub-national institutions, this tool facilitates cross-border cooperation, especially with regard to several aspects:

- For the first time a legal instrument has been designed by the *European Union* that offers the opportunity for public authorities – independently from their level of competence – to become part of a common legal entity to implement a cross-border objective. This legal entity is governed by the national law where the EGTC is established (art 2§1, European Parliament and Council, 2006). To this extent, the European regulation has been implemented into national provisions.
- The EGTC has *legal personality* (it can hire staff, can be responsible for a common budget, can launch public procurement procedures...)
- Institutions being member of an EGTC may *delegate* part of their own competences to the EGTC in order to “facilitate and promote cross-border, transnational and/or interregional cooperation [...] with the exclusive aim of strengthening economic and social cohesion” (art 1§2, European Parliament and Council, 2006). The current juridical debate reflects on the question to what extent and under which preconditions domestic competences can be delegated (Evrard, Chilla, 2012: 106-107). In any case, Member States do play an important role: they can limit this possibility in their national provisions and disapprove the statutes and conventions established to settle the EGTC.

Moreover, the effective use of this option depends very much on how public authorities will interpret this option.

Against this background, the study at hand has addressed the following key questions:

- EGTC INTERREG IVA Greater Region: What is its purpose of its creation; its scope of activities; the main barriers for the creation of the EGTC; and which are the options for the programming period 2014-2020? Which scope of activities is being transferred to the EGTC; is there a political mandate to implement activities on behalf of its members? How do experts interpret the possibility to delegate part of their competences to the EGTC?
- Integration of the EGTC in the institutional architecture of the Greater Region (GR): What is the overall influence of the EGTC structure on the political debate?

### *Cross-border cooperation in the Greater Region*

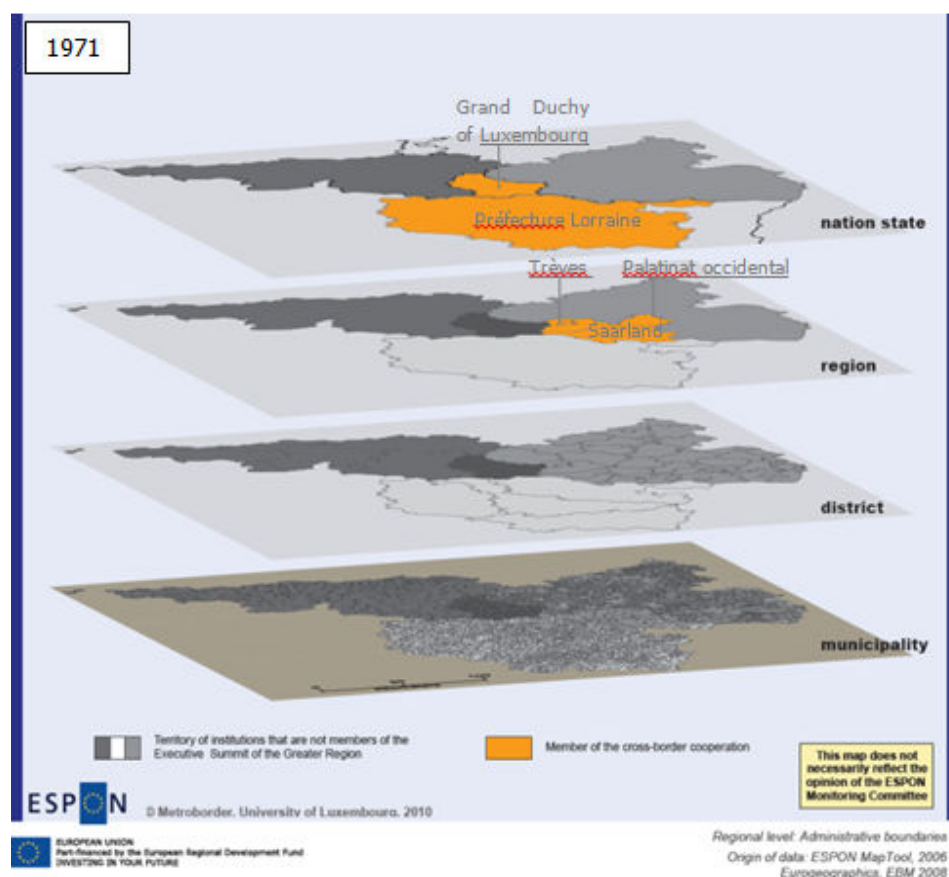
In 1963, the Treaty of Elysée established the basis for Franco-German reconciliation. On this basis, twinning between French and German high schools and other bi-national initiatives have been initiated. In the same vein, a first French-German meeting was held in Bonn on 19 February 1970 to deal with the steel industry crisis affecting the 'Saar-Lor-Lux mining triangle' ('Triangle minier' or 'Montandreieck' Saar-Lor-Lux) (Schulz, 2009, p.12). On this occasion, an intergovernmental commission was created. This cooperation was extended to Luxembourg on the occasion of the second meeting held in Saarbrücken on 24 May 1971. From this moment on, the cooperation took place in the framework of the '*commission intergouvernementale mixte franco-germano-luxembourgeoise pour la coopération du triangle minier*' which is directed by Ministries of Foreign affairs (Wittenbrock, 2010, p.124). In order to benefit from regional expertise, this Commission created the 'Saar-Lor-Lux-Trèves/Ouest-Palatinat regional Commission'. The Regional commission reports directly to the intergovernmental commission and implements its decisions. Members are the Government of Luxembourg, Saarland, Rhineland-Palatinate and the Prefect of the Lorraine Region (Map 1). On 16 October 1980, the governments agreed to give a legal framework to this informal cooperation. The cooperation does not only cover steel industry issues. It is formally in charge of '*activities of common interest covering especially administrative, technical, social, economic or cultural questions which could consolidate and develop neighbourhood relationships*' (Exchange of notes, 1980, p.1). In the following years, the Regional Commission took an increasingly prevalent role over the intergovernmental commission, dealing directly with local questions (Wittenbrock, 2010 :125). The regional commission is constantly fed information through its thematic working groups. Spatial planning, road and rail transport, economy, water economy, higher education, statistics, tourism, social

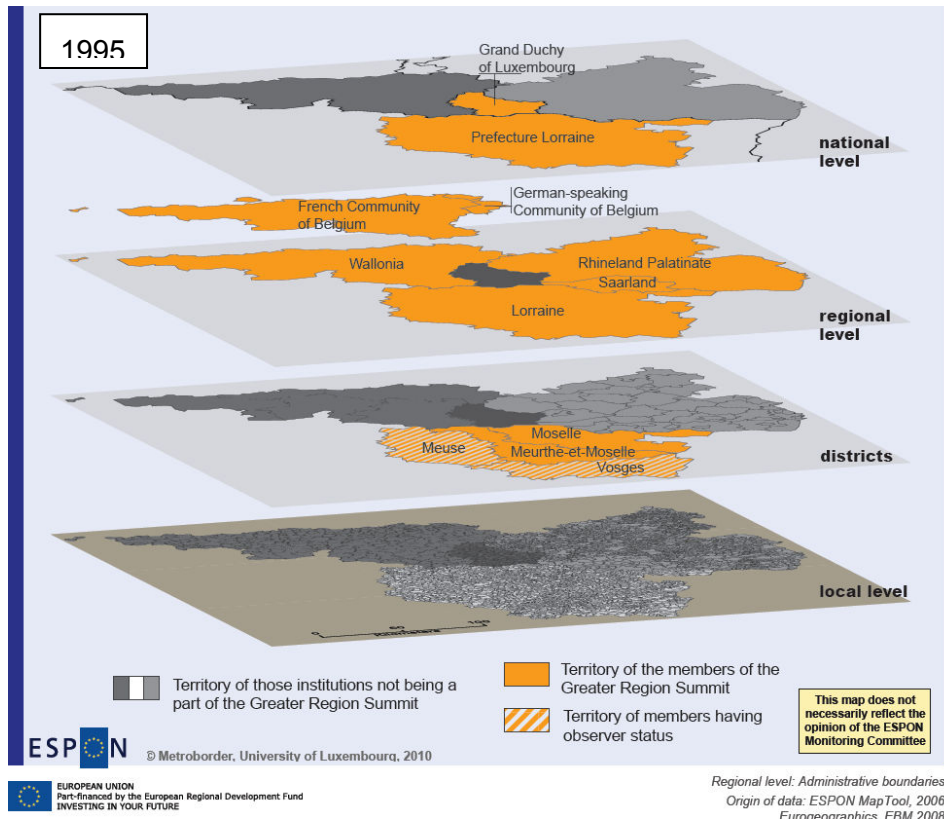


affairs, culture, environment, perspectives of the cross-border cooperation, brownfield are the topics of the main working groups (Commission Régionale Sarre-Lorraine-Luxembourg-Trèves/Palatinat occidental, 2000).

In 1995, on an informal basis, executives of Saarland, Rhineland-Palatinate, Luxembourg and Lorraine decided to organise summits every 18 months. This political platform based its work upon a rotation principle: during its presidency of 18 months, the partner decides of the thematic focus. No permanent structure is in charge of following up the works – this cooperation is purely intergovernmental. In 2001, to ensure the involvement of all partners, it was decided to implement the principal of ‘presidency with shared responsibility’ (Summit of the Executives of the Greater Region, 2001. p.6-7). All partners are responsible for questions of common interest while the region in charge of the presidency is in charge of the principal theme.

**Map 10: members of the “Saar-Lor-Lux-Trèves/Palatinat occidental Regional Commission**



**Map 11: Members of the Summit of the Greater Region (1995)**

Source: (ESPON, 2010a, p.69).

In 2005, a new intergovernmental agreement repealing the agreement of 1971 was signed to merge the Regional Commission and the Summit. The objectives remained the same: to *'continue to organise the cross-border cooperation'* (Accord SaarLorLux, 2005, p.2). The Intergovernmental Commission and the Summit are in charge of *'facilitating the study and propose solutions to neighbourhood questions'* (Accord SaarLorLux, 2005, p.2). Formally, the Intergovernmental Commission still exists, but political decisions are now exclusively taken at the Summits of the Greater Region. According to the 2005 Agreement, the Summit is in charge of the strategic steering of the institution of cooperation, including in particular initiating new projects and decision-making. The operational level is ensured by civil-servants in charge of cross-border cooperation in every partner's administration. Thematic working groups are in charge of sectoral questions (transport, tourism, spatial planning, cartography, environment, social affairs, youth, culture, education, security and prevention, statistics, economy, higher education, interregional observation for employment, health, communication). This agreement was also the occasion for Wallonia and the French and German speaking Communities of Belgium to officially join the summit of the Executives. Thus, since 2005, 11 partners participate to this highest cross-border institution of the Greater Region (see Map 11).

In parallel with this political cooperation, the INTERREG initiative was a driving force for the development of cross-border projects. For the Regional Commission, INTERREG programmes help suppressing the barrier effect of the border (Commission Régionale Sarre-Lorraine-Luxembourg-Trèves/Palatinat occidental, 2000, p.40). For the Summit of the Executives, INTERREG allows financing concrete projects to reinforce cross-border cooperation: '*[Participants of the Summit] thank the European Union for providing financial support*' (Summit of the Executives, 1995, p.4). INTERREG implements cross-border projects which are not only initiated by cross-border institutions but also by individuals and enterprises in the region. Within INTERREG programmes, cross-border cooperation becomes concrete and visible. These programmes offer key financial support which is not always easy to find at interregional level.

During the three first programming periods (from 1991 to 2006), three different INTERREG programmes were implemented in the Greater Region ('WLL' between Wallonia, Lorraine and Luxembourg, 'DeLux' between Rhineland-Palatinate, Saarland and Luxembourg and the programme 'Sarre-Moselle-Palatinat occidental'; see maps in annex). On 1<sup>st</sup> June 2006, the Summit decided, with the support of the European Commission, to merge the three INTERREG programmes for the fourth programming period (Summit of the Executives, 2006, p.5). This political decision was taken in order to finance cross-border projects covering the whole perimeter of the Greater Region. It is considered as being essential to develop integrated, strategic projects which may be initiated by the Summit (examples include: '*Task Force Frontaliers*', University of the Greater Region (UGR), '*Système d'information géographiques (SIG GR)*' developed under INTERREG IV A GR).

However, as the three former entities did have strong local roots (especially in terms of management, knowledge of potential beneficiaries and a tradition of cooperation), the Summit left them a certain influence in the new programming period (though some partners did not favour an integrated programme to keep a certain influence on their own area. This explains why 'sub-budgets' corresponding to the former programming periods exist informally between the partners). This situation is currently being discussed between the partners and will not be reconducted for the INTERREG V programming period). To manage the INTERREG IVA GR programme, the Summit decided to create an EGTC in June 2006, while the EGTC regulation was approved later in July 2006. Cross-border cooperation partners considered the EGTC as a promising legal instrument to facilitating cooperation. Adopting such an instrument would position the Greater Region as a 'pioneer region' in Europe and strengthen its position. The Prefect of the Lorraine region was nominated as President of the EGTC. The EGTC is therefore regulated by French law. As the EGTC could not be developed in 2008 for the start of the new programme, the Wallonia region assumed the MA role until the creation of the EGTC. The EGTC was officially created on 29 March 2010 and the constitutive general assembly was held

on 27 May 2010. The day to day work is ensured by an administrative staff recruited especially to fulfil the tasks of the equivalent of the JTS. The Summit had decided to install staff in the house of the Greater Region in Luxembourg City.

As the EGTC is still a new structure in the Greater Region and the debate on cross-border governance is particularly dynamic, this case study analysis will not be focussed on the EGTC itself but on the integration of this EGTC in the overall cross-border governance within the GR.

From the methodological point of view, the analysis is based on:

- detailed documentary analysis (juridical agreements, operational programme, literature on the EGTC); and
- expert interviews with key stakeholders in the Greater Region (see list in annex). The interviewed stakeholders were selected in order to have a deeper insight with regard to current political processes, the detailing of the EGTC tool as well as with regard to the current developments in cross-border cooperation.

The results from both sources have been analysed in a multi-dimensional framework that will be explained more in detail further below.

### *Main lessons to be learned from the analysis*

The EGTC is defined by all experts as a tool or as an instrument designed by the European Union to facilitate territorial cooperation. The majority of the experts interviewed welcome the initiative of the EU to draw a legal framework for cross-border cooperation. They consider it as constituting a step towards better facilitation of cooperation. At the same time, they underline that the EGTC should not be considered as a 'one size fits all' solution. This instrument formalises and can strengthen the cooperation.

### **Institutionalisation of cross-border activities**

Even in the framework of the already established cooperation (like for the INTERREG programme Greater Region), the EGTC reinforces the *de facto* institutionalisation. Partners have to decide upon the duration of the structure, a common budget, etc. Decisions have to be taken on the level of autonomy of the newly created structure. Moreover, their engagement is being enacted in binding agreements (conventions and statutes are the two major documents to be adopted to settle an EGTC, Arts. 8 and 9, Parliament and Council, 2006, p.22). The formal character of the EGTC reinforces the attention of the European Union, other cross-border areas and local decision makers on the structure. The EGTC needs to create its own routine within the institutional architecture of the cross-border cooperation. At

the same time, the EGTC has to establish itself and to develop its own functioning and also its reputation. That is one aspect that explains partners' reluctance to delegate important competence to a newly created EGTC, whose institutional framework is not well known in regional administrations. Establishing a strong EGTC is seen as a considerable risk from the political point of view.

However, few experts go beyond this more reluctant vision of the EGTC and consider that the EGTC is a strategic instrument that has potential beyond the simple formalisation of existing cooperation. As members of an EGTC can delegate competences to implement a cross-border strategy, the EGTC can potentially be considered as a 'supra-institution'. This notion does not refer to supra-*national* organisation as well-known from EU institutions as the Commission. Instead, it refers to a mostly supra-*regional* organisation as mostly regions are delegating certain tasks.

### **Reduce 'multi-level mismatches'**

In the context of multi-lateral cross-border cooperation, the very heterogeneous organisation of political tasks is one of the most hindering factors of cooperation (ESPON, 2010b; Evrard, Chilla, 2011). By gathering all partners in a more binding framework, it can reduce these so called multi-level mismatches (Evrard, Chilla, 2012).

In the Greater Region, the multi-level mismatch is particularly high as three levels of administration (district, regional and national) are involved in the most important cross-border institutions. This situation derives from the heterogeneous constitutional background of the 4 states involved: Germany and Belgium are federal states. In Germany, federal states of the Saarland and Rhineland-Palatinate are involved. In Belgium, Wallonia is involved which is also a federal state. French and German speaking communities are involved. Luxembourg and France are both centralised countries. In Luxembourg, two levels of administration exist and the State is the main actor that is involved. In France, as a decentralised country with a strong centralised tradition, three levels are involved: departments, region, and prefecture (see map 1).

This situation is particularly extreme in the Greater Region as it associates a state with sub-national authorities. Before the EGTC regulation, no regulation allowed a state and sub-national institutions to create a common institution with cross-border objectives. The convention of Karlsruhe (between FR, LU, CH and DE) signed in application to the Madrid convention does not allow sub-regional institution to cooperate directly with a state (Accord de Karlsruhe, 1996). Consequently, some experts underline that the EGTC constitutes a new opportunity to gather all partners on the same level and to decide in common on the content of the cooperation. The EGTC formalises the cooperation and offers at the same time a platform gathering all partners. The multi-level mismatch is being transferred into a common structure and

shall be considerably reduced by this transfer. The added value of the EGTC here is that for the first time the cooperation between national and sub-national authorities is formalised.

### **Implementing a strategic vision: building a “supra-regional structure”**

A few experts suggest going beyond the multi-level mismatch: the EGTC could implement a cross-border strategy on behalf of all partners. The degree of institutionalisation of the EGTC is very important in this case. If a mandate is given to implement a specific cross-border activity with competences delegated by the EGTC members, the EGTC becomes a new authority with regard to this very specific cross-border activity. It temporarily ‘substitutes’ the partners’ mandate for this very specific mission. In this case, a new level of responsibility is being created for this specific mission. It constitutes a new layer into the cross-border cooperation architecture – the supra-regional one (even if some national and district members are involved). The cooperation is not between the cross-border partners (multi-lateral, inter-regional structure) any more. For example, if members of the cross-border cooperation in the GR would for example create an “EGTC Observatory for the spatial development”, the EGTC would be a supra-regional structure. It would implement tasks delegated to itself by the regional (national, district) institutions. Many of the experts interviewed either do not recognise this option of competence delegation or they do not consider this as an attractive policy option. Those experts pleading for the more strategic option stress in particular two dimensions of future developments that are further developed in the section (‘Model to compare EGTCs’).

### **EGTC ensures a wider visibility**

Last but not least, the visibility factor of an EGTC must not be overseen: ‘territorial marketing’ is becoming increasingly important, as it is for territorial cooperation programmes. To this extent, the EGTC constitutes an interesting tool, especially for those having been created very early like Lille-Kortrijk-Tournai or the EGTC INTERREG IVA Greater Region. The visibility is being reinforced for specific audiences:

- European institutions: as the revision of the EGTC regulation is foreseen for the next programming period, it is crucial for current EGTCs to report on their experience in Brussels.
- The Committee of the Regions is responsible for following-up the EGTC instrument. Thus, it created a platform of the EGTC allowing interested persons to exchange their experiences.
- At the Commission, DG Regio observes

- newly created EGTC to assess the effectiveness of this European instrument not only in legal terms but mostly with regard to the content of the cooperation. Experts state that the European Commission emphasis more and more the need for a strategic vision to be implemented in cross-border area. Flagship institutions like EGTCs are considered to be important by the regional actors only if they implement projects with a clear strategic added-value for the cooperation area. Thus, experts generally agree that being visible in European institutions becomes more and more important to get support from them.
- Informal exchange of experiences between cross-border cooperation areas. Numerous experts underline that they have been contacted by other European cross-border institutions to receive feedback on their experience.
- However, the EGTC itself cannot be considered as a way to reinforce the visibility of cross-border cooperation towards citizens. Local visibility of the cooperation is being reinforced on the basis of concrete projects (harmonisation of prices on both sides of the border for public transport, cultural activities, exchange of students and pupils). This depends mainly on the concrete mandate given to the EGTC.

### *Model to compare EGTCs*

The following model aims assess how the EGTC regulation is being implemented in the case study as well as reflecting on future development options coming out of the interviews. On the basis of the interview results, one can differentiate two dimensions to analyse an EGTC.

#### **The *political scale* reflects the main responsibilities and autonomy given to the EGTC.**

As explained above, the EGTC can on the one hand be used as a common platform to coordinate, organise, follow-up the cross-border cooperation. In this case, it can be labelled an “inter” organisation in the sense of a multilateral logic. Depending on the level of the competence of the institutions involved, this EGTC can be inter-communal, inter-regional or inter-national.

On the other hand, the EGTC may receive competences from its members to implement a common goal, project, or strategy. It can be labelled as being a “supra” organisation. Again, depending on the level of competence of the institutions involved, the EGTC can be supra-communal, supra-regional or supra-national.

To differentiate inter- and supra- structures, a set of indicators can be taken into account on the basis of the results of the interviews (see

Table 24)

**Table 24: Indicators to compare EGTCs**

	<b>'Inter'</b>	<b>'Supra'</b>
<b>Budget</b>	The common budget is distributed under the control of the domestic authorities	The common budget is distributed in the region without distinction of the territories
<b>Personal /staff</b>	Recruited and employed by the partners	Recruited and employed only for the common structure (EGTC)
<b>Strategic character of the activities</b>	No The EGTC is a mainly a secretary, in charge of coordinating, following-up of cross-border activities	Yes The EGTC implements a common vision of the cross-border cooperation
<b>Delegation of competences*</b>	No (just technical, administrative tasks)	Yes Members of the EGTC delegate part of their competences to the EGTC and ensure a periodic control of the activities undertaken

To consider an EGTC as being a 'supra' institution, one can consider that criteria developed in the table must all be fulfilled. However, it may be difficult to differentiate between inter- and supra- organisations as cross-border institutions are constantly evolving over time. The statutes or convention may not fully reflect the state of the cooperation. For instance, a well-established EGTC may gain responsibilities and recognition over time, thus having more and more characteristics of a supra-organisation. The institutionalisation is mainly a process evolving in time and to a large extent dependent upon informal rules.

Establishing an EGTC is a major step in the institutionalisation of the cooperation. Most of the experts first want to test this new structure of cooperation, experience the new working habits with other partners before really delegating competences to the newly created institution. Consequently, the model proposed reflects this continuous process.

### **The territorial scope of activities**

The differentiation between a sectorial and integrated territorial focus addresses the following context: concretely, the EGTC INTERREG IVA in charge of managing an INTERREG programme is a sectorial activity as it covers one specific type of activities. It administers the INTERREG programme in a technical way. On the contrary, the EGTC in charge of a cross-border communication strategy and of the coordination of thematic working groups (ex.: transport, multilingualism, spatial planning) would have a broader impact on the whole governance strategy. This criterion also reflects the potential evolution in EGTCs' scopes of activities. Most of



the experts consider EGTC's scope of activities could evolve in time especially if the EGTC appears to be competent.

- Application of the model to the case study
- Current situation

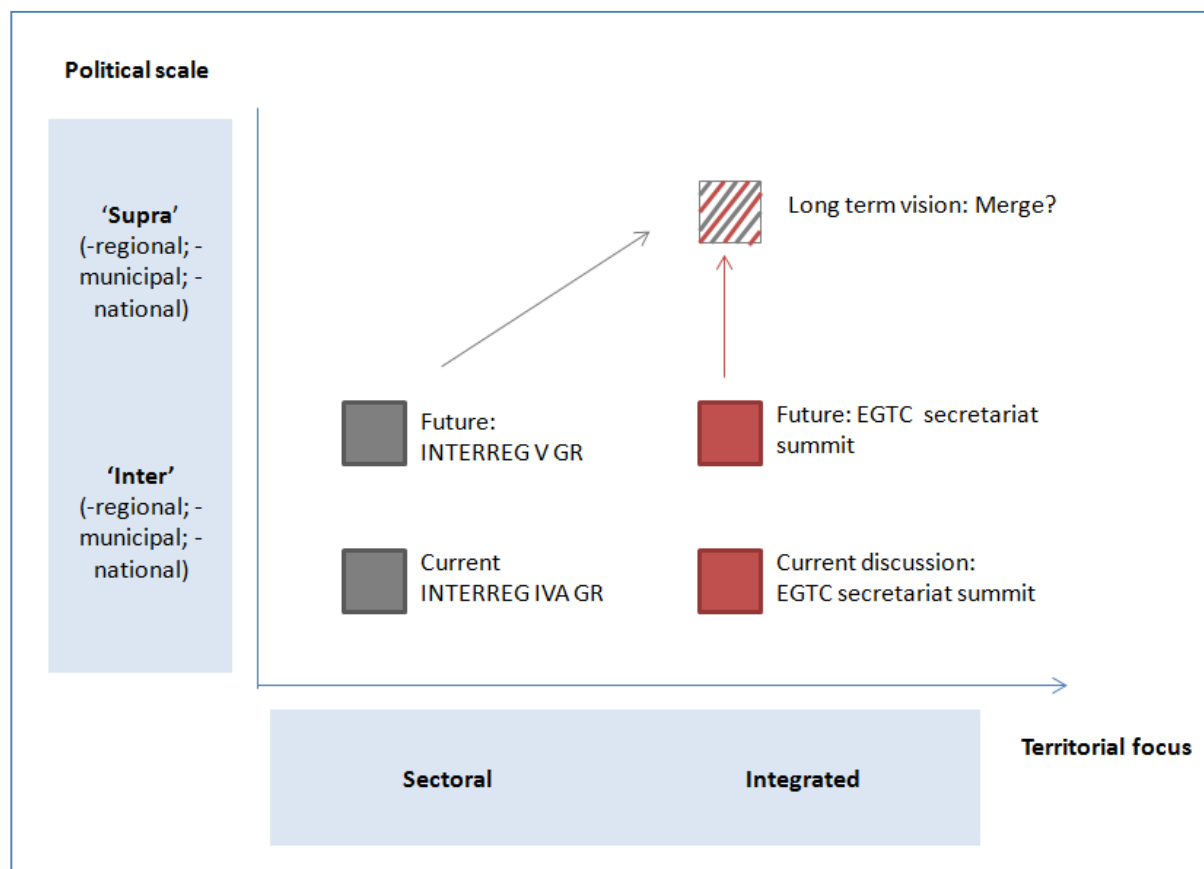
The EGTC INTERREG IVA Greater Region is mainly an inter-regional structure:

- Partners involved in the management of the INTERREG programme decided in the Operational programme upon its thematic axis and the repartition of the budget between the axes. During the implementation phase of the programme, the EGTC is however not in charge of the selection of the projects and consequently of the spending of the funds.
- The EGTC personal has been especially hired for the purpose of the EGTC, according to an open procedure. EGTC administrates and follows up INTERREG projects. It executes the decisions taken by its members. It has no decision making capacity with regard to the selection of the INTERREG projects or budget allocation.
- Consequently, the EGTC has neither a strategic character nor a delegation of competences. Its role is mainly administrative.

As the EGTC gathers mainly regional partners and operates on a regional perimeter, this EGTC can thus be qualified as an 'inter-regional' cooperation structure.

To complete this picture (see Figure 20), it is interesting to compare the current situation with other potential developments.

**Figure 20: Model to analyse EGTC structures – example for the EGTC INTERREG IV A GR and the future EGTC "secretariat summit"**



### Potential developments of the EGTCs in the Greater Region

Most experts are willing to afford the EGTC INTERREG IVA more responsibilities, especially for the next programming period (INTERREG V: 2014-2020). Future responsibilities could be to assess project proposals, not only with regard to administrative and financial fulfilment of the regulations (as it already does) but to give a first advice on the relevance of the project for the Greater Region. Associated partners would decide on the acceptance of the projects by default. The EGTC could also gain the responsibility to communicate on INTERREG projects, make the region more visible. Still, the activities would neither have a strategic character nor would it receive further competences. Therefore, the schema indicates that the EGTC is more integrated but remains inter-regional.

This reflection on the future role of the EGTC INTERREG is strongly linked to a broader cross-border discussion on the governance in the Greater Region. In 2009 the Summit of the Greater Region decided to launch an EGTC which would be the administrative organ of this high level of cross-border cooperation. It would be launched during 2012. According to the expert interviews conducted, the EGTC Summit aimed to gather all stakeholders already involved in the Summit of the

executives (see Figure 20). The aim is to institutionalise the cooperation through a common secretariat under the authority of the involved partners. The so-called 'EGTC Summit Secretariat' would mainly be in charge of following-up the summits, ensuring a communication flow with the other cross-border cooperation structures in the Greater Region (especially city networks, association of the municipalities, economic and social council of the Greater Region). It would also follow-up the Summit thematic working groups (as for instance on transport, spatial planning, culture). Consequently, this EGTC would mainly be an interregional structure with an integrated territorial focus.

The discussion in the GR is currently dynamic and open. Following the ESPON/Metroborder project which has been approved by the summit, institutional partners are concretising the project of building 'a cross-border polycentric metropolitan region' (CBMR) within the Greater Region. Moreover, some flagship INTERREG projects are being tested in the region: the 'Task Force Frontaliers' aims to develop a common approach with regard to transport issues, while the 'Geographical information system Greater Region' works on the harmonisation of geographical data at the Greater Region level.

In the long term, the strategic question for the region will be: would it make sense to merge both ECTSs in order to achieve a more integrated and stronger tool (EGTC Summit & INTERREG)?

One of the main arguments in favour of such a merge is that the INTERREG programme and the Summit gather the same partners (Figure 20). Almost in all institutions, the same civil servants are in charge of following-up both structures. Merging both structures would certainly create synergies and clarify the visibility of the Greater Region. In this case, this common structure could be responsible for implementing the strategic vision of the partners in different fields: INTERREG and cross-border key priorities to be further defined. The EGTC tool would thus be interpreted as a 'supra-regional' institution.

The main counter argument is that the Summit is a common structure created by regional, national and local partners. This purely political and strategic institution of the Summit cannot be managed in the same way as a European programme like INTERREG is being organised and structured. Moreover, even if the Commission strongly supports the development of strategic and integrative INTERREG projects, the programme remains European and cannot only serve the purposes of a political cross-border structure, like the Summit.

If this question remains open, it highlights both the dynamic of the current debate in the Greater Region and the potential of the EGTC instrument.

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#### List of experts interviewed

	<i>Family name</i>	<i>First name</i>	<i>Institution</i>
1	ANTES	Karl-Richard	Wirtschaftsministerium, Saarland
2	BECK	Thomas	Conseil général de la Moselle
3	BROUSSAN	Fanny	Région wallonne
4	CHAROTTE	Mélanie	Département des affaires européennes, Préfecture de la Région Lorraine
5	FORTUIN	Christiane	Ministère de l’Intérieur et à la Grande Région, Luxembourg
6	GUEDES	Carlos	Ministère de l’Intérieur et à la Grande Région, Luxembourg
7	KIRCHHOFF	Martine	SGAR, Préfecture de la Région Lorraine
8	MULLER	Etienne	Région Lorraine

**Appendix H : Eurometropole LIKOTO** (+ see TERCO report for WP2.5, integral final report BE/FR)

### **The territory**

This Territorial cooperation involves the main cities of Lille (on the French side) Kortrijk (Belgium, Flemish speaking) and Tournai (Belgium, French speaking), as well as all surrounding municipalities, organised in '*intercommunales*' (supramunicipalities). In terms of Governance arrangements, Lille has a big advantage in being included in a '*Communauté urbaine*' (LMCU) which fits quite well within the Functional Urban Area's (FUA) limits. The trans-border cooperation of the '*Communauté urbaine*' of Lille with both the Flemish and Walloon areas (respectively the Belgian '*intercommunales de développement*' Leiedal and West-Vlaamse Intercommunale - WVI - for the arrondissements of Kortrijk, Ieper, Roeselare and Tielt and IEG and IDETA for the areas of Mouscron and Tournai-Ath) is developing and structured quite well. Nevertheless, one cannot speak of a true integrated economic area, and certainly not of a unique manpower basin (like around Luxembourg), despite of some flows of commuters, mainly from France to Flanders.

### **The cooperation**

These bodies (LMCU, IDETA, IEG, Leiedal, and WVI) have been cooperating actively, even if informally, since the 1970s, and had already created a formal platform for cooperation in the nineties called the 'COPIT', which was mainly in charge of studies and knowledge exchange activities. The project 'Grootstadt' initiated by the COPIT ended up with the elaboration of a strategy for the area, the '*stratégie pour une métropole transfrontalière*' (Grootstadt, SPIRE, IGEAT ISRO 2001). As soon as the EGTC regulation was adopted at EU level, the partners commenced working on the implementation of an EGTC 'Eurométropole', with the involvement of additional partners required to make the cooperation really operational. In 2008 a Eurométropole (LIKOTO) was launched with the European statute of an EGTC, which is by far the most advanced trans-border cooperative structure in the region, and one of the most advanced cooperative structures in the EU.

**Map 12: Eurométropole LIKOTO territory**

source: Eurométropole agency website

Lille is pursuing an ambiguous objective: from one side it intends to be a strong metropolitan pole between London, Paris and Brussels. In order to establish itself as such it is aiming to develop trans-border cooperation with Kortrijk and Tournai. However, on the other hand the most effective functional links are with the Southern cities of the 'Bassin minier', which has an unfavourable image and economic difficulties. Cooperation within this area is taking place between 'associated partners' as illustrated **Map 13**.

Map 13: LIKOTO area + LMCU associated partners



## Actors

The cooperation in this area is already covering quite a large **range of actors** (see statutes of EGTCs, EGTC platform website).

The members of EGTC LIKOTO are:

French side	Belgian side
1. National State	5. The IEG intercommunale
2. Nord-Pas de CALAIS Region	6. The IDETA intercommunale
3. Nord Departement	7. The Province Hainaut
4. Lille Metropole Communauté Urbaine	8. The French Community of Belgium
	9. The Walloon government (Region)
	10. TheWest-Vlaamse Intercommunale(WVI)
	11. The Leiedal intercommunale
	12. The Provincie West-Vlaanderen
	13. The Flemish Government (Region and Community)
	14. The Belgian federal state



**Functioning:**

All organs of the EGTC implement a double parity principle: parity between French and Belgian partners, and in relation to Belgian partners there is parity between French speaking and Dutch speaking members.

The organs of the EGTC are:

- The Assembly: with 84 members, 32 from each side of the border, representing all levels of authority involved, e.g work on the Eurometropole strategy, adopt the budget – meeting at least twice a year,
- The Bureau : with 32 members, decision making authority of the EGTC, meetings periodically
- The agency of the Eurometropole; permanent joint structure, in charge of implementing decision from Assembly and Bureau, specifically in charge of six permanent working group on thematic priorities
- The Assembly of mayors – meeting at least once a year

This EGTC has also implemented a Civil Society Forum, where civil society is represented (representative from Conseil de development or similar bodies, see Eurométropole Agency website and website Conseil de Développement FR, Wallonie Picarde, and Transforum). The Assembly of the Forum will soon be renewed and extended to include more women and more young people.

Resources come from member's contributions, (50% from each side of the border), subventions and loans. Members' contributions provided a budget of €1.5 million per annum for a period of three years (2008-2010, Metis report, 2010), which is mainly dedicated to the Agency structure (10 employees) and missions.

(List of interviewees: see TERCo report WP2.5)

**ANNEX H – Interview Schedule****Context of the cooperation**

1. What organisations would you identify as the key partners in **initiating and mobilising** territorial cooperation in your area? Why?

<b>Organisation</b>	<b>Very important</b>	<b>Relatively important</b>	<b>Peripheral / not involved</b>
The EU			
National government departments/ministries			

Government agencies			
Regional Government			
Local government			
Private enterprise			
Other (please specify)			

2. What organisations would you identify as the key partners in **delivering** territorial cooperation in your area? Why?

Organisation	Very important	Relatively important	Peripheral / not involved
National government departments/ministries			
Government agencies			
Regional Government			
Local government			
Higher / further education			
Private enterprise			
Other (please specify)			

3. Do you think territorial cooperation in your area has a **broad appeal** involving wide range of actors / organisations or low profile, with a **'narrow' appeal**? Why?
4. What do you see as the **main 'contribution' of territorial cooperation in terms of types of networks** and how important are they?

Contribution	Very important	Relatively important	Unimportant	Why?
Establishment of institutional links/networks				
Establishment of productive				

business links/networks				
Establishment of mixed-mode public-private links/networks				

5. What is the **main contribution of these types of networks** in terms of the following activities or outcomes?

<b>Contribution</b>	<b>Support learning / exchange of ideas</b>	<b>Transfer &amp; application of technology / policy solutions within programme area</b>	<b>Developing new products &amp; services</b>	<b>Delivering physical investment</b>	<b>Other?</b>
Institutional links/networks					
Productive business links/networks					
Mixed-mode public-private links/networks					

6. Could territorial cooperation activities be **developed further/exploited more?**  
If so how/in what areas?

### **Drivers and barriers to cooperation**

7. What broad factors do you think are **key to supporting and maintaining cooperation** and why? *Please identify and rank top three factors in terms of importance '1= most important' and explain.*

<b>Factors</b>	<b>Rank (1-3)</b>	<b>Why?</b>
A clear external policy initiative to promote cooperation (e.g. EU)		

A clear domestic policy initiative to promote cooperation		
Availability of external financial resources		
Availability of domestic financial resources		
Institutional commitment and resources at national level		
Institutional commitment and resources at regional/local level		
Administrative/institutional compatibility and trust with cooperation partners		
Good interpersonal relations/trust		
Shared development concerns		
Shared cultural/historical links		
Physical proximity		
Other /		

8. What, if any, have been the **main barriers to pursuing territorial cooperation** in your area and why? *Please identify and rank top three factors in terms of importance '1= most important' and explain*

Factors	Rank (1-3)	Why?
No major barriers		
Administrative/resource pressures inherent in territorial cooperation		
Lack of a clear external policy initiative to promote		

cooperation		
Lack of a domestic policy initiative to promote cooperation		
Lack of external financial resources		
Lack of domestic financial resources		
Lack of institutional commitment and resources at national level		
Lack of institutional commitment and resources at regional/local level		
Administrative/institutional incompatibility with cooperation partners		
Weak cultural/historical links		
Weak interpersonal relations/trust		
Lack of shared development concerns		
Physical distance		
Other /		

9. What have been the **main organisational or administrative barriers**/obstacles to pursuing territorial cooperation? *(an answer to this question may have already been covered in the preceding discussion...)*

10. What, if any, measures have been put in place to address these problems?

11. In your opinion, to what extent have **existing institutional links/relationships between the territories (or the lack of them)** influenced the delivery and outcomes of the cooperation? Have the current cooperation arrangement been able to build on existing links? E.g.

- Historical links
- Past experience of formal cooperation between regions
- Shared institutions
- Other (please specify...)
- No useful links...

### **Management and implementation of the programme**

12. In your opinion, what specific 'administrative issues' do you think are particularly important for the effective and efficient delivery of territorial cooperation programmes (in general)? What can really make the difference between the programme working well or not? *Please identify and rank top three factors in terms of importance '1= most important' and explain*

<b>Factors</b>	<b>Rank (1-3)</b>	<b>Why?</b>
Clear strategy/plan for the cooperation		
A narrow focus on key issues		
Broad focus allowing cooperation on a wide range of issues		
A strong institution 'steering' the programme		
Strong central government involvement		
Strong commitment/involvement from regional/local levels		
Institutional support for project generation/development (e.g. advisory services, regular contacts with programme)		

bodies)		
A robust, joint, management and implementation framework for the cooperation		
Inter-institutional compatibility and trust		
Good interpersonal relations/trust		

13. How well do you think the key features (identified above) are embedded in your programme?

14. How strong do you think the role of central government is as opposed to regional and local authorities (and vice versa) in managing and implementing territorial cooperation?

<b>Involvement</b>	<b>Strong/Equal Partner/Weak</b>	<b>Why?</b>
Central Government		
Regional Government		
Local Government		

### ***Strategic management***

15. How is the **strategic direction/focus** of the programme set and maintained?

- Name of main decision making body?
- What organisations are involved in this task/organisation?

<b>Organisation</b>	<b>Very important/central to the process</b>	<b>Relatively important</b>	<b>Peripheral / not involved</b>
National government departments/ministries			
Government agencies			
Regional Government			
Local government			
Private enterprise			

European Commission			
Other (please specify)			

- How are efforts coordinated? How are any conflicts/tensions resolved?
- What systems are in place to ensure the strategic objectives of the programme are being met? Are they adequate?

Activity	In place? Yes/No	Adequate? Yes/No	Why?
Monitoring			
Evaluation			
Strategic Steering Committee			
Regular internal reviews of progress			
Consultations with implementing bodies			
Other			

### ***Implementation and administration***

16. What organisations are in place to manage and implement the programme? What are the strengths and weaknesses of the approach used?
17. Does the capacity/resources/ level of service of these organisations vary across the cooperation area? If so, what are the main reasons for this?
18. **If there are difficulties in key organisations fulfilling their roles**, what are/have been the three main barriers? *Please identify and rank top three factors in terms of importance '1= most important' and explain*

Factors	Rank (1-3)	Why?
Lack of a clear external policy initiative to promote cooperation		
Lack of a domestic policy initiative to promote		



cooperation		
Lack of external financial resources		
Lack of domestic financial resources		
Lack of institutional commitment and resources at national level		
Lack of institutional commitment and resources at regional/local level		
Administrative/institutional incompatibility with cooperation partners		
Weak cultural/historical links		
Weak interpersonal relations/trust		
Lack of development concerns		
Physical distance		
Other		

### ***Project generation and implementation***

19. What systems are in place to generate projects? (E.g. open calls, targeted calls etc)

<i>Project development</i>		<i>Advantages</i>	<i>Disadvantages</i>
<i>Open call</i>			
<i>Targeted Calls</i>			
<i>Seeding projects</i>			
<i>Pre-selection</i>			
<i>Special funds</i>			
<i>Strategic projects</i>			

20. What organisations are key targets as project partners/beneficiaries?

<b>Organisation</b>	<b>Very important/central to the process</b>	<b>Relatively important</b>	<b>Peripheral/not involved</b>
Government agencies			
Regional Government			
Local government			
Private enterprise			
Higher Education sector			
Voluntary organisation			
Public sector			
Other (please specify)			

21. Do different specific types of organisation face particular barriers to their involvement? If so, how have/could these barriers be addressed?

22. To what extent are additional efforts to generate/support projects needed in the participating regions/countries? Or are efforts uniformly applied?

23. What selection procedures are in place for projects and how are these applied? What are the advantages/disadvantages of this approach?

<b>Project selection</b>	<b>Approach/ Approaches used</b>	<b>Benefits</b>	<b>Challenges</b>
All projects selected by monitoring cttee			
Some project selection responsibilities delegated to secretariat			
Thematic advisory cttees used			
Regionally-based advisory cttees			
Other			

24. Are there particular challenges in generating projects that will have a measurable impact on development in the area? If so, please explain....  
*[note: in the past INTERREG has focussed very much on networking activities. For this period, all the programmes are under a lot of pressure to support projects with more tangible results]*

### **Overview**

25. What changes would you like to see in the future, in relation to the management and implementation of the programme?
26. Looking to the future, how can territorial cooperation programmes/projects maximise their positive impact on developments in your area? For instance, should new activities be funded, could projects be more focussed on delivering 'tangible' results, could new partners be drawn in, new geographic areas included?
27. To what extent are there beneficial exchanges/coordination with other territorial cooperation programmes and national policies and institutions?
28. Has the introduction of 'new' forms of territorial cooperation, e.g. macro-regions or EGTC, impacted on the management and implementation of existing territorial cooperation programmes/ the programme you are involved in?
29. Based on your experience, can you identify any examples of 'best practice' in the management and implementation of territorial cooperation?



### **3. Issues for further analytical research**

#### ***TERCO TEAM***

EUROREG, University of Warsaw

EPRC, University of Strathclyde

IGEAT, Free University of Brussels

KARELIAN INSTITUTE, University of Eastern Finland

DPRD, University of Thessaly

UAM, Autonomous University of Madrid

### *Using TERCO data and methods for further research*

Based on TERCO data and methods, further research could:

- (i) use the quantitative database of twinning cities and carry out detailed qualitative analyses in order to investigate how much substance is behind that co-operation and what the historical reasons were for establishing that co-operation in particular cases (spontaneous vs. politically driven);
- (ii) use advanced internet queries as a method of collecting data for which no other directories exist, and especially to collect data on the co-operation of city networks;
- (iii) use external/internal conditions behind co-operation as a key tool in the manner of a SWOT analysis to develop a more strategic vision of territorial development through TC and the delimitation of future TC initiatives;
- (iv) on a basis of typology of region based on territorial co-operation determinants a case studies research may be conducted in search for additional factors affecting co-operation in European regions, as well as verifying the results of factor analysis;
- (v) carrying out Structural Equation Modelling (SEM) for the entire ESPON Space and their neighbours in order to verify the results and identify any additional relevant variables, The data obtained in TERCO-SEM model can serve as a benchmark for the design of the new research;
- (vi) TERCO case studies identified some interesting forms and examples of territorial co-operation. Their further in-depth analysis can provide additional information and examples of good practices feasible in other areas.

### *Article 21 of ERDF Regulation 1080/2006*

No respondent in the case studies specifically mentioned Article 21 of the ERDF, but there were requests for increased flexibility in relation to including external partners. In the context of the North Sea Programme, it was mentioned that Edinburgh falls within the programme area but Glasgow does not. Yet both cities are close and share services. The inclusion of partners from Glasgow or holding meetings in Glasgow was considered cumbersome. It is important to mention that Article 21 does not refer directly in its text to the ENPI. Nevertheless, because of the ENPI CBC's external-border nature, the eligibility of regions from non-EU partner countries is built into its framework. Also, the Regulation on the ENPI includes similar flexibilities in eligibility, and since the cross-border co-operation element of ENPI is partially financed from the ERDF, the rules of eligibility need to be more or less compatible. The actors interviewed in Finland were generally aware of the fact that partners from outside the actual programme areas can also be included, i.e. those which lie further away from the Finnish-Russian border in both countries, though with less favourable conditions of funding (i.e. a higher percentage of own contribution required). This flexibility is allowed in case the participation of these 'external' actors in the given project is necessary for the success of implementation and for achieving the project's co-operation goals. This possibility was seen as a positive feature of the CBC programmes within the ENPI. Accordingly, it would be interesting to investigate in detail whether this article has been applied effectively.

### *Analysing all groups of actors involved in TC*

The case studies have shown that there is a great diversity of actors involved in TC, such as businesses, civil organisations, migrants, visitors, etc., and they have their own specific ‘borderlands’ – they are linked in different, partly separate and partly interconnected networks. Consequently, regional in-depth analyses of these co-operation networks (e.g. via network analysis) could provide valuable information about who/where the nodes of collaboration are. Special attention should be given to networks of NGOs, through which the EU may participate in the internal development of neighbouring countries.

### *Effective ways of working with external partners*

In many case studies, actors have experience of working together with external EU partners, quite often from other continents. The contribution of these external partners is often highly valued because it establishes good neighbourhood relations, provides a certain level of expertise, or helps to address common challenges. Further research should focus on **how such external relations can be initiated, managed and implemented most effectively**. Such research should particularly take into account the new TC instruments such as macro-regional strategies and the European Grouping of Territorial Co-operation (EGTC) and their implications/relations for external partner participation.

### *How to create lasting and sustainable partnerships?*

There is an important learning curve; longevity of programmes and maturity of partnership are regarded as important framework conditions for effective and successful TC. Therefore, the Commission should continue to support existing TC arrangements to ensure that such partnerships are not lost. 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 (e.g. financial and administrative matters) or it is not interested in taking part in co-operation. Future research could look for ways in which this sector can be further involved in TC. Methods of activating the private sector in territorial co-operation should also be investigated.

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

Macro-regional strategies are a new concept in terms of the organisation of TC between EU Member States and non-EU Member States. Currently, there is a lack of understanding of what the macro-regional strategy entails in the EU context, let alone what it contributes to TC, and how it supplements existing TC arrangements (INTERREG). Considering the enthusiasm in the Commission and amongst some Member States for macro-regional strategies, but also at the same time noting the scepticism amongst others, further research is warranted into the circumstances



under which macro-regional strategies can add value 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 systematic, EU-wide monitoring and collection of data on cross-border flows. Complete and unified socio-economic database should be helpful not only in studies of TC, but in many other research on the European and ESPON space.

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

EGTCs are an important field for further research. Based on existing EGTC experience, research on the membership, the participation of civil society, strategy building, and mechanisms for managing and overcoming tensions have already proved to be fruitful fields for analysis. However, with the revision of the relevant regulations and a new drive from the Commission proposal (Com 2011/611/final 2,) to use the EGTCs as managing authorities for Cohesion Policy funds, the relevance and importance of the EGTC is increasing and is thus a more a significant issue for research into governance structures in the EU. There are four main areas of research that can build on the work of TERCO: EGTCs as managing authorities for Cohesion Policy programmes; bilateral EGTCs between EU MS and non-MS; the 'network' EGTC (no geographic proximity); and mechanisms to involve civil society.

### ***Synergies between domestic regional and national programmes vs. TC programmes***

The evidence presented in the TERCO project demonstrates that many TC actors are considering how synergies between domestic regional and national programmes and TC programmes can be achieved and which conditions best facilitate these linkages. Future research could provide insights into the most appropriate mechanisms for achieving synergies, taking into account that synergies often run in both directions. On the one hand, successful projects initiated in TC programmes can be 'upscaled' in domestic programmes, which often have greater resources. On the other hand, through TC programmes, successes in domestic programmes can be exchanged with other partners. A potentially rewarding avenue for research would be to focus on the extent to which representatives of TC programmes attend meetings of domestic programmes and vice versa, and what the benefits of such 'governance crossovers' are. On a more technical level, research could focus on how project application procedures can 'force' partnerships to consider future funding streams for upscaling before TC projects are approved, in order to raise awareness of the importance of synergies and continuity of TC activities.

### ***Linkages between territorial cohesion and territorial co-operation***

The governance-related findings from the CS suggest that relationships between territorial cohesion and territorial co-operation are complex, and deserve further investigation. This is particularly so with regard to relations between the EU, neighbouring states and regions at a greater distance. This requires further research that partly goes beyond more traditional spatial analysis approaches.

### ***Shifts in the nature of the relationship between the EU and non-EU partners***

The macro-level shifts in the nature of the relationship between the EU and non-EU partners (especially Russia and Ukraine) deserve further attention by researchers and policy makers alike also when it comes to territorial cooperation. Based on the logic that the EU and non-MS are 'each other's neighbours', research interests should be directed towards a closer scrutiny of non-EU countries influence on the development of cross-border and other types of territorial cooperation in the future. The changeable and different degrees of freedom on the regional and local levels in decision-making concerning TC are prone to be tied to tensions and uncertainties generated by higher-level geopolitical processes, which should be a subject of deeper study, too. Furthermore, it would be an important aspect to investigate how the countries in the neighbourhood see the EU's cross-border programmes in relation to their own regional development strategies.

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