



**Association of European
Border Regions (AEBR)**

Strategic document on Smart cooperation

**Territorial Cooperation fostering European integration: Cities and Regions
linking across borders**

May 2012

Executive Summary

The present report has been elaborated on by the Conference of European Cross-border and Interregional City Networks (**CECICN**) and the Association of European Border Regions (**AEBR**). The **CECICN** is an EU platform of six city networks (Atlantic Arc Cities, Mision Opérationelle Transfrontalière, Red Ibérica de Entidades Transfronterizas, Forum of Adriatic and Ionian Cities, Medcities, Baltic Cities) **representing almost 37% of the EU population and involving 500 cities in Territorial Cooperation**. Its objective is to boost territorial cooperation among border cities in Europe. The **AEBR** represents **100 border regions**. It is a forum for cross-border cooperation and makes the voice of the border and cross-border regions heard at a European level.

The **main aim** of this report is to **put European Territorial Cooperation (ETC) at the core of the debate about 2014-2020 financial perspectives and the implementation of EU 2020 Strategy**. It presents proposals on how this goal can be implemented within the political context of the **EU 2020 Strategy**, the **Territorial Agenda 2020** and the **Leipzig Charter**.

The progress made through ETC so far demonstrates its importance to the future of the EU. It has proved its European, political, institutional, economic and socio-cultural **added value**. ETC policies have given visibility to the European integration process and provided substantial positive impact. **Partnership and subsidiarity** are key characteristics for successful territorial cooperation. In order to contribute to the new Europe resulting from the crisis, ETC should be strengthened by more strategic content, more involvement of economic and social stakeholders and more coordination with other funding sources, especially those coming from the EU level. The so called **cooperation of second generation** should be prioritised. This kind of cooperation boosts cross-border services and transnational collaboration in various areas. This is the cornerstone of what we call **Smart Cooperation**.

AEBR and CECICN have raised the following five key ideas in order to put ETC at the core of the debate:

1st Financing Territorial Cooperation in Cohesion Policy: The ETC needs a larger budget, but also a more integrated and strategic approach; it must be part of the strategic documents.

2nd Improving the strategic dimension of cooperation: ETC should be a flagship instrument of territorial cohesion. It should be included in all strategic documents. Member States should be encouraged to coordinate strategies and funding across borders.

3rd Reinforcing governance: Cooperation requires multilevel governance: a more territorialized approach and a strengthened partnership with cities and regions representing the level of proximity of daily life, also in the context of cross-border and macro-regions.

4th Developing the tools: Territorial Cooperation will not succeed without common, intense, agile and representative cooperation structures at different scales, such as cross-border agglomerations or regions, euro-regions, city networks, macro-regions, or the European level itself.

5th Key idea: Contributing to the Single Market: The current crisis requires a strategic approach for the new programming period aimed to overcome the economic situation and to contribute to the creation of growth and jobs, along with the other Cohesion Policy goals.

All European policies should increase their territorial awareness of challenges and potentials in cross-border- and macro-regions.

Preface: Who we are and what are our goals

The present report has been elaborated on by networks representing cities and regions involved in Territorial Cooperation (cross-border, transnational and interregional level).

CECICN (Conference of European Cross-border and Interregional City Networks) is an EU platform of city networks **representing almost 37% of the EU population and involving 500 cities in Territorial Cooperation**, both:

- ≡ in a cross-border context: cross-border agglomerations and networks, represented by RIET (ES/PT border) and MOT (all borders involving France), and
- ≡ in a transnational context: city networks within macro-regions, represented by the Union of Baltic Cities, the Conference of Atlantic Arc Cities, the Forum of Adriatic and Ionian Cities, and Med Cities.

AEBR (Association of European Border Regions) represents **100 border regions**. It is a forum for cross-border cooperation and makes the voices of the border and cross-border regions heard at a European level.

Why are our territories particularly concerned with cooperation? They are all located on a land or a sea border; so they are peripheral, partially truncated by the border, open only to 180°, not to 360° - if the border remains closed. Cross-border agglomerations and regions and macro-regional city networks constitute an opportunity to foster European integration and bring it closer to the citizens.

Cross-border areas in various urban, rural, maritime contexts and city networks within macro-regions do not fit within established borders of political and administrative authorities, but they are “spaces of flows”¹ where people live or where businesses operate on a day-to-day basis. European integration has already encouraged cooperation at the scale of such territories. They have significantly contributed to the progress of the Single Market. However, Europe and particularly its border territories have been severely hurt by the global economic and financial crisis. Reflecting the debate on the future of the European Union, the current **challenge** is to decide whether we will allow the crisis to destroy the European integration and, in this case, let walls be built on borders again with dramatic consequences for cross border territories and macro-regions? Or will these areas be the place where the Single Market will be relaunched, contributing to economic, social and territorial cohesion of the whole Europe? We need these territories to be backed up politically, managed technically by their local elites and supported by the national and European level so as to face the challenges of the crisis and meet the needs of inhabitants. AEBR and CECICN clearly assume this option.

The Lisbon Treaty reinforces the legitimacy of regional and local stakeholders (subsidiarity) and territorial approach (territorial cohesion). The draft regulations for the future Cohesion Policy, as included in the proposal of the European Commission published on October 6th, show that territorial and urban aspects, as well as Territorial Cooperation, are clear priorities. This is seen by CECICN and AEBR as a major opportunity to raise awareness about the added value of cooperation between cities and regions and among their networks, to pool resources, to build a smart, inclusive and sustainable Europe and to enhance the European identity and integration, which is the only way to overcome the crisis.

We want to put European Territorial Cooperation (ETC) at the core of the debate about 2014-2020 financial perspectives and the implementation of EU 2020 Strategy. AEBR and CECICN want to take the initiative and are willing to expand it to other stakeholders.

¹ According to Manuel Castells.

1. Political context

In 2000, the Lisbon Strategy had assigned the European Union the goal of becoming the most competitive and dynamic knowledge-based economy in the world. As of 2005, it became clear that the objective would not be achieved without real commitment of the Member States and of internal driving forces including cities and regions. The end of the decade highlighted the breakdown in a global troubled context (economic and financial crisis) which was worsened in Europe by the uncertainty on the evolution of the Community institutions.

The new decade of 2010 started in an even more uncertain context. Even so, Europe has always progressed coerced by situation of crisis. With the Treaty of Lisbon, the European Union has improved its institutions. Economic and political integration is progressing, even if it is in the difficult context of a systemic crisis. Taking the analysis of failures of the previous decade into account and coping with the challenges of the 21st century, the European Union has chosen a strategy of a smarter, greener and more inclusive growth in a more integrated Europe: the EU 2020 Strategy.

The success of this **strategy** requires the involvement of European citizens who will be the first players and beneficiaries and of sub-national authorities who are closest to the citizens.

Until now regions, as relevant at the scale of the higher functions, infrastructure and services (airports, universities, etc.), have concentrated most of their attention on European cohesion policy. It is not about challenging the importance of this level, but integrating the local scale and its actors in a better way. Because the services they provide are essential, more attention from Europe is required by cities, from large metropolises to small towns in low density regions, as well as local authorities in rural areas.

The Lisbon Treaty recognizes this by strengthening two concepts, **subsidiarity and territorial cohesion**.

Subsidiarity entails dealing with the problems at the nearest possible level to the citizens. A greater role for local authorities in the design and configuration of development strategies and integrated local development approaches, mobilizing local and regional stakeholders, social partners and civil society, are required. However, subsidiarity also means that issues are to be dealt with at the upper levels as well - regional, national, macro-regional, European or even global.

Territorial cohesion prompts to acknowledge the specificity of each territory in terms of needs and resources: the "territorial capital". All places, cities of different sizes, various rural areas, or territories experiencing specific geographic or demographic features, face specific challenges and opportunities. According to the Lisbon Treaty, **regions disadvantaged with specific geographic and demographic handicaps** deserving particular attention and support include "cross-border regions", often having some of these characteristics (mountains, islands, sparsely populated areas, etc.) further intensified by their border situation.

However, the "territorial capital" is not only linked with characteristics of places in isolation, because territorial cohesion also results from integration of different levels. Challenges and solutions require considering functional geographies, such as cross-border regions and macro-regions.

What is implied when a territory, its inhabitants, its businesses, its elected representatives, to combine the two aspects aforementioned? An efficient, inclusive, sustainable local community is implied, while accepting the opening to and integration into larger areas. This means, in particular,

the development of cooperation between territories, which is a source of economy of scale, synergies, complementarity and integration.

In Europe this cooperation has been developed on two levels interacting with one another: that of the cooperation between States in terms of urban and territorial policies, with the support of the Commission, and that of the concrete cooperation between cities and territories across borders, supported by the EU programs and by the networks these territories have created between themselves.

Multi-level intergovernmental cooperation on spatial planning saw a first success with the approval of the European Spatial Development Perspective² (ESDP) in 1999. The concept of polycentrism put the cooperation between cities and territories at the heart of developmental issues at different scales, from the European level, where it suggested that the cities and territories of peripheral macro-regions (Baltic, Atlantic, Mediterranean,...) form "global integration zones", down to the local level, where it advised to merge the potentials of territories within functional areas crossing borders, including national ones³.

The Green Paper on territorial cohesion (2008), with the "3 C" stakes, Concentration, Connection and Cooperation, has also confirmed the intuitions of the ESDP.

The **Territorial Agenda 2020**⁴ that has been approved in May 2011 by the European Ministers responsible for Spatial Planning and Territorial Development reiterates this vision and adapts it to the new political context of the Union. According to this document, the territories with complementary potentials, often neighbouring, should join forces and explore their comparative advantages together, thus creating additional development potential. Cities should form networks in an innovative manner, which may allow them to improve their performance in European and global competition. A polycentric territorial development policy should foster the territorial competitiveness of the EU territory as well as outside the core "Pentagon area"⁵. Therefore territorial cooperation initiatives should be geared towards the long term objectives of territorial cohesion building on the experience of INTERREG Community Initiative, current programs, and integrated macro-regional strategies – as currently pioneered in the Baltic Sea and the Danube regions. Long term territorial strategies should be developed across borders with the support of the European Commission, where necessary.

According to the **Leipzig Charter** approved in 2007 by the European Ministers responsible for Urban Affairs and, more recently, to the document "**Cities of tomorrow**"⁶ published by the Commission, cities are at the core of challenges and solutions to develop a more competitive, inclusive and sustainable Europe, requiring a strengthened **urban agenda**. This last document underlines the importance of cooperation of cities in this regard. AEBR and CECICN welcome the fact that the Commission highlights the importance of cities for the cohesion policy, and underline that this is also true for territorial cooperation. Like the Territorial Agenda clearly reveals, **a well-balanced cooperation and partnership between rural and urban areas have to be further developed. Without effective small-, medium- and large-sized centres, rural areas in Europe cannot develop.** On

² http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/som_en.htm

³ Applied urban research, such as the studies ESPON 111 and 143 for ESPON 2006, FOCI for ESPON 2013³, gives a scientific basis to these strategies, reviewing the functional hierarchy, focussing on the role played by cities in the "space of flows" and inviting them to become strategic players with the support of targeted public policies.

⁴ <http://www.eu2011.hu/news/territorial-agenda-presidency%E2%80%99s-proposal-accepted>
see especially the paragraphes 12, 17, 25, 26, 31, 32, 52, 53, 54, 56, 57

⁵ As described in the ESDP

⁶ "Cities of tomorrow: challenges, visions, ways forward" (October 2011)

the other hand, urban areas cannot exist without their coined hinterlands. The Future Cohesion policy has to offer region-specific balanced solutions for a useful urban-rural partnership.

Integration and deeper cooperation can only fully succeed if **all** regions are included in the cohesion policy, especially in the framework of territorial cooperation. In case of **exclusion** of wealthier regions, territorial cooperation would be impossible on some borders, as one region would get EU-funding and the other would not, or macro-regions would be unbalanced. Also the exchange of know-how and the transfer of goods would become more difficult.

Support from the Cohesion policy towards cooperation is not to be considered only as solidarity in favour of disadvantaged areas, but also as a **catalyst for development**; all order and macro-regions present high potential, currently untapped due to the low level of cooperation.

With its horizontal approach and multi-level governance, the Cohesion policy will have to play a key role in the implementation of the **Europe 2020 strategy** goals: boosting innovation, growth and employment creation, as well as sustainable development, as European Commission highlights in its Communication “A budget for Europe 2020 Strategy” from June 29th, 2011. Notwithstanding the fact that this policy aims at reducing economic, social and territorial imbalances that still exist between and within EU regions, so as to allow them to fully take part of the Single Market.

The Territorial Cooperation objective maintains its goal to help regions and cities tackle cross-border and transnational challenges and tap their potential linked to internal and external borders, as well as undertake a Neighbourhood Policy. Territorial cooperation is not only dependent on the progress made by European integration; **it also contributes very effectively to its achievement.**

2. Key features of Territorial Cooperation today

2.1 Strategic importance of European Territorial Cooperation

From its creation, the European Union has developed a solidarity policy between regions reflected in the Regional Policy. Since 1986 the targets have focused on economic and social cohesion. Nevertheless, the Lisbon Treaty and the Strategy Europe 2020 have introduced a new dimension: **Territorial Cohesion**. This reinforces the importance of Territorial Cooperation within the Cohesion Policy for two main reasons:

1. Europe’s foundational motto: Europe without borders.
2. The affected population: just in terms of cross-border cooperation, 37 % of the European citizens live in border territories⁷.

The progress made so far through Territorial Cooperation demonstrates its importance to the future of the EU. For example, in the period 2000-2006⁸ it:

- ≡ **improved GDP per capita** of the poorest regions from 66% up to 71%;
- ≡ contributed to the creation or safeguarding of **115,200 jobs** and supported the setting up of about **5,800 new businesses**;
- ≡ promoted **improvements in transport** networks and on the **environment**, supporting the creation of more than 18,000 km of roads, railways or pathways, as well as more than

⁷ Territories with specific geographical features, DG REGIO Working paper, 2009

⁸ Source: 5th Cohesion Report



25,000 local and regional initiatives aimed to improve **telecommunication and the environment**;

- ≡ increased **institutional capacity**, promoting institutional cooperation across borders as well as multilevel governance;
- ≡ enhance EU **Regional Policy visibility** among citizens, supporting events about European issues, attended by more than 554,000 people.

Territorial cooperation has proved its European, political, institutional, economic and socio-cultural **added value**, as stated by the evaluation of INTERREG III. Consequently, it is already contributing in a very practical way to the implementation of the Europe 2020 Strategy, because its success creates synergies between national measures and European sectorial policies.

Territorial Cooperation policies have given visibility to the European integration process, but they have also provided substantial positive impact:

- ≡ Firstly, they have had a boosting effect in the **economic development of the border territories**, transforming borders from a handicap into a competitive advantage.
- ≡ Secondly, they have promoted an **active involvement of citizens** in the process of European construction and the disappearance of negative effects at internal borders. Even more, they have assumed the same task on the external borders, creating an excellent laboratory for accession countries.
- ≡ Thirdly, territories have organized themselves, generating well-organized networks and proposing innovative structures like the macroregions.

These cross-border groupings and transnational networks are emplaced as **intermediate agents** and catalysts for territorial cooperation, making it more visible and valuing their findings in the eyes of citizens.

Partnership and subsidiarity are key characteristics for a successful territorial cooperation. For this purpose, European, national and regional/local administrative levels have to be actively involved and tied together.

This active work, emerged from the European construction process, cannot be dismissed in the most critical moment. In order to contribute to the new Europe resulting from the crisis, Territorial Cooperation should be strengthened by giving it greater strategic content, greater involvement of economic and social stakeholders and greater coordination with other funding sources, especially those coming from the EU level.

The territorial dimension of Cohesion Policy is required to complete European and national policies' **thematic approach and make sure that they are focused** on real European priorities. In particular, Territorial Cooperation is one of the key objectives of the EU and a political priority.

Finally, the so called "**cooperation of second generation**" should be prioritised. This kind of cooperation boosts cross-border services and transnational collaboration in areas like health, transport, etc. along with strategic priorities like growth, employment, research, innovation or sustainable development. This is the cornerstone of what we call "**Smart Cooperation**".

2.2 Main weaknesses

Based on experiences dating back to early the 1990s and on the evaluation of the results of previous INTERREG Programs, the place-based approach⁹ is now the reference for cohesion policy and should be applied specifically to territorial cooperation. But, so far, this has not always been the case.

In this sense, we can also identify a number of **weaknesses** to be addressed:

1. Legal, political, administrative and fiscal frameworks, at national or even European level, do not always adjust to the cross-border transnational or interregional reality, because of its lack of interoperability. The boundary can also be a source of imbalances due to little or no regulated flows, resulting from this lack of coordination.

The recent Baltic Sea and Danube strategies made the flaws of European legislation concerning free movement and integration apparent. It is therefore essential to coordinate strategies, legislation, financing and institutions in different Member States across borders with the support of EU. **What is true for macro-regions also applies to cross-border regions.**

2. The Operational Programs were sometimes elaborated with a poor knowledge of the territory. Guidance on the territorial and urban dimension of cooperation was missing within EU regulation and strategic guidelines¹⁰. Socio-economic realities, territorial disparities and potentialities of cross-border and macro-regions ought to be better analysed and integrated into the program strategies.

Some programs are too large to address the specific needs of all the territories concerned. Their diversity can only be tackled by a decentralized approach such as autonomous sub-programs.

3. There has been little participation of non-governmental organisations or of stakeholders from civil society and the business world, in defining the program strategy and implementation. Moreover, participation of the administrations and institutions at local level has been weak in the implementation of the strategy and the program management. Local, regional and national input must be included prior to the definition of the strategic approach.
4. There has been a weak coherence and coordination of European Territorial Cooperation programs with the mainstream programs of Convergence, Regional Competitiveness Employment objectives and other EU or national instruments. Coordination mechanisms have to be created between Cohesion Policy programs of the three objectives and sectorial policies, both in defining the strategy and in the implementing phase. Thus, the territorial dimension should be considered as a cross-cutting issue.
5. The management of the European Territorial Cooperation programs and projects is far too complex and thus perceived by citizens and institutions as a barrier to real cooperation. Excessive *red tape* diverts funds from the real goals of ETC.
6. **Each Member State interprets EU-regulations in a different way.** Many national authorities are defining stricter rules (management and finances) than necessary, hampering the implementation of Territorial Cooperation programs.

⁹ See *Barca Report* on the importance of including territorial dimension, functional approach, commitment of the local authorities and stakeholders, multi-level governance, etc.

¹⁰ DG REGIO, *Fostering the urban dimension*, 2008.

7. The procedure for the submission of projects and their selection is very different from one program to another, because each program has created its own system. Moreover, it is often influenced by subjective criteria from the Monitoring Committee or ad-hoc selection committees.
8. The European Commission and national authorities have been more familiar with regulations and the program level and less with the project level. Cooperation projects are always more difficult to implement and are more expensive than national projects, because the partners need more resources to face different legal provisions and working methods; thus, they require deeper guidance on the thematic and territorial dimensions, that should also be supported at the national and EU level. This is a condition for European Territorial Cooperation to deliver its added value.

3. Five key ideas on *smart Cooperation*

The European Commission in its Communication COM (2011) 500 final June 29th, 2011 presented the draft budget for the European Union for the period 2014-2020. On October 6th, 2011, the Commission also presented draft Regulations on Cohesion Policy 2014-2020.

These documents emphasize Territorial Cooperation as one of the main objectives of Cohesion Policy, which is a fundamental tool to tackle some of the main EU future challenges.

AEBR and CECICN identify a number of challenges which should be taken into account in the future and that are the basis of our proposals, such as:

- ≡ The results should be evaluated against territorial priorities and EU 2020.
- ≡ Impact should be, in general, communicated to the concerned institutions, stakeholders and citizens in better way. A good communication policy will allow more visibility of the Territorial Cooperation and will extend the idea and the culture of the cooperation, due to the benefits obtained.
- ≡ The procedures should be simplified and harmonized in order to avoid delays which may hinder the effective and timely development of the operations. The system must be based on trust.
- ≡ It is important to simplify the program management by clearly defining the tasks of the different agents intervening in order to avoid duplication of functions and procedures.
- ≡ A bottom-up approach to cooperation should be enhanced by efficiently involving the local stakeholders and civil society in the definition and the implementation of a strategy.

In order to put European Territorial Cooperation at the core of the debate, AEBR and CECICN want to raise **five key ideas** to be discussed with the European institutions and other relevant stakeholders.

1st Key idea: Financing Territorial Cooperation in Cohesion Policy

Taking into account the conclusions of previous sections, CECICN and AEBR consider that Territorial Cooperation deserves more financial resources. Both the new challenges of EU 2020 Strategy and the deepening of the Single Market call for enhanced support for cooperation in all regions. The past and future enlargements and the development of the Neighbourhood Policy plead for additional effort.

The allocation of funds from ERDF to the cooperation programs has to be done by border/program and not by each Member State participating. This way the allocation would be more efficient and linked to the current problems of the concerned territories.



Even if a distinction between “developed” and “less developed” Member States and regions has to be maintained, the allocation criteria for each program should not only be based on population, but should also use other indicators such as GDP/capita, dispersion of population, unemployment rate, population density, etc. To make full use of the potentials of territorial cooperation, **measures have to fit in the problems and development potentials of the border regions.**

Given the specific budgetary constraints at the regional and local levels that endanger the capacity of co-financing the projects, co-financing should be put on the table as a major stake.

Additionally, it is clear that **financial flows should be simplified.** Systematic delays in financing are hindering the effective and timely development of the operations and excluding a significant number of institutions. Moreover, in a context of a major economic and financial crisis in most Member States, where many public and private actors are affected by a lack of cash flow, **pre-financing payments should be increased** and easily distributed.

The system must be based on trust, especially for entities with long experience of cooperation and management of EU funds. Moreover, new financing tools for Territorial Cooperation, such as loans, venture capital or global grants, might lead to major improvements in management and results.

2nd Key idea: Improving the strategic dimension of cooperation.

European Territorial Cooperation requires an increased budget, but also a **more integrated approach**, as a flagship instrument of territorial cohesion. Therefore, it should be included into the **strategic documents** (Common Strategic Framework and Partnership Contracts). Member States should be encouraged to **coordinate strategies and funding across borders**, in cross-border regions, transnational cooperation areas and macro-regions, while ensuring the involvement of cities.

So as to ensure consistency, this participation process must/may be developed in each Partnership Contract and in each program between social entities and stakeholders and Member States. Therefore, when preparing the Partnership Contract and each operational program, Member States should organize “partnerships with competent regional, local, urban and other public authorities; economic and social partners; and bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting equality and non-discrimination”¹¹

In the future, political aims of **Territorial Cohesion** and **Territorial Agenda** should be more acknowledged in sectorial policies at the European and national levels. In this context, territorial analyses and planning should be more ground-based, so as to tackle cross-border problems, transnational issues and development perspectives in a more appropriate way than before. This should be the starting point of a strategy with shared goals but which also takes into account national, regional and local priorities to mitigate the effects of the economic and financial crisis.

Thus, these documents should allow participation in order to define cooperation strategies at cross-border and transnational levels. This will ensure permanent links **with macro-regional and cross-border strategies**, as well as with the maritime basins, going beyond the scale of a Member State.

These territorial analyses and planning would facilitate a stronger thematic focus consistent with national and European policies and territorial realities.

¹¹ COM(2011) 615final, October 10th. Article5



In an improved **strategic program planning**, all levels – both the European as well as the national and regional/local level – have to be involved in a multilevel governance approach. A **joint strategic framework** with objectives and priorities at the EU level cannot focus only on Cohesion and Structural Funds, but rather the rest of EU and national policies have to be included in a coordinated way, taking into account the regional diversity. **Horizontal coordination at the EU level** (e.g. within inter-service groups of the European Commission on Urban Development and Territorial Cohesion) and **vertical coordination** (through the multilevel process of Cohesion Policy) **are indispensable**, and AEBC and CECICN are ready to provide their contribution on different policy fields and test areas for new EU policies.

Improving **performance and results** in territorial cooperation is not only closely connected to the ex ante specification of measurable objectives and outcome indicators, but it also depends on the requirements on future programs and projects. The European Commission should lay down clear guidelines and schedules.

This difficult moment pleads for the best strategy, focused on the right priorities for each territory, able to solve the different problems and face the challenges. Challenges are to be addressed by stakeholders and public actors, who must cooperate in order to achieve the most appropriate result.

3rd Key idea: Reinforcing governance

- Use the place-based approach and promote an integrated approach to territorial development

Cooperation demands a multi-level governance system where cities **and regions represent the level of proximity**, daily life and citizenship. Implementing territorial cohesion through a **place-based approach and a reinforced partnership with cities and regions** is a top priority, **both in cross-border and macro-regional contexts**.

An integrated approach of territorial development needs to be applied at the scale of **functional cooperation** areas, ranging from cross-border agglomerations to macro-regions. For such a cooperation to be operative, 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 adequate funding.

Partnership, combined with subsidiarity, is a substantial characteristic for successful transnational cooperation. For this purpose, European, national and regional/local administrative levels have to be involved and tied together.

In the new draft regulations we welcome **significant improvement towards a territorial approach**, creating instruments to develop local integrated strategies.

In practice, so as to explore the potential of territories, existing local and regional development concepts have to be taken into account when elaborating on cooperation programs. All stakeholders, including private partners, social organizations and citizens, have to be mobilized. These stakeholders are essential for political discussions about program development as well as for formulation and implementation of projects. As local governments are the closest to citizens and SMEs, and have democratic legitimacy, an integrated approach led by local authorities in participative ways (the local development method) is a major area of interest.

The draft regulation on ETC also refers to joint action plans and integrated territorial investments. CECICN and AEBR support those new formulas for ETC actions. **Global grants, sub-delegation** (for instance towards EGTCs) should also be considered **for ETC Operational Programs**. It is crucial to create and/or recognize macro/euro-regional development agencies as important territorial agents with probed capacity to plan and manage joint cross-border actions.

CECICN and AEBR welcome the Commission's proposition of an **Urban Agenda within the future Cohesion Policy**. It implies a **stronger role for urban authorities in cooperation** with rural areas at the different steps of programming (elaboration of strategic documents and programs, implementation, etc) and support not only for thematic projects, but also for integrated local development approaches.

In addition, CECICN and AEBR also welcome the setting of at least 5% of ERDF funds for urban actions, without prejudice to other actions in favour of cities or urban issues, both through the programs of the growth and jobs objective and through ETC programs.

- Simplify the geography of the cross-border programs

The general principle "one program per border" is valid in most cases. Nevertheless, experience shows that on some large borders, sub-programs enable identifying strengths and weaknesses better and can be managed in a coordinated way within the program.

Taking this into account, and on the basis of the new regulations, it is essential to create new ways to work along a long border in order to guarantee subsidiarity and a place-based approach, for example via sub-programs or global grants that enable making individual decisions.

- Reinforce the coordination between programs

Experience has demonstrated that coordination between cooperation programs and other programs of the Cohesion Policy is very weak. Moreover, coordination among ETC programs is very low and it has led to thematic overlappings between them, lacking specificity in the objectives and allowing a particular project to be presented in several of them. This coordination should also be extended to other cooperation programs such as IPA CBC and ENPI CBC.

Member States should guarantee an effective coordination to ensure complementarity and synergies among programs. Managing Authorities are responsible for the coordination actions and monitoring results and should be provided with other suitable tools.

- Better program management

Administrative and financial management procedures should be harmonized and simplified for the next programming period.

Calls for proposals should also harmonize their procedures and managing tools. Many beneficiaries work in more than one program, so different rules, requirements and interpretations are obstacles for sound management.

Procedures for selection of operations should be improved with clear common objectives and quantifiable criteria for all programs, but distinguishing the three strands of Territorial Cooperation (cross-border, transnational and interregional) in order to obtain a more objective selection. These criteria might include such aspects as partnership, cost-effectiveness, operational and financial capacity, cross-border (or transnational/interregional) impact, etc. Not to be forgotten, the introduction of adequate tools to ensure that the projects achieve the objectives described in the

approved proposal with a strict control of changes (for example in partnership) which might put their implementation at risk.

ETC programs involve at least two different national authorities that do not always implement rules in the same way. This dysfunction occurred very often in previous periods, especially regarding auditing and financial control.

Validation of expenditure and audit and control procedures should be the same for all Member States involved in the same program. Otherwise, they create major dysfunctions; for example, the eligibility of certain expenditures can change according to the Member State. In addition, more efficient systems should be designed to avoid iterative overlapping controls on the same expenditure by different bodies. Clear common guidelines, training and quality control addressed to first level controllers would improve the level of assurance and allow for a more focused and limited second and third level control.

- Greater consideration of the EU neighbouring areas

ERDF is financing territorial cooperation at the external borders of the European Union, both through the ENPI-CBC instrument and through the inclusion of some non-EU and non-IPA countries in several ETC programs, such as South-East or Baltic Sea. So far, the participation of DG REGIO and the coordination with ETC programs has been quite poor in ENPI-CBC programs, with the exception of the Mediterranean Sea Basin, which should be considered as a good practice. Even though these programs are part of the European Neighbourhood Policy, they have to find synergies with ETC, both at strategic and operational levels. The competitiveness of the regions at the external borders is clearly linked to the success of these new policy instruments.

As for the cooperation between outermost regions and their neighbours, synergy with other EU instruments such as EDF has to be enhanced.

4th Key idea: Developing the tools

Territorial Cooperation will not succeed without common, intense, agile and representative cooperation structures at different scales, such as cross-border agglomerations or regions, euro-regions, city networks, macro-regions, or the European level itself. Promoting institutional cooperation to create a stable framework for cooperation, and enhance the already existing cooperation structures, is one of the strategic measures to be taken into account in the new programming period.

Different legal tools are available, depending on the various borders and geographies and the nature of cooperation and may be used to fit specific needs of projects and cooperation governance.

As far as public cooperation is concerned, which is the case for program management or cross-border governance, CECICN and AEBR consider EGTC to be a very promising tool. Thus, they welcome the draft regulation which states: ***“Member States participating in a cooperation program may make use of an EGTC with a view to making the grouping responsible for managing the cooperation program or part thereof, notably by conferring on it the responsibilities of a managing authority¹²”***. Moreover, the draft regulation on ETC states that ***“the intermediate body to carry out the management and implementation of an integrated territorial investment (...) shall be an EGTC or***

¹² COM (2011) 611 final, October 6th. Article 21

other legal body (...)". Finally, **EGTCs may promote community-led local development actions¹³ in a cross border or transnational context.**

If the **EGTC** is made up of partners from at least two Member States, **it may be acknowledged by all ETC programs as potential lead partner or partner of projects, and, when relevant, as the unique beneficiary. Moreover, the members of the EGTC participating in that project should have the status of partners when their direct involvement in the project is more effective than a participation via the EGTC (e.g. when the member can provide logistical or technical support to the project). Otherwise only EGTCs with a strong structure would be able to fully participate.**

Other territorial cooperation structures such as consortiums, associations, euro-regions, networks etc. have capacities to promote and finance cooperation policies and projects, so they should continue to do so in the future.

We welcome the EC's proposals to improve the legal basis for the establishment of EGTCs and their participation in the new programming period; beyond legal aspects, the first bottleneck is the constitution process of EGTCs. We urge Member States to remove administrative barriers and accelerate the creation process of EGTCs, giving primacy to the European rules, without prejudice of the national legislation.

But we must go further; Member States and regional authorities should have the political will to promote and approve EGTCs **and equivalent structures**. In the turbulent economic situation, with public authorities cutting their budgets and investments, they should be seen as a co-participation model able to renew and provide more efficient expenses by creating synergies.

Networks created with the support of INTERREG and ETC programs have done an extraordinary job generating and consolidating a cooperation culture among European institutions and citizens, as well as "cooperation laboratories", transferring their experience and disseminating good practices. Among them, networks of cities and regions created to cooperate and exchange experience on urban and territorial policies have been particularly successful.

This experience cannot be wasted; **such networks should be directly involved** in the development of the Common Strategic Framework, national Partnership Contracts, programming and monitoring committees, etc.

With the new emphasis on Territorial Cohesion, the exchange of experience and the identification, transfer and dissemination of good practices in the field of sustainable territorial development and governance has to be boosted on all levels; this is particularly important when cooperation is concerned, on all scales: cross-border, transnational and the EU level itself.

European Union support of stable networking of cities and regions at EU scale, through programs such as URBACT, INTERREG IV C, ESPON or INTERACT should be enhanced.

Consolidated networks, created by the will of local and regional authorities to work within the ETC objective, are the leading and more qualified players and observers needed fulfil the targets of this kind of cooperation and should be recognized as relevant partners and eligible for funding in the interregional cooperation projects.

¹³ See COM (2011) 611 final, October 6th. Article 9 and 10.



5th Key idea: Contributing to the Single Market

The current economic and financial crisis requires a strategic approach for the new programming period, aimed to overcome the economic situation and to contribute to the creation of growth and jobs, along with the other Cohesion Policy goals. In that sense, the Territorial Agenda of the European Union 2020 states that its aim is to provide strategic orientations for territorial development, fostering integration of territorial dimension within different policies at all governance levels and to ensure implementation of the Europe 2020 Strategy according to Territorial Cohesion principles.

The present document develops this principle for territorial cooperation at cross-border, transnational and interregional levels. One of its first conclusions is the **necessary interrelation of the Territorial Cooperation with the other EU policies**. Thus, the enhancement of Territorial Cooperation brings a significant contribution in fully implementing the structural policies of the European Union, thanks to its cross-cutting dimension.

In particular, due to its necessary multi-national approach, one of the areas with a particularly large implication for Territorial Cooperation is the **Single Market**, especially for the proximity policies. Fields as important as transport, communications, free movement of persons or administrative interoperability in cross-border procedures have a direct relationship with the policies being implemented by the European Union to **achieve a true Single Market**.

As Jacques Delors said: “**Competition** stimulates, **cooperation** strengthens, and **solidarity** unites”. EU 2020 Strategy represents the economic, social and environmental goals we want to achieve; more integration through Single Market (Competitiveness), solidarity (Cohesion), and Cooperation is the way we choose in order to meet these goals. So the development of the three cornerstones of the strategy Europe 2020 has to be included as a cross-cutting aspect of all territorial cooperation policies.

Therefore, the proposals included in this document and supported by the examples presented in the document of the European Commission “European Territorial Cooperation. Building Bridges Between People” reflect the **interrelation brought by European Territorial Cooperation between** the three axis of the **Single Market** (free movement of people; free movement of goods and capital and free movement of services) and the **Strategy Europe 2020** (smart growth, sustainable growth and inclusive growth).

As a complement to these Commission documents, AEBR and CECICN have identified a sample of cooperation projects that have been contributing simultaneously to one axis of the Single Market and to one flagship domain of the Strategy Europe 2020. These projects show in a concrete manner how this statement is not just a proposal for the future, but a tangible reality to be enhanced in the next programming period.

Project matrix

Axes of Single Market Axes of EU 2020	Free movement of people	Free movement of goods/capital	Free movement of services
Smart Growth	A) Student mobility University Perpignan/University Gerona (FR-ES) B) EUCOR: the European Confederation of the Upper Rhine Universities (FR-DE-CH) C) Mobility of Artists: CULTUR*AT (PT-ES-FR-UK-IE)	A) Bio Valley CB cluster (FR-DE-CH) B) Öresund IT (DK-SE) C) Regina (ES, PT, UK, IE, DE)	A) Laboratorio Internacional de Nanotecnología de Braga. INL (ES-PT) B) International clause (NL-DE) C) Centrope (SK-AT-HU-CZ) D) ATLANTIC net (ES-FR-UK-IE)
Sustainable Growth	A) Tram-train Saarbrücken/Sarreguemines (FR-DE) B) EGRONET (DE-CZ): The EgroNet Euro-Regional Local Public Transport System C) INTEGRA/START (UK-FR-ES-PT-IE)	A) ASCEND (UK, FR, ES, IT, DE, SE,NL) B) Pim-Ex (FR-IT) C) GASD: Green Atlantic for Sustainable Development (PT, ES, FR, UK, UK-NIR, IE)	A) Comines-Pureté wastewater treatment plant (FR-BE) B) PORTS NETS (ES-FR-PT). Clean Ports C) POST PRESTIGE (ES-FR). Post Prestige Intervention Programme D) SUITE: Social and Urban Inclusion Through Housing (ES-FR-DE-PL-RO-EE) E) Eixoecologia (ES-PT)
Inclusive Growth	A) EURES Maas-Rhin (DE-NL-BE) B) Cerdanya Cross-border Hospital (ES-FR) C) Atlantic Citizenship (ES-FR)	A) Eurefi (FR-LU-BE) B) A Galicia/Norte Portugal cross-border venture capital fund (ES-PT) C) Solidarity Fund: EGTC Istergum (SL-HU)	A) Transcards (Thiérache healthcare) (FR-BE) B) Co-operation and Working Together (CAWT), Cross Border Health and Social Care (IE-UK) C) ANATOLE: Atlantic network for a new local economy (ES-PT-FR-IE)

Therefore, Cooperation contributes not only to the Cohesion Policy goals, but also to EU fundamental strategies and policies, such as citizens' integration in a Europe without borders, shared knowledge, infrastructure, and other resources and improvement of citizens' quality of life through shared services and assistance in finding a job beyond national borders.



Our view on the EU future

Since the Treaty of Rome signed more than 50 years ago, initiatives such as the Schengen Agreement, the Single Market, the creation of the Euro and the Cohesion Policy have strongly contributed to the integration of territories.

Cross-border territories and macroregions are the first affected by the European construction. In these spaces of flows, people live and work, businesses operate, etc. generating an important mobility of cross-border workers, consumers, trade, services and knowledge. Different forms of cooperation in the fields of economy, culture and environment take place, even when many of these areas remain isolated or peripheral.

For them, the ever-increasing opening of borders is:

- ≡ on the one hand, a source of imbalance, as the national political, administrative, legal, taxation frameworks do not fit the cross-border reality, and
- ≡ on the other hand, an opportunity, as new agglomeration economies result from the opening of the borders and potential in the form of linguistic and cultural diversity emerges.

All European territories, regions, metropolises, towns, rural areas, nature reserves and peripheral areas are called on to take part in the EU 2020 strategy; but cross-border and macro-regions even more so:

- ≡ From an economic viewpoint, as they can create wealth through the development of cross-border and transnational SMEs, clusters, research and innovation networks.
- ≡ From a social viewpoint, as they are areas where new cross-border labour markets emerge, with a bi- or multi-cultural mobile and dynamic labour force.
- ≡ From an environmental viewpoint, as they are spaces of joint responsibility for biodiversity, preservation of natural resources and risk management, whether urban or natural (mountain ranges, river or marine basins, rural areas, etc.).

However, in order to become a model of sustainable communities, cross-border and macro regions require an integrated territorial approach, with increased support of the Member States and the European Union in favour of Territorial Cooperation.

The European Territorial Cooperation needs a larger budget, but also a more integrated and strategic approach; it must be part of the strategic documents (Common Strategic Framework, national Partnership Contracts foreseen in the draft regulations). Member States have to coordinate their strategies, their legislations and their financing tools within cross-border and macro-regions, involving regions and cities.

Cooperation requires a multilevel governance: a more territorialized approach and a strengthened partnership with cities and regions, which represents the level of proximity, of daily life, also in the context of cross-border and macro-regions.

A more important role of local authorities in various programming stages is a prerequisite of an ambitious territorial and urban agenda. This concerns not only regional programs, but also cooperation programs, in order to support cross-border agglomerations and regions, as well as networks of cities and macro-regions. The shared evidence base, the capacity to assess the state and

perspectives of cross-border territories and networks and the impact of policies on them have to be built with the support of Member States and the EU for each of the aforementioned players.

The European Union must also increase its support for the networking of cities and regions at the European level and exchanges in cooperation in cross-border and macro-regional contexts via future programs such as URBACT, INTERREG C, INTERACT, ESPON.

Finally, all European policies, including sectorial ones (transport, information society, Single Market, employment, education, environment, energy, research, innovation, maritime policy, external cooperation, etc.), should increase their territorial awareness of challenges and potential in cross-border- and macro-regions. Horizontal coordination at the European level (for example in the Commission inter-service groups) and vertical coordination, through the multilevel process of Cohesion Policy, must involve territories and networks that represent them. CECICN and AEBR are ready to take part in these processes.

The economic crisis and public debt creates a disjunction between the political process and citizens too often nowadays.

In cross-border- and macro-regions, national and European policy converge, and a smart, inclusive, sustainable and integrated Europe is being built in compliance with both EU 2020 Strategy and Territorial Cohesion. Moreover, these territories are a melting pot for European citizenship and are the best places to learn what European citizenship really means and how it is strengthened by the diversity of national and regional cultures.

We can therefore conclude that there is a Europe of projects underway, which reconciles the Single Market and Territorial Cohesion, while answering the real needs of its inhabitants and businesses, and the Europe of citizens.