

European Territorial Cooperation

SUMMARY

Established in 1990, the first European territorial cooperation initiative, Interreg I, focused on cross-border cooperation. Action in this area has expanded over the years to cover broader initiatives such as trans-national cooperation, involving countries from wider geographical areas, and inter-regional cooperation, which brings together regions from across the whole EU. These three strands together make up European territorial cooperation, which is one of the two main goals of cohesion policy today.

With the removal of Europe's frontier posts, travelling across the border to work, visit the doctor, or simply to go out for the day, has become second nature for millions of European citizens. European territorial cooperation has brought Europeans closer together, strengthened connectivity and improved the environment, supported by EU mechanisms such as the European Grouping of Territorial Cooperation and macro-regional strategies. Yet despite these achievements, numerous obstacles to closer cooperation still remain, such as divergent national rules in the areas of employment, healthcare or social security. Recent years have witnessed increased calls to address these hurdles, with the 2015 Luxembourg EU presidency putting forward a proposal for a new instrument for cross-border projects and the European Commission organising a consultation to identify remaining bottlenecks in this area as part of a wider cross-border review. The European Parliament has also prepared a report on European Territorial Cooperation as part of this process, which will be debated at the September 2016 plenary session.

While discussions are due to begin on the future shape of cohesion policy post-2020 and on the role of Interreg, the temporary reintroduction of border controls by several countries within the Schengen zone is already having a negative impact on cross-border cooperation, a clear sign that territorial cooperation may not be taken for granted.



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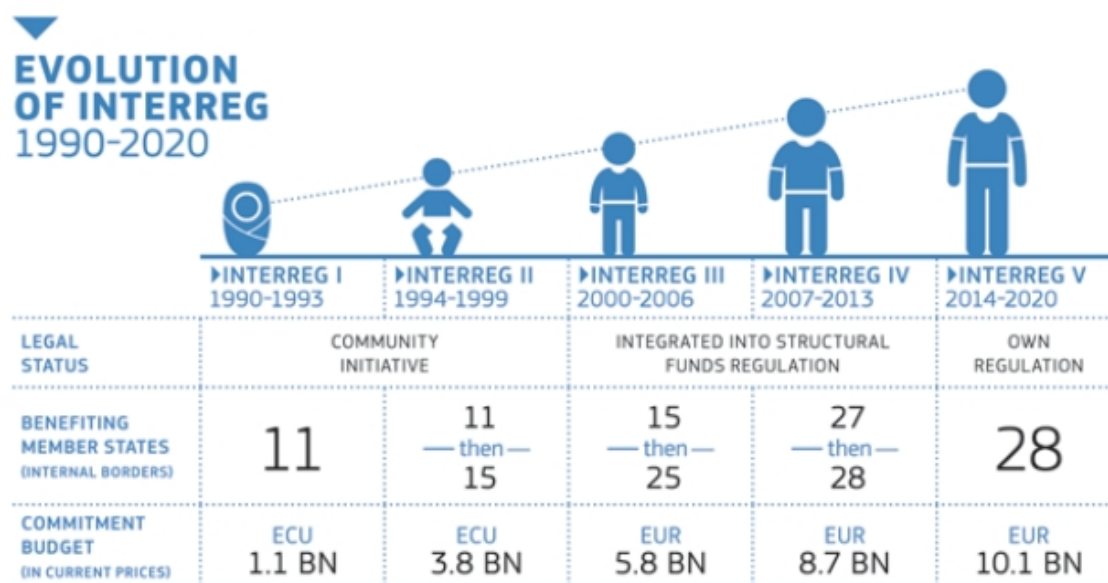
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Introduction

The origins of territorial cooperation in Europe may be traced back to the pioneering town-twinning [projects](#) of the post war years and the subsequent cross-border cooperation initiatives developed along the [Dutch-German border](#) and in Scandinavia during the 1950s. European territorial cooperation at EU level began with the launch of the [Interreg Community initiative](#) in 1990, building on the new opportunities provided for by the fledgling cohesion policy framework, in particular the 1988 [Regulation](#) on the European Regional Development Fund, which ensured the financial support needed to get the project off the ground. Focusing largely on the situation of border regions to help support the completion of the European Single Market and strengthen the process of European integration, Interreg I had a modest budget of €1.1 billion.

European territorial cooperation has since grown to become the European Union's principal instrument for cooperation between partners from different countries and the last 25 years have seen Interreg evolve from a Community initiative to a cornerstone of EU cohesion policy, endowed with its own regulation for the 2014-2020 period, the [ETC \(European territorial cooperation\) regulation](#). ETC is firmly established as one of the two main goals of cohesion policy for 2014-2020 under the [Common Provisions Regulation](#).

Figure 1 – Evolution of Interreg 1990-2020



Source: European Commission, DG Regio [website](#).

Evolution of European territorial cooperation

As the Interreg budget has changed considerably over the years (see Figure 1), growing tenfold since 1990, so too has the nature of the European territorial cooperation programmes supported by the EU. Originally focusing on plugging existing gaps in basic infrastructure and services, with investments in transport infrastructure representing as much as 45% of the European Regional Development Fund (ERDF) support in 1990-1993 (Interreg I), there has been a clear decrease in the amount of funding allocated to this area over the years, with a corresponding rise in investments in environment and climate change projects. In addition, while cross-border cooperation concentrated on strengthening integration across the internal borders of the EU in the years 1990-1993, it acquired a new external dimension during the period after 1994, with the introduction of the first [cooperation programmes](#) between the Member States and the countries of Central and Eastern Europe. A new form of cooperation, transnational cooperation –

[Interreg II C](#) – was initiated in 1997, and, over time, European territorial cooperation itself has gradually gained a more permanent place within EU cohesion policy. In 2000, Interreg was incorporated into the [Structural Funds Regulation](#), a process which paved the way forward for a dedicated ETC Regulation for the 2014-2020 period.

The three strands of European territorial cooperation

Cross-border cooperation promotes integrated regional development between neighbouring land and maritime border regions and aims to tackle common challenges identified jointly in the border regions, such as poor infrastructure connectivity or environmental pollution, and to exploit the untapped growth potential of such regions, such as through the development of cross-border research facilities or labour market integration.

Trans-national cooperation aims to strengthen cooperation over larger transnational territories through measures that promote integrated territorial development linked to the EU's cohesion policy priorities. It helps regions from several Member States to work together on issues such as the development of networks of universities and research institutions, the delivery of flood management strategies, the completion of communication corridors or sustainable urban development projects.

Inter-regional cooperation meanwhile aims to reinforce the effectiveness of cohesion policy by promoting exchanges of experience focusing on the design and implementation of [operational programmes](#), good practices in the area of sustainable urban development and also seeks to promote analysis of development trends in relation to [territorial cohesion](#), whose aim is to ensure more balanced and sustainable development. Covering all Member States, it provides a platform where local and regional bodies from different Member States can share experiences.

Interreg and the 2014-2020 cohesion policy framework

The [Common Provisions Regulation](#) introduced common rules for all five European structural and investment funds (ESIFs – European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund) and established a link between these funds and the Europe 2020 Strategy, identifying 11 [thematic objectives](#) aligned to the [five headline targets](#) of the Europe 2020 Strategy for smart, sustainable and inclusive growth.

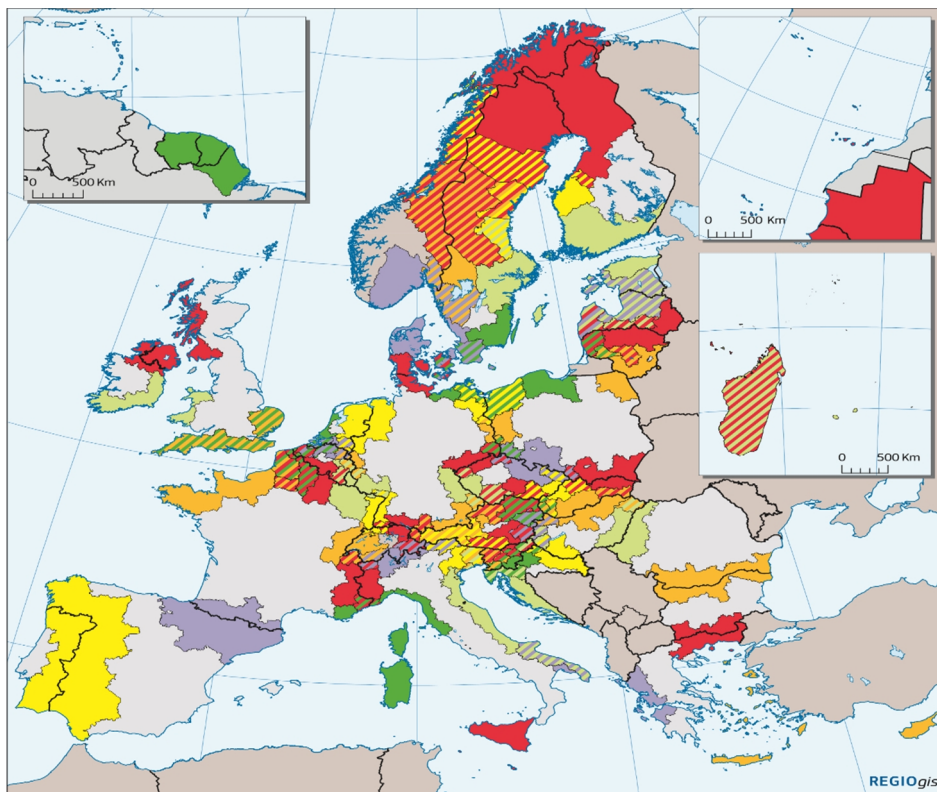
In light of these changes, Interreg, like many other policy areas, was redesigned with a view to ensuring that investments are used more effectively and that they deliver better results by focusing support on investments that bring the greatest added value in relation to the Europe 2020 strategy, a process known as **thematic concentration**, and through the use of indicators and targets to assess progress in programme implementation, referred to as **results orientation**. Actions in the area of European territorial cooperation are funded by the [European Regional Development Fund](#) (ERDF) In terms of thematic concentration, the [Regulation](#) on European Territorial Cooperation stipulates that at least 80% of the ERDF allocation to each cross-border cooperation and transnational programme must be concentrated on a maximum of four of these eleven thematic objectives. As each thematic objective is further divided into **investment priorities**, which set out in more detail the specific areas where Member States may target spending, Interreg is based on the 40 investment priorities under the ERDF Regulation. However, the ETC Regulation identifies a number of additional investment priorities which may also receive ERDF support for European territorial cooperation, such as supporting labour mobility by integrating cross-border labour markets or promoting social inclusion through the integration of communities across borders.

European territorial cooperation projects in 2014-2020

With a total budget of €10.1 billion, [Interreg accounts](#) for 2.8% of the total cohesion policy budget. Cross-border cooperation makes up the lion's share of this amount, with €6.6 billion allocated to 60 cross-border programmes located along the EU's internal borders (see Figure 2), with a further €876 million funding an additional 28 projects at the EU's external borders under the Interreg Instrument for Pre-Accession Assistance (IPA) and the Interreg European Neighbourhood Instrument (ENI). Some €2.1 billion will be invested in transnational cooperation, while the remaining €500 million will be allocated to four EU-wide interregional programmes: [Interreg Europe](#), an interregional cooperation programme, and three networking programmes [Urbact](#), [Interact](#) and [ESPON](#).

According to European Commission [figures](#), 41% of Interreg funding will support sustainable growth through a total of 73 cooperation programmes, which will cover measures on water management and the prevention of natural risks such as flooding, with investments in smart growth representing the next highest share of ETC funding under the ERDF (27%), through 46 programmes investing in research and innovation. Promoting inclusive growth, meanwhile, accounts for 13% of the Interreg budget.

Figure 2 – ERDF cross-border cooperation programmes 2014-2020



Source: European Commission, DG [Regio](#) (striped areas are part of two or more programme areas simultaneously).

Structures for European Territorial Cooperation

As all ETC programmes, by definition, are delivered across borders, projects must bring together organisations from at least one Member State. While Member States are free to decide themselves how best to work together, a number of specific structures exist to facilitate cooperation, particularly cross-border and transnational cooperation.

European Grouping of Territorial Cooperation (EGTC)

An EGTC allows bodies from two or more Member States to work together under a common structure with legal personality. Flexible in structure, its aim is to facilitate cross-

border, transnational and inter-regional cooperation and it is the first EU legal instrument that enables local and regional authorities to cooperate without the need for an agreement ratified at Member State level. Created on 5 July 2006 by [Regulation \(EC\) 1082/2006](#) of the European Parliament and of the Council, EGTCs may be set up by local, regional or national authorities. Their decisions are legally binding and their membership is also open to third countries under certain conditions.

Macro-regional strategies

Embracing regions from Member States as well as third countries that face common challenges, [macro-regions](#) are often defined on the basis of geographical features. Macro-regions may be inspired by a sense of regional identity, a desire to engage in closer cooperation or to pool resources, yet they all share a common aim: to ensure a coordinated approach to issues best tackled together. Although the issues involved differ from one region to another, priority is given to matters of strategic importance covering challenges where closer cooperation is vital, such as environmental protection, and opportunities, where cooperation is of mutual benefit, e.g. in research and innovation. The EU's first macro-regional strategy, the [European Union Strategy for the Baltic Sea Region](#) (EUSBSR) has acted as a model for a further three EU strategies: [the Danube Strategy](#), the [Adriatic-Ionian Strategy](#) and the [Alpine Strategy](#).

European territorial cooperation structures in detail

European Grouping of Territorial Cooperation (EGTCs) cover a wide area of activities, including the operation of cross-border facilities, such as hospitals and transport networks, management of cross-border development projects, and sharing of best practices, and there are currently 57 EGTCs [in place](#). According to the Committee of the Regions' [2015 EGTC monitoring report](#), tourism development emerges as the leading area of interest for the groupings currently in place, followed by transport infrastructure and mobility management, with the report identifying 22 EGTCs active in addressing 'missing links' in cross-border transport, a key issue for the European Parliament and the Committee of the Regions in 2016 according to the report. The total value of EU projects implemented by EGTCs which were either ongoing, completed or at the final stage of implementation at the end of 2014, amounted to [€60 million](#).

Macro-regional strategies are guided by three basic principles: no new EU funds, no additional EU structures, no new EU legislation. The idea is to better align existing funds and policies at EU, national and regional level and to rely on existing bodies for implementation. New rules were introduced for 2014-2020 to help facilitate the uptake of ESIF for macro-regional strategies, among others through a requirement for operational programmes to take account of such strategies. Transnational cooperation programmes, such as the [Interreg Baltic Sea Programme](#), which is investing some €278 million for projects in the region, are a key source of funding.

Assessing European territorial cooperation

Achievements

During a [speech](#) to celebrate 25 years of Interreg in September 2015, European Commissioner Corina Crețu outlined five key achievements in European territorial cooperation. First and foremost, in her assessment, ETC has helped to generate **trust**, with projects such as the PEACE programme in Northern Ireland helping to build much-needed reconciliation, providing the necessary foundation on which its other achievements have been built: **greater connectivity**, delivered through infrastructure projects that have brought regions and people closer together; **a healthy environment** developed thanks to cooperation on environmental issues such as pollution; as well as **risk prevention and protection**, which has been strengthened through joint action to

prevent and tackle potential disasters. Lastly, it has created **growth and jobs**, fostered through interregional programmes improving know-how and the sharing of experience.

An equally positive assessment was provided by the [Luxembourg government](#) in 2015, drawing its conclusions on the ex-post evaluation of Interreg III, published in 2010. Highlighting four areas where European territorial cooperation provides added value, it considers that Interreg has generated **socio-economic added value** by developing more integrated labour markets and accessible border regions, provided **added value for sustainable development** in view of its joint approach to addressing environmental problems, ensured **socio-cultural added value** through the close interpersonal contacts that the joint organisation of programmes entails and, lastly, provided **political-institutional added value** by strengthening political and administrative exchanges across Europe. The European Parliament considers that European territorial cooperation makes a significant contribution to strengthening territorial cohesion, noting the importance of cross-border cooperation for the development of border regions. Yet while Interreg has delivered numerous benefits over the last quarter of a century, it is clear that a number of challenges still remain.

Interreg and migration

Interreg programmes can help address the migrant crisis by fostering institutional and administrative cooperation between EU and non-EU countries, supporting emergency measures such as the provision of shelters, and funding medium-term inclusion projects promoting the integration of migrants into the labour market or cooperation in the area of training. This was emphasised by the General Affairs Council [meeting](#) of 17-18 November 2015, which noted that Interreg programmes can help respond to migration challenges and recognised the potential role of the ESPON and INTERACT programmes in providing territorial evidence and supporting Interreg managing authorities. In this light, Interact has recently launched a [pilot action](#) which will establish an exchange and cooperation network between Interreg, Interreg IPA and ENI cross-border programmes and establish guidelines for Interreg projects on migration.

Challenges

One issue raised by many stakeholders is the **low amount of funding** available for European territorial cooperation. Although the 2014-2020 budget for Interreg is the largest ever, it still represents only 2.8% of the cohesion policy budget. Many believe that this is not enough, a point raised in the European Parliament's [report](#) on European Territorial Cooperation. A second problem area is **the absence of EU level data** about the impact of territorial cooperation, what it delivers and the areas where it works best. This can have direct consequences for the success of **results orientation**, which is also proving to be something of a challenge, with participants at the annual [Interreg meeting](#) noting that low amounts of funding mean that it is particularly difficult to apply the same results indicators as those used for mainstream cohesion programmes.

In its capacity as a network bringing together stakeholders involved in European territorial cooperation, Interact has [pointed to](#) a **lack of sufficient political backing for Interreg** and **weak complementarity between Interreg and other ESIF programmes**, noting also that the coordination and administration of multi-country programmes and projects is often a **complex and costly** exercise, with the [European Parliament](#) also calling for more simplification. Another problem that has been raised is the fact that **local and regional stakeholders are insufficiently represented in the governance of programmes**, a point highlighted by CECICN, the Conference of European Cross-Border and Interregional City Networks, which has also drawn [attention](#) to the difficulties of **getting the private sector involved**. One challenge to recently emerge is the **reintroduction of**

border controls in the Schengen zone, with the annual [Mission Opérationnelle Transfrontalière](#) conference highlighting that these measures are already having an impact, causing long delays in regions where people regularly cross the border.

Strengthening cross-border cooperation

In light of these challenges, the last 12 months have seen a renewed emphasis on improving territorial cooperation, with the debate focusing on strengthening cross-border cooperation, the most important of the three strands of European territorial cooperation in terms of both funding and the number of programmes involved.

Commission consultation

One of the three pillars of a wider [cross-border review](#), the Commission organised a consultation from September to December 2015 to examine the obstacles to closer cooperation between people in border regions and help identify possible solutions in this area. Its [findings](#), published in April 2016, reveal legal and administrative barriers to be the most important obstacle to cross-border cooperation: as many as one in two respondents mentioned this problem, with the key issues in this respect being employment legislation, including the lack of recognition of qualifications, and continuing differences between social security, pension and taxation systems. Language barriers and difficult physical access were the second and third most widely cited obstacles, suggesting that it is also important to continue improving cross-border mobility initiatives and to strengthen language learning. The consultation would appear to confirm the need for new measures that can help overcome the remaining obstacles to closer cooperation in border regions.

Towards a new tool for cross-border cooperation

Although public authorities across Europe have adopted a variety of approaches to addressing barriers to cross-border cooperation, such solutions lack legal certainty, placing a question mark over their long-term use. Against this background, the Luxembourg presidency put forward a [proposal](#) in November 2015 for a European Regulation that would make it possible for the authorities involved to draw up a specific local agreement, referred to as a 'European Convention on Specific Provisions in Cross-border Regions', which would be legally binding on both sides of the border. The convention would define a set of common provisions used to determine the application and implementation of a wide variety of rules including existing laws and regulations, technical standards and various types of soft legislation. According to the proposal, the convention would apply to a specific cross-border project and participation would be on a voluntary basis only. A number of stakeholders have reacted positively to this instrument. The Committee of the Regions supports the proposal to establish a new legal tool allowing countries to agree on a legal framework created from existing laws of the Member States involved and applicable for a specific project, yet its [opinion](#) emphasises that this proposal for a new tool raises a number of questions which should be carefully examined, such as the special regime of derogations to the applicable law.

European Parliament position

The European Parliament is also involved in the current debate on improving territorial cooperation. In May 2016, Parliament's Committee on Regional Development adopted an own-initiative [report](#) on this matter (rapporteur Iskra Mihaylova, ALDE, Bulgaria), which will be [debated](#) at the September plenary session. The report argues that cross-border cooperation can bring added value to the management of the migration crisis and

encourages the use of Interreg programmes to respond to the challenges of tackling the effects of the crisis in border areas. In particular, it calls for the use of more qualitative data to evaluate ETC programmes, regretting the lack of reliable cross-border data, and urges the Commission to propose training to encourage Member States to make wider use of territorial instruments such as Integrated Territorial Investment (ITI) and Community-led Local Development (CLLD). The European Parliament welcomed the Luxembourg presidency's initiative for a specific legal tool for border regions, and noted that differences in legislation are hampering joint efforts to extend research and innovation across borders. In light of the growing importance of cross-border labour markets, the report urges Member States to make wider use of Interreg programmes to facilitate cross-border labour mobility. On simplification, Parliament calls on the Commission to consider measures to reduce the administrative burden for ETC beneficiaries post-2020 and to simplify the rules on reporting, auditing, and state aid.

In terms of its recommendations, the report calls on the Commission and the Member States to give European territorial cooperation a more distinct role within cohesion policy post-2020 and to significantly increase its budget. It encourages the joint elaboration of strategies for border areas to boost integrated and sustainable territorial development, and calls for a debate on the future of ETC post-2020 focusing on its structure, budget programme allocation and new mechanisms for results orientation.

Outlook

With a set of recommendations for cross-border cooperation expected in early 2017 as part of the cross-border review, and a progress-report on macro-regional strategies scheduled for the end of 2016, the year ahead could be key for European territorial cooperation and both reports can help feed into the discussions underway on the future of Interreg post-2020. On this issue, European Commissioner Corina Crețu recently [noted](#) that post-2020, Interreg needs more flexibility if it is to reconcile the need for stable investments with the imperative to respond to new priorities such as the migration crisis. However, with the partial reintroduction of border controls revealing just how fragile European territorial cooperation can be, the question remains whether such moves will be enough to ensure an equally ambitious Interreg programme post-2020.

Main references

[25 Years of Interreg](#), background document, Luxembourg Presidency of the EU Council, 2015.

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