

# Position paper of CESCI on indicators measuring the results and impacts of the EGTC Regulation

*Prepared within informal consultation of the European Commission*

## Background

This position paper has been drafted based on the invitation of the European Commission Directorate-General for Regional and Urban Policy, Unit of Legal Affairs for an informal consultation on the planned indicators measuring the *effectiveness, efficiency, relevance, European added value and scope for simplification* of the EGTC Regulation (in line with the provisions laid down in the Article 17 thereof). The above-mentioned factors should be evaluated by using indicators until the August 2018. The Legal Affairs unit has developed a proposal including potential indicators. (In this paper, this EGTC evaluation indicators proposal will be referred to as „Document A“.)

First of all, we would like to state that the list of indicators has been compiled prudently and in a well-based way, as well as they are applicable for measuring the impacts of the EGTC Regulation and to feed new inputs for further development of the tool of the grouping.

However, based on the experiences gained during the last years in the field in question (completed establishment of 11 EGTCs, participation in the development work at several groupings and coordination of the operation of the permanent workshop of Hungarian EGTCs) on behalf of Central European Service for Cross-Border Initiatives (CESCI) we would like to help the designing process of proper indicators by several remarks. In addition we express our readiness to follow the evaluation process if needed.

# Remarks on indicators

## Effectiveness

In „Document A”, the effectiveness of the Regulation means the extent how the objectives thereof are reached. In this respect, it is worth considering the Founding Fathers’ interpretation of the groupings’ mission. Based on the Regulation, the EGTC should be created for:

- a) project and programme management
- b) at cross-border, transnational and interregional level
- c) with a special goal of strengthening economic, social and territorial cohesion.

The questions to be derived from the above are:

- a) whether the EGTC is a good structure for project and programme management? (see the number and the rate of programmes or sub-programmes managed by EGTCs – mentioned in „Document A” under chapter „Relevance”; the number and value of the projects implemented by EGTCs per year, compared with the role of other territorial actors – see the figures of the Hungarian EGTC study: <http://cesci-net.eu/EGTC-Overview>)

*[Let us highlight the fact that ITI, JAP and CLLD are tools which are hardly applied in a cross-border context and more rarely managed by EGTCs.]*

- b) is the EGTC applied at cross-border, transnational, interregional aspect? (see the number of cross-border, transnational and interregional EGTCs – if any!<sup>1</sup>)

*[Let us highlight that regardless of the obvious relation of the tool of EGTC to the Cohesion Policy, the EGTCs set up so far do not follow this territorial approach but rather a functional one. See for this e.g. the classification of MOT or CESCI.]*

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<sup>1</sup> It is worth considering the fundamental difference between the operation of cross-border EGTCs on the one hand and transnational / interregional ones on the other which influences also the evaluation of effectiveness.

- c) how the EGTCs contribute to economic, social and territorial cohesion of the EU? (hard to measure, see the relevant ESPON projects but in the following period, it is worth analysing the opportunity to measure this impact of the groupings).

Another aspect which can be relevant in the case of cross-border groupings (representing more than 80% of the total number of EGTCs) is how these structures can improve the intensity of cooperation of the particular border area since the major mission of the tool should be to eliminate the separating effects of the borders. It seems to be crucial, how the tool can contribute to the development of the Single Market and the single European space. In this respect, the Luxembourg presidency's proposal on European Cross-Border Convention (ECBC) can draw our attention to the shortages in legal environment of the EGTCs.

(For the cooperation aspect, see our attempt to measure the change in intensity of CBC<sup>2</sup> – in annex.)

## *Efficiency*

Efficiency means – according to the „Document A” – the balance of costs of the EGTCs and their impacts and results.

In this respect the indicator of annual costs of operation (which should not be separated from the added value of the groupings) compared to other structures' budget founded on a national or international legal basis (like euroregions, eurodistricts, consortios, etc.) could be an additional indicator. An indicator comparing the budget of development calculated on the basis of the operational costs could give a picture on the specific benefit of the EGTCs which would reflect on efficiency and value added, at the same time.

## *Scope for simplification*

As for the question of simplification, taking into account our experiences gained in establishment of groupings, the indicators enumerated are proper for the first sight. However, there is a need for further clarification.

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<sup>2</sup> The proposal has been made for the purposes of the PA4 of the Slovakia-Hungary INTERREG V-A programme but, finally, it has not been applied.

The *length of time to set up an EGTC* can be fundamentally different case by case. For instance, the total process of the establishment of the Novohrad-Nógrád EGTC lasted 4 months because the EGTC has two founding members previously working together within the framework of a cross-border structure (a geopark); while the setting-up of the Euro-Côntrole Route EGTC involving 14 national level public transport authorities started in November, 2013 and it is not still ended. The length of the approval process partly depends on the relevant national legislations (e.g. the number of ministries involved or the official deadlines of formal procedures in effect in the country, etc.) but also on the preparadness of the founding members. Consequently, it is very complicated to compare the length of the total establishment procedure of different EGTCs. In addition, to gather reliable data can cause difficulties.

Instead, the *average length of approval process* by EGTC may be a better documented (date of submission of the request and date of issuing the approval) thus more easily measurable process.

The provisions on *tacit approval* can be considered as achievement of simplification. Therefore, the number of tacit approvals can represent the level of simplification. However, so far, it has not been a general practice, so it is hard to evaluate what is the real impact of simplification principle on approval procedures. How should we interpret the result of the analysis showing that no one tacit approval has been made?

Furthermore, two questions target the *complexity of the structure of the EGTCs* which is also an important issue when treating simplification. But in this case also, there are further factors distorting the picture. E.g. in some countries, the possibility of secondment of the position of the director nuances the simplicity issue: if there are no further organs of the EGTC than GA and director but the employer of the director is a ministry with very complicated internal rules, is it a simple structure or not? Similarly, the legal environment of the seat country can influence the set of the organs of an EGTC. E.g. in several countries a Supervisory Board is a mandatory organ of the grouping. How to consider this additional organ: does it simplify or not the structure? What is the situation if the audit is to be carried out by an independent audit company (like in the Netherlands)?

To summarize, in our opinion, the question of simplification cannot be measured but through qualitative methods (interviews). Indicators in this field can be misleading.

*[In this respect, let us highlight the problems with the two founding documents – Convention and Statutes - whose functional separation is not always clear. Would not be simpler to draft one founding letter only and let the members set up Internal Rules, instead?]*

## Relevance

As mentioned above, some questions raised in the chapter 'Relevance' are in close relationship with effectiveness and the value added of the tool. When speaking about relevance of an initiative, the key factor of the investigation is the definition of the point of view from which we analyse the relevance. In this case, „Document A” applies the following point of view: „relationship between the needs and problems in society and the objectives of the intervention”. i.e. the degree to which the answer given through the EGTC is relevant for the problems of the given area / institution participating in the grouping. However, the first three indicators rather refer to the relevance of the EGTC for the EU policy: how the tool is applied for the purposes of programming. So, the definition should rather be given as „the adequacy of the tool offered by EU legislations from the point of view of (local) needs”. (See for this approach the remarks given to the chapter 'Effectiveness'.)

In our opinion, the further three indicators also reflect on this aspect.

A further issue to be investigated could be the relevance of the duration selected (e.g. indefinite period instead of limited period, mainly in the case of the EGTCs ceasing their operation).

## European added value

The list of European added value indicators may be completed with

- one measuring the changes (e.g. in the number / value of successful projects implemented, the number of employees, the population reached by activities, etc.) if a former structure (e.g. euroregion, Eurodistrict, etc.) has been transformed to an EGTC;
- one measuring the performance of EGTCs and other existing structures (euroregions, etc.) in a similar way (using the same questionnaire).

These two indicators would be complex ones.

The added value of the Regulation could be measured also based on interviews made with those managers working for other structures than EGTCs on the reasons why they consider the EGTC not attractive enough for them to apply.

## *Sustainability*

Based on our experiences, sustainability is a key component of the investigation. The Monitoring Reports compiled by the CoR's experts clearly point out this problem. Some EGTCs being under the geographic scope of CESCI's activities have not testified any marks of their existence so far (e.g. the Kras-Bodva EGTC). Regardless, they are listed (with the same content and data) in the Monitoring Report year by year. Others (like UTTS) have been analysed even by EU level study / studies as promising groupings but they have not realised anything from their spectacular plans. Further ones (like Novohrad-Nógrád) started their operation successfully but due to personal changes in the management or at the level of member municipalities prevented them from further activities.

Therefore, sustainability can be observed from different perspectives:

- the number of EGTCs registered without performing activities (implementation of projects, organization of cross-border / transnational / interregional events, making initiatives) = EGTCs without sustainability / perspective;
- the number of EGTCs with a lack of permanent operation / management (the EGTC has been set up but cannot operate permanently due to management, financial or political reasons) = EGTCs without steady background;
- the number of EGTCs independent of EU calls (a grouping which can survive financially without EU project subsidies) = EGTCs with proper background and strong future perspectives.

The query can be complemented by indicators which strengthen the comprehensive picture of sustainability / future perspectives like:

- the increase of employees of the EGTC during the last 3 years;
- the increase of budget of the EGTC during the last 3 years;
- the increase of members of the EGTC during the last 3 years;
- the number / value of projects implemented by the EGTC during the last 3 years;
- the number of institutions, enterprises owned by the EGTC.

All these indicators can create a complex indicator rating

# ANNEX

## Methodology of measuring the intensity of cross-border cooperation

### INTERREG V-A Slovakia Hungary 2014-2020 Programme

#### The objective of the present document

One of the main objectives of the future INTERREG V-A Slovakia-Hungary Programme is to strengthen social cohesion across the border. The priority areas PA3 and PA4 can contribute the most to this objective facilitating cross-border labour mobility (PA3), inter-institutional and inter-personal cooperation (PA4). To measure social cohesion of a border region is very hard, taking into account of the lack of proper indicators. In order to estimate it, the indicator „*Level of cross-border cooperation*” has been chosen which should identify the intensity of cross-border cooperation. The present document aims at defining how to measure the intensity thereof.

#### What does the intensity of cross-border cooperation mean?

Intensity of cross-border cooperation can be identified by using qualitative and quantitative factors. Quantitative factors are linked to the frequency of cooperation activities (joint events, joint projects, joint publications), while qualitative factors are those related to the degree of institutionalisation (long-term, strategic partnership; each institutional links are to be measured). Both dimensions of the factors can be analysed at local, regional and state (deconcentrated governmental institutions) level. Long-term cross-border structures (euroregions, EGTCs and alike) compose an additional group of entities to be measured. For the sake of simplification, public entities should be involved, exceptionally.

#### How to measure baseline value of intensity?

##### *Gathering information*

The method of measuring intensity will be carried out by electronic survey containing the following questionnaire matrix.

	Qt01_Frequency of meetings, joint events during the last 3 years	Qt02_Number of joint projects implemented during the last 3 years	Qt03_Number of joint publications from the last 3 years	Ql01_Level of institutionalisation (informal cooperation, signed agreement, joint institution and /or service)
Local municipalities	average value (v <sub>1</sub> )	average value (v <sub>1</sub> )	average value (v <sub>1</sub> )	weighted average value (w <sub>1</sub> )
Regional municipalities	average value (v <sub>2</sub> )	average value (v <sub>2</sub> )	average value (v <sub>2</sub> )	weighted average value (w <sub>2</sub> )
Governmental institutions	average value (v <sub>3</sub> )	average value (v <sub>3</sub> )	average value (v <sub>3</sub> )	weighted average value (w <sub>3</sub> )
Permanent cross-border structures (euroregions, EGTCs, strategic partnerships)	average value (v <sub>4</sub> )	average value (v <sub>4</sub> )	average value (v <sub>4</sub> )	weighted average value (w <sub>4</sub> )
<b>AVERAGE (Total)</b>	$\overline{Av}_1 = \frac{v_1 + v_2 + v_3 + v_4}{4} \quad \overline{Av}_2 = \frac{v_1 + v_2 + v_3 + v_4}{4} \quad \overline{Av}_3 = \frac{v_1 + v_2 + v_3 + v_4}{4} \quad Q = \frac{w_1 + w_2 + w_3 + w_4}{4}$			

The addressees will be requested for filling in the questionnaire for all their cooperation functioning within the programming region (e.g. further twin-towns, further inter-institutional collaboration links). All questionnaires will contain 3 quantitative questions (frequency of joint events, number of joint projects, number of joint publications) and 1 qualitative (level of institutionalisation).

In the case of the qualitative question, the values assigned to the answers are the following:

- 1 – informal cooperation
- 2 – signed agreement
- 4 – joint institution and / or service.

(i) Method of counting of average value:  $Av = \frac{\sum_{i=1}^n n}{s}$

where

Av = average value

n = cumulated value of the answers given by either question

s = sample size (number of questionnaires filled in)

(ii) Method of counting weighted average value:

$$A_w = \frac{1 * i + 2 * a + 3 * j}{s}$$

where

i = number of models of informal cooperation

a = number of models of signed agreement

j = number of joint institutions / services

s = sample size (number of questionnaires filled in)

(iii) Method of counting the quality of cooperation:

$$Q = \frac{w_1 + w_2 + w_3 + w_4}{4}$$

where

w = weighted average value

(iv) Method of quantification of intensity

$$I = \left( \frac{\overline{Av_1} + \overline{Av_2} + \overline{Av_3}}{3} \right) * Q$$

*Sample size*

In case of permanent CB structures, governmental institutions and regional municipalities, all the stakeholders should be surveyed. In the case of municipalities, all the stakeholders should be

addressed but in the latter case shortages in answers are expected. The survey should cover the majority (50%+1) of the potential partnerships (more than half of total sample size; in order to avoid duplication, each partnership should be surveyed once only!).

The total sample size should amount to:

Local municipalities (taking part in twinning)	120 (more than half of the total number of twinning partnerships)
Regional municipalities	13
Governmental institutions (deconcentrated governmental institutions operating in the programming region)	27 (HU) + 136 (SK) = 163
Permanent cross-border structures (euroregions and EGTCs)	15
In total	311

### How to measure changes?

The way of measuring changes is a scaling. The survey should be realized at the beginning of the programming period for identifying baseline value. Later on, the survey should be repeated in 2018, 2020 and 2023 (target value). The baseline value will be awarded by a score of 5 which makes possible to measure differences by time both in positive and in negative direction.

Changes will be measured in line with the following method.

Difference of 20% identified with the method above will be identical with 1 score (decrease of 20% in the value of intensity compared to the baseline, results in a score of 4; decrease of 40% means a score of 3, etc.; an increase of 20% under a given question results in a score of 6, etc.). The differences of average values under the four questions will be summarized: this will refer to the value of the current level of cross-border cooperation.

The expected target value of the indicator is 6 which is identical with an increase of 20% compared to the baseline. The estimation is based on the expected number of cooperation projects implemented through the two small project funds (approx. 600 projects in total) aiming mainly the organisation of yearly returning joint events, the printing of joint publications and implementing joint small-scale investments which may result in the increase of institutionalised cooperation. Similarly, the emphasis given on joint tourist management and joint tourist products under PA1, joint public transport and logistic services under PA2 and the integrated development of labour services under PA3 will improve the level of inter-institutional cooperation.