



## EUROPEAN TERRITORIAL COOPERATION

European Territorial Cooperation is the instrument of cohesion policy that aims to solve problems across borders and to jointly develop the potential of diverse territories. Cooperation actions are supported by the European Regional Development Fund through three key components: cross-border cooperation, transnational cooperation and interregional cooperation.

### LEGAL BASIS

Article 178 of the Treaty on the Functioning of the European Union and Regulation (EU) No 1299/2013 of 17 December 2013.

### GENERAL PROVISIONS

European Territorial Cooperation (ETC) has been a part of cohesion policy since 1990. For the programming period 2014-2020, for the first time in the history of European cohesion policy, a specific regulation has been adopted covering European Territorial Cooperation actions supported by the European Regional Development Fund (ERDF). ETC is the instrument of cohesion policy that is designed to solve problems which transcend national borders and require a common solution, and to jointly develop the potential of diverse territories.

The amount allocated to ETC for the 2014-2020 budgetary period is EUR 9.3 billion. These resources are divided as follows:

1. 74.05% for cross-border cooperation. These programmes aim to bring together regions or local authorities having a common border (land or maritime) in order to develop the border areas, exploit their untapped growth potential and tackle jointly identified common challenges. These common challenges include issues such as: poor accessibility in relation to information and communication technologies (ICTs); poor transport infrastructure; declining local industries; an inappropriate business environment; lack of networks among local and regional administrations; low levels of research and innovation and take-up of ICTs; environmental pollution; risk prevention; negative attitudes towards citizens of neighbouring countries, etc.;
2. 20.36% for transnational cooperation. These programmes cover larger transnational territories and aim to strengthen cooperation on the basis of actions that promote integrated territorial development between national, regional and local entities in large European geographical areas. They also include



maritime cross-border cooperation where not covered by cross-border cooperation programmes;

3. 5.59% for interregional cooperation. These programmes aim to reinforce the effectiveness of cohesion policy on the basis of actions that promote exchanges of experience between regions on issues such as design and implementation of programmes, sustainable urban development, and analysis of development trends in the Union's territory. Exchanges of experience can include the promotion of mutually beneficial cooperation between innovative research-intensive clusters and exchanges between researchers and research institutions.

## **GEOGRAPHICAL COVERAGE**

In principle all internal and external land borders of the EU, as well as maritime borders (regions separated by a maximum of 150 km, or in the case of outermost regions also more than 150 km), can be supported through the cross-border cooperation component. The areas covered by transnational cooperation are to be defined by the Commission, taking into account macro-regional and sea-basin strategies, and with the option for Member States of adding adjacent territories. Interregional cooperation will cover the entire territory of the European Union. Outermost regions may combine both cross-border and transnational cooperation actions in a single cooperation programme.

Third countries may also participate in cooperation programmes. In such cases, the European Neighbourhood Instrument (ENI) and the Instrument for Pre-Accession Assistance (IPA II) can also be used to finance cooperation actions.

## **THEMATIC CONCENTRATION**

In order to maximise the impact of cohesion policy and contribute to the delivery of the Europe 2020 strategy, ERDF support for ETC programmes has to be concentrated on a limited number of thematic objectives<sup>[1]</sup>, which are directly linked to that strategy's priorities. Under each thematic objective a list of investment priorities is defined in the Regulation governing the ERDF<sup>[2]</sup>. These are also complemented by additional priorities adapted to the specific needs of ETC actions.

Cross-border and transnational programmes have to be concentrated on a maximum of four thematic objectives, whereas for interregional cooperation there is no such limitation. Examples of priority areas of support specific to ETC programmes are as follows:

1. Cross-border cooperation: promotion of sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, promoting social inclusion and the integration of communities across borders, developing and implementing joint education, vocational training and training schemes, etc.;
2. Transnational cooperation: enhancing the institutional capacity of public authorities and stakeholders and efficient public administration by developing and coordinating macro-regional and sea-basin strategies;

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[1] There is a list of thematic objectives in Article 9 of Regulation EU (No) 1303/2013 of 17 December 2013.

[2] Article 5 of Regulation EU (No) 1301/2013 of 17 December 2013.



3. Interregional cooperation: enhancing the institutional capacity of public authorities and stakeholders and efficient public administration by disseminating good practices and expertise, promoting exchanges of experience, etc.

## **SPECIFIC PROVISIONS FOR COOPERATION PROGRAMMES**

Given the involvement of more than one Member State in the design and implementation of cooperation programmes, several specific issues are addressed with the regulatory provisions for ETC, such as allocation of liabilities in the case of financial corrections, procedures for the setting-up of a joint secretariat by the respective Managing Authority, special procedures for the involvement of third countries or territories, requirements for implementation reports, etc.

Member States participating in a cooperation programme have to designate a single managing authority, a single certifying authority and a single audit authority. Moreover, the managing and the audit authority have to be located in the same Member State.

The rule that each Member State has to adopt national rules on eligibility of expenditure (that applies to other programmes under the ERDF) is not appropriate for ETC. Consequently, a clear hierarchy of rules on eligibility of expenditure had to be established at European level.

Also, the involvement of several countries results in higher administrative costs. Thus, the ceiling for technical assistance expenditure has been fixed at a higher level than is the case for other types of programmes.

## **PROPOSAL FOR THE POST-2020 EU COHESION POLICY**

In May 2018, the Commission proposed new regulations for the EU's cohesion policy after 2020. These include a regulation on specific provisions for European Territorial Cooperation goal (Interreg). In the future, ETC will probably have five components:

- Cross-border cooperation;
- Transnational and maritime cooperation;
- Outermost regions' cooperation;
- Interregional cooperation;
- Interregional innovation investment.

The proposed regulation also sets out two Interreg-specific objectives:

- Better Interreg governance;
- A safer and more secure Europe.

In July 2020, the European Council reached an agreement on the EU long-term budget for the 2021-2027 period. In its conclusions, the European Council proposed allocating EUR 7.93 billion to European Territorial Cooperation.

This regulation is subject to the ordinary legislative procedure, in which Parliament is on an equal footing with the Council. This means that before the end of 2020 these two



institutions will have to reach a consensus on the future rules for ETC. In March 2019, Parliament concluded its first reading.

## **ROLE OF THE EUROPEAN PARLIAMENT**

As the ETC Regulation falls under the ordinary legislative procedure, the European Parliament was able to decide on its content on an equal footing with the Council. Parliament advocated maintaining the existing ETC structure with its three different types of programmes.

Parliament paid attention to the specific challenges of outermost regions, and in order to facilitate cross-border cooperation on maritime borders for those regions, more flexibility was introduced into the 150 km limit rule. Moreover, thanks to a Parliament initiative the outermost regions may combine in a single programme for territorial cooperation the ERDF allocations for cross-border and transnational cooperation. Finally, specific rules were created to meet the needs of outermost regions cooperating with third countries.

In the case of transnational cooperation, Parliament successfully defended its view that the Commission has to take account of existing and future macro-regional and sea-basin strategies when deciding on the list of areas entitled to receive support.

Parliament introduced more flexibility into the rules in two ways: by concentrating 80% of the funds on four thematic objectives and leaving the remaining 20% open; and by introducing a flexibility margin of 15% for transferring resources between the cross-border and transnational strands.

Parliament considers that the list of the different investment priorities has been adapted to the specific needs of European Territorial Cooperation. The implementation modalities have been streamlined for cooperation programmes, meaning a reduction in the number of authorities involved in programme implementation along with clarification of their respective responsibilities. Content requirements with regard to cooperation programmes and implementation reports have been fine-tuned with the aim of reducing the administrative burden for programme authorities.

Parliament has strongly defended the need to improve European Territorial Cooperation, particularly in the following aspects:

- Reinforcing European Territorial Cooperation as a standalone EU cohesion policy goal, underpinned by a sound level of funding for the entire 2014-2020 period;
- Striking the right balance for thematic concentration, to make it strong enough to be in line with the 2020 objectives, but also flexible enough to be adapted to the different needs of cross-border and transnational cooperation;
- Improving the management and auditing of programmes, to ensure delivery of good results.

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