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 borders has become second nature for millions of European citizens. European territorial cooperation has brought Europeans closer together, strengthened connectivity and improved the natural environment, supported by EU mechanisms such as the European groupings 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 and 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 cross-border review to identify remaining bottlenecks in the area, leading to a 2017 communication on boosting growth and cohesion in EU border regions. The European Parliament has also adopted a resolution on European territorial cooperation as part of this process.

With discussions under way on the future of cohesion policy, there is general agreement on the importance of strengthening Interreg beyond 2020. Yet despite the many achievements of this policy over the years, continued EU support for European territorial cooperation is arguably critical, with the partial reintroduction of border controls in recent years revealing just how fragile territorial cooperation can be.

In this briefing:

- Introduction
- Interreg and the 2014-2020 cohesion policy framework
- Structures for European territorial cooperation
- Assessing European territorial cooperation
- Strengthening cross-border cooperation
- Voices in the debate
- European Parliament position
- Outlook

This is an updated edition of a briefing from September 2016: PE 586.666.
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 (ETC) 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 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, with the number of Member States involved more than doubling. 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 that 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 and good practices in the area of sustainable urban development. It also seeks to promote analysis of development trends in relation to territorial cohesion, whose aim is to secure 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: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the 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. Action in the area of European territorial cooperation is funded by the European Regional Development Fund (ERDF). In terms of thematic concentration, the European Territorial Cooperation Regulation 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 that 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 two Member States. While Member States are free to decide themselves how best to work together, a number of specific structures exist to facilitate cooperation, particularly for cross-border and transnational cooperation.

European groupings of territorial cooperation (EGTCs)
An EGTC allows bodies from two or more Member States to work together under a common structure with legal personality. Flexible in structure, the aim is to facilitate cross-border, trans-national and inter-regional cooperation and this 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 non-EU countries under certain conditions.

**Macro-regional strategies**

Embracing regions from Member States as well as non-EU 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, or 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 groupings 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 69 EGTCs in place. In the 2016 EGTC monitoring report issued by the European Committee of the Regions (CoR) tourism emerges as the leading area of interest for the groupings currently in place, with the report identifying 39 EGTCs active in this area, followed by culture and sports activities. Transport activities take third place, and environment is next on the list of most popular activities. The report notes that the total number of ETC projects implemented by EGTCs in 2016 is relatively low, highlighting several obstacles to EGTCs’ greater involvement in ETC, such as legal differences between Member States or problems with the recognition of EGTCs as cross-border partners.

**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 improve the alignment of 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 Creţu 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 2010 ex-post evaluation of Interreg III. 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, generated 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.

According to the European Commission’s September 2017 seventh cohesion report, European territorial cooperation has played a key role in mitigating the negative effects of internal borders and in delivering innovative solutions in areas such as research, the environment, transport, education, healthcare or cross-border security. The report nevertheless notes that despite the removal of many regulatory barriers, borders continue to act as an obstacle to the movement of services, people, capital, goods and ideas. Indeed, while Interreg has delivered numerous benefits over 27 years, it is clear that a number of challenges still remain.

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 2016 resolution 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 2016 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, recent years 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.

**Cross-border review**
Organised by the European Commission from July 2015 to February 2017, the cross-border review covered three main pillars: the preparation of a study on easing legal and administrative obstacles in EU border regions; the facilitation of four workshops with key stakeholders; and the organisation of a public consultation, held 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. The findings of this consultation, 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.

The study on easing legal and administrative obstacles in EU border regions, completed in 2017, whose aim was to take stock of the existing obstacles at EU internal land borders and to assess how they are addressed by the authorities involved, included a set of 15 case studies and an inventory of over 200 legal and administrative obstacles, as well as a final report that outlined a series of conclusions and recommendations for action at local, national and European level. At local level, the report stressed the need for local authorities to drive forward the process of easing legal and administrative obstacles through the creation of cross-border structures and processes, noting that at national level, authorities should strive to align and harmonise regulations with neighbouring countries, and ensure their implementation. At EU level, meanwhile, action should be taken to support efforts at local and national levels and to improve the operation of EU legislation, financial instruments and the role of coordinating and information instruments.

**Boosting growth and cohesion in EU border regions**
After two years of discussions held within the framework of the cross-border review, the European Commission published a communication on boosting growth and cohesion in EU border regions in September 2017. Highlighting how the EU and the Member States can limit the complexities and costs of cross-border relations and encourage joint services across EU borders, it puts forwards a series of measures and recommendations for facilitating cooperation between people and businesses in land border regions, helping people and businesses to tap into the potential of these regions by focusing on a list of 10 actions: deepening cooperation and exchanges, improving the legislative process, using e-government to enable cross-border public administration, providing reliable and understandable information and assistance, supporting cross-border employment, promoting border multilingualism, facilitating cross-border accessibility, promoting greater pooling of health care facilities, considering the legal and financial framework for cross-border cooperation and, lastly, building evidence for better decision-making. As part of its support for the delivery of these 10 actions, the Commission’s planned measures for 2018 include the publication of a study of missing rail links along internal borders and the comprehensive mapping of cross-border health cooperation across the
EU, with the document also noting that the Commission can take direct action in its areas of competence when proposing new legislation or funding mechanisms.

One of the key developments following the publication of this communication was the creation of a Border Focal Point within the Commission at the end of 2017. This new resource, which uses Futurium, an online platform devised by the Commission, provides a space for the development of an online professional network where border stakeholders can share their experiences and discuss possible solutions for resolving border related issues. It will also support the implementation of the 10 actions set out in the communication. To build further on the commitment to deepen cooperation and exchanges, the Commission launched an open call in February 2018 for proposals for pilot projects that will set out pilot actions for tackling legal or administrative problems in border areas. Focusing on the five issues of employment, health, transport, multilingualism and institutional cooperation, these pilot projects will be delivered over a maximum 15-month period, with grants of up to €20 000 available for each of the 20 pilot projects selected, and will seek to identify tested solutions that can be replicated in border areas across the entire EU.

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 working group on innovative cross-border solutions was set up in July 2016 to further develop the tool presented under the Luxembourg Presidency and establish a toolbox of cross-border solutions. Its July 2017 final report proposes a European cross-border convention (ECBC) as a systematic bottom-up procedure and tool that would allow authorities and stakeholders of one Member State to apply the administrative or legal rules applicable in the neighbouring Member State in a defined area along the border in order to address an obstacle to a cross-border activity or service, providing a fast-track procedure for overcoming cross-border obstacles by verifying whether solutions already exist and, if this is not the case, coming up with a solution.

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 that should be carefully examined, such as the special regime of derogations to the applicable law.

Voices in the debate on the future of cross-border cooperation
As discussions get under way on the future of cohesion policy in the next programming period, several organisations and institutions that represent the interests of border
regions and stakeholders have begun sharing their views on the role of cross-border cooperation beyond 2020.

In its February 2018 working document on boosting growth and cohesion in EU border regions, the CoR’s Commission for Territorial Cohesion policy and the EU Budget (COTER) welcomes the European Commission’s 2017 communication and supports the creation of the cross-border focal point. Looking to the future, COTER considers that there should be a significant increase in EU funding for European territorial cooperation initiatives during the next multiannual financial framework, highlighting the high European added value of cross-border projects as they boost economic growth and cohesion. Noting that the current ETC Regulation fails to take sufficient account of the specific nature of ETC, COTER puts forward two options: that ETC be treated separately from cohesion policy legislative framework in the next programming period or, alternatively, that greater account be taken of the specificities of ETC programmes in the future programming period. It also outlines a number of measures to improve the delivery of ETC programmes, including a call for ETC programmes to be exempt from state aid provisions and the removal of the requirement for the annual closure of accounts, and considers that thematic concentration and ex-ante conditionalities should not apply to future ETC programmes in view of the diverse needs and multi-country character of border regions. Meanwhile, the CoR’s July 2017 opinion on people-to-people and small-scale projects in cross-border cooperation programmes highlights the importance of such projects for overcoming border obstacles and integrating border areas and recommends that such projects be anchored in regulations on EU support for cross-border cooperation, calling on the European Commission to make the necessary provisions in its proposal for the next generation of regulations.

As well as highlighting the need for cohesion policy to remain at least at the current level of funding and for it to be visible across the EU, the Association of European Border Regions (AEBR) considers that ETC must continue to be a European political objective in its own right as part of European cohesion and regional policy, emphasising that ETC makes a genuine contribution to European integration and always creates added value. More specifically, its 2018 discussion paper draws attention to the problems posed by the growing size of Interreg A programmes, which cover areas too large to focus on the needs of functional cross-border areas or involve local stakeholders, resulting in an ever greater role for national authorities in projects. To help improve the situation, the AEBR puts forward a proposal for greater decentralisation in future Interreg programmes, involving the creation of sub-programmes with their own steering committees that would enjoy significant independence in terms of delivering sub-programmes and project selection. Noting that a strong renewed cohesion policy for all regions is central to the EU’s future, the Assembly of European Regions recommends that investments in cross-border, transnational and interregional programmes be increased and facilitated under future cohesion policy as they are of clear added value for ETC and cohesion policy delivery. **European Parliament position**

The European Parliament has been actively involved in the debate on improving territorial cooperation. Its September 2016 resolution on European territorial cooperation 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 resolution urges Member States to make wider use of Interreg programmes to facilitate cross-border labour mobility. On simplification, Parliament calls on the European 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 recommendations, the resolution 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. Noting that European territorial cooperation adds substantial added value to EU objectives, Parliament's June 2017 resolution on building blocks for a post-2020 EU cohesion policy considers that ETC should remain an important instrument beyond 2020 and calls for a substantially increased budget for ETC in the next programming period.

**Outlook**

European territorial cooperation is arguably one of the EU's success stories. Although challenges remain, recent initiatives such as the European cross-border convention and the launch of the Border Focal Point demonstrate a common desire to address such barriers, with discussions on cohesion policy post 2020 revealing a strong consensus on issues such as the need to provide more funding for ETC, to increase the role of local actors or to simplify rules on reporting and state aid. While few would appear to question the importance of ETC beyond 2020, there is certainly no room for complacency. The impact of the temporary reintroduction of border controls by several countries in the Schengen zone is a stark reminder that territorial cooperation cannot be taken for granted.

**Main references**

Looking back on 25 Years of Interreg and preparing the future of territorial cooperation, background document, Luxembourg Presidency of the EU Council, 2015.

**Disclaimer and Copyright**

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.


Photo credits: © darioracane / Fotolia.

eprs@ep.europa.eu

http://www.eprs.ep.parl.union.eu (intranet)


http://epthINKtank.eu (blog)