

European Territorial Cooperation
**Preparation and management of
projects and programmes**

*(with a view to the role of EGTCs and macro-regional
strategies)*

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List of Abbreviations

Abbreviation	Full Term
BSR	Baltic Sea Region
CBC	Cross Border Cooperation
DR	Danube Region
EEIG	European Economic Interest Grouping
EGTC	European Grouping for Territorial Cooperation
ETC	European Territorial Cooperation
EU	European Union
JTS	Joint Technical Secretariat
LRAs	Local and Regional Authorities
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
PCM	Project Cycle Management
TA	Technical Assistance
<i>Country Codes</i>	
AT	Austria
BE	Belgium
DE	Germany
FR	France
IT	Italy
LU	Luxembourg
PL	Poland
PT	Portugal

Introduction

The overarching objective of the assignment is to gain an overview of the current situation as well as future perspectives for Local and Regional Authorities (further on LRAs) in European Territorial Cooperation (ETC):

- the current role of LRAs as well as national and European actors in preparation and management of programmes and projects
- current provisions for cooperation and coordination between these actors
- options to reinforce cooperation and partnership among these actors

The specific objectives of this *evaluation note* can be summarised as follows:

- General overview of the management of programmes and projects in ETC in the current period (2007-2013) – with a view to the challenges and benefits for LRAs and other actors
- Potentialities related to European Groupings of Territorial Cooperation (EGTCs) and macro-regional strategies in ETC management and programming for the forthcoming period (2014-2020)
- Synthesis: definition of anchor points in order to strengthen the role of LRAs in ETC management in the forthcoming funding period 2014 to 2020 (also referred to as 2014+)
- Examples for the involvement of LRAs in programme and project management

The report has been based on desk research including a couple of interviews with ETC practitioners in order to provide firsthand experience related to the challenges on the ground. Project examples have been used to illustrate major findings.

1. Executive Summary

In the period 2014-2020 the objective of ETC will be strengthened – funding will be raised to about EUR 11,700,000,000 . ETC can be seen as a major tool for the socio-administrative integration of the EU: economic integration is happening at rapid pace but public actors tend to lag behind. With a view to the goals of EU 2020, ETC projects often work on pillars of competitiveness. Just to mention two examples: efficient infrastructure networks or the sector of education and qualification have in many cases become issues on the transnational agenda.

Throughout the Union LRAs play a dominant role in ETC programme as well as project management – the majority of Managing Authorities of ETC programmes are European regions and LRAs and their public equivalents are the most frequent Lead Partners of projects.

ETC is mostly about the cooperation of persons. Thus capacity building and qualified staff are the essential element for making programmes and projects work.

This requires

- programme management to steer the programmes and run the project cycle management smoothly and efficiently
- beneficiaries to develop and implement projects

From the perspective of applicants and project owners the major difference with mainstream programmes is project generation: successful project development is usually more demanding and takes more time in ETC programmes. Just to highlight two typical challenges in different strands of the ETC:

- cross-border: in particular when it comes to genuine cross-border infrastructure
- transnational and interregional due to developing the usually large partnerships required for successful application

With a view to LRAs, access to the programme is crucial . This requires active programme management to support project generation – which should be one of the key purposes of Technical Assistance. Programme management and

programme partners, networks and intermediaries can have a major role in shaping programme delivery.

Programming for the period 2014-2020 starts now. When looking at the draft regulations several points deserve particular attention regarding the involvement of LRAs:

- drawing up the partnership contracts at MS level in the framework of broad dialogue could be used to strengthen the commitment of LRAs to the future programmes
- supporting a broad partnership in the programming process is closely linked to this point – getting new ideas and perspectives means, at least partly, involving new players
- The concept of integrated territorial development and the new elements such as community-led actions could be of particular interest to LRAs but have to be translated to the programme context in order to attract interest.

EGTCs and macro-regional strategies are new tools for territorial cooperation at European level. Thus it is worth considering the potential of both tools for strengthening the role of LRAs in the ETC. For both tools a sustained effort by the Commission, CoR and INTERACT will be needed in order to promote their role in the new period. It is of the utmost importance to gain multipliers in this process. But one has to be aware that for programme managements the next two years mean the peak of workload in running the programmes – thus one cannot expect them to invest a lot of time in searching for links to broader networks.

- existing EGTCs demonstrate that these are instruments which favour longer term commitment at the same time being political symbols; most of the existing EGTCs motivate LRAs in a distinct geographical area to develop and implement a shared vision – programme managements should be encouraged to support targeted awareness-raising among beneficiaries which are working on promising ideas; focal points and experts having legal experience will be a decisive asset in this task
- the current stakeholders of macro-regions¹, in particular for the Danube Region have to work on concepts and communication plans to translate the strategies into the context of programmes: given the magnitude of the task it is evident that multipliers are needed. Transnational programmes are an obvious financing tool for the Strategies but not to consider the cross-border strand would mean to leave a substantial part of ETC funding untapped.

¹In particular Commission, High Level Groups, Coordinators and Steering Groups, and INTERACT.

Cooperation between stakeholders of the Strategy and programme managements might help to bring LRAs closer to the strategy: programming the next period is the major opportunity to enter a dialogue with a broad number of players.

2. ETC management

Border regions – vast variety of challenges and needs

First of all the strong connotation of LRAs in the general idea of ETC and its predecessors should be highlighted: it is meant primarily as an initiative for the border regions throughout the EU. The term "border region" refers to an enormous variation at regional level: thinking e.g. of the differences between the cross-border areas in the triangle Luxembourg-Belgium-Germany on the one hand and the regions along the current external border of the EU – for example along the Polish border to Belarus - on the other . Local and regional needs and development perspectives differ to a significant extent between border regions across the EU.

The ETC rests on three pillars or so-called strands, i.e. cross-border, transnational and interregional ,all of which serve to deepen integration across a broad variety of themes.

The ETC as a tool for the socio-administrative integration of the EU

Economic integration within the EU has happened at a rapid pace but cross-border and transnational initiatives steered by public actors tend to lag behind in many crucial areas – this is reflected e.g. in the EU initiatives related to Trans-European Networks in transport or energy as well as the attempts to foster Europe-wide compatible offers in the sector of education and qualification. Tackling these challenges and furthering cooperation among public actors is perhaps the most important potential offered by ETC programmes: national actors will tend to view things from national policy interests but ETC programmes act as an incentive to broaden the policy perspectives from purely local, regional or national to cross-border, transnational and European ones.

ETC management

In this report, the term ETC management refers to the *management tasks related to programme and project management in the framework of ETC programmes*. In both cases, i.e. in programme and project management, a distinction between different roles will be made according to the grade of involvement:

- in programme management the strongest form of involvement is to act as Managing Authority (MA) for a programme, i.e. to take over a major share in the responsibility for the programme towards the EC; the other most probable involvement – in particular for LRAs – is the membership in the

Monitoring Committee (MC), i.e. in the supervisory board of the programme

- in project management the most substantial involvement is to act as so-called Lead Partner of a project, i.e. to take, in contractual terms, a major share of responsibility towards the Managing Authority of the respective programme paired with a leading role in project management for the whole project partnership; alongside this key challenge participating as a project partner is the most probable involvement.

LRAs, national authorities and European actors (such as EGTCs) are active in both management tasks in the current period.

Two major aspects are evident whenever referring to management in ETC programmes whether on programme or project level:

- next to all standard challenges related to SF programme or project management the element of diplomacy also plays a crucial role – there will be face-to-face contact from the other participating Member State(s); one might have to tackle significant differences in administrative cultures; in many cases one has to tackle language barriers etc.
- sound, effective and efficient ETC management therefore poses significant requirements in terms of staffing and qualification – despite the fact that the budgets in ETC programmes or projects are often small compared to mainstream programmes such as under the Convergence or Regional Competitiveness and Employment (RCE) objectives, the management challenges are of a similar order.

2.1 Role in programme management

The section outlines the role of LRAs and national actors in programme management. Involvement in ETC programme management – be it as MA or MC member – support commitment to the programme and in the best case scenario the set-up of networks across the border or at transnational level.

The table below outlines the current situation as regards Managing Authorities for ETC programmes in the EU:

- LRAs represent the majority, though it must be stated that in this case only regional authorities act as MAs – for obvious reasons this refers mostly to decentralised Member States

- For programmes managed by the EU-12, national authorities act as MAs
- Special bodies currently comprise next to one EGTC one bank.

Table 1. Role of actors in programme management – Managing Authorities in ETC

ETC programmes	LRA	National	EGTC or other special body	Total
CBC	31	19	1	51
Transnational	9	3	1	13
Interregional IV C	1	0	0	1
Network programmes ²	1	2	0	3
Total	42	24	2	68

Source: DG Regio, InfoRegio, own calculations

The major benefit of acting as MA of an ETC programme can be seen as follows:

- it provides a valuable contribution to capacity-building which means that in a best case scenario a - usually quite small - but dedicated administrative unit evolves
- it strengthens a strategic perspective and might motivate other departments of the same institution to start developing projects and thus forming the nucleus of a wider network
- it will usually develop at least one solid tie to its counterpart(s) in the neighbouring countries which again can provide the nucleus of widening network relations

From the perspective of public bodies such as LRAs or ministries the major underlying challenge to act as MA for a ETC-programme consists in providing qualified staff resources. More precisely, this challenge can be sketched as follows:

- it implies taking over responsibility for staffing of the MA and usually also the Joint Technical Secretariat (JTS) which acts as executive arm of the MA in programme management,
- in particular the staff of the MA has either to be allocated to this task or will be newly recruited – but one has to see that ETC rarely belongs to the key

² INTERACT, URBACT, ESPON.

agenda of any authority, i.e. provision of qualified staff capacities – or capacities needed to manage external staff - might be viewed askance; in particular since immediate benefits from this role cannot be expected (at least not in the short term): the role of the MA implies a neutral approach and impartiality towards project initiatives.

Marked differences in the administrative structures might pose challenges in programme management in particular in cross-border programmes which are closer to regional and local policy-making than transnational and interregional ones. Coming from a federal country with active regions, establishing cooperation routines with a strongly centralised country might pose additional challenges. It will take more time to establish communication flows, to define the adequate structures to support project generation and finally to streamline the processes and routines.

In particular, in cross-border programmes the composition of the Monitoring Committee (MC) represents the administrative structure of each country. This is less of a challenge in transnational programmes since these programmes usually establish a network of national representatives and national contact points (as support structure). The key responsibility of the MC is the decision-making on the use of ERDF. More concretely this might take various forms from a project-by-project discussion to decision-making along a list proposed by the JTS.

The following are examples of challenges related to ETC programme management from the perspective of MC membership:

- *impartiality in project selection* – in particular in cross-border programmes, MC often discusses projects on an individual basis thus making the often feeble balance of powers prone to individual lobbying for projects; attempts to counteract such tendencies require leadership capacities from the part of the MA. This in turn means that the MA and the JTS have to have a strong backing and acceptance in performing their tasks.
- pro-active membership implies an *active approach to strategy-building* – i.e. developing cross-border or transnational alliances in policy-making and definition of actions; an obvious prerequisite for pro-active membership is longer work experience, capacity to decide and last but not least continuous and steady commitment to the programme; this sounds obvious but many ETC programmes face a lack of stable and experienced stakeholders in the MC.

2.2 Role in project management

The section provides an insight into the challenges related to the development and management of ETC projects. It is obvious that a standard set of challenges related to management of Structural Funds (SF) projects exists but one could say that on top of these challenges ETC projects imply additional quite demanding elements: in particular the coordination of large partnerships.

Project management from a programme perspective

The project cycle management (PCM), as part of programme management, is in the hands of the Joint Technical Secretariats. These secretariats form the executive arm of the MA and support all major steps from project generation on to selection process, contracting and financial management. It is evident that the more qualified both partners in the process are – i.e. the JTS staff on one side and the beneficiary's staff on the other side – the more smoothly the PCM will run for both sides. Another crucial element in the PCM is the qualification and the attitude of the persons working in the financial control³ of projects. Transparent and reliable communication from all parties involved, i.e. beneficiary, JTS and financial control is crucial.

The table below presents - for a selection of ETC programmes - the quantitative involvement of LRAs and other public institutions as Lead Partners of projects.

³ In ETC frequently called FLC (First Level Control), which means the control according to Article 16, Regulation (EC) 1080/2006

Table 2. LRAs acting as Lead Partners in ETC projects

Programme	Authorities			Public equivalents		Universities, research institutes	Other (private)	Total
Programme	Local	Regional	National	LRA	Nat.			
Cross-Border								
AT-SK	8	10	3	11	4	7	13	56
Grande Region	5	13	1	21	3	20	22	85
IT-FR	10	24	0	2	1	1	0	38
SK-PL	43	15	0	10	2	0	11	81
Transnational								
CENTRAL EUROPE	16	22	4	25	3	23	5	98
Interregional								
Interreg IV C	15	37	2	25	2	5	21	107
Total	97	121	10	94	15	56	72	465
%	21	26	2	20	3	12	16	100%

Source: programme websites, lists of beneficiaries, 01/2012

It is evident that this is just a snapshot for six programmes out of a total of nearly 70 programmes. However there is one major point demonstrated with the quantitative differences across the programmes.

ETC programmes develop their specific context of implementation which differs strongly across programmes. The maritime programme Italy-France being in hands of regions, the Slovak-Polish CBC programme which is driven by local initiatives targeted at small infrastructure investment, Central Europe – a transnational policy building tool where regions, public equivalents and universities are strongly represented. Since one major point is that experienced Lead Partners tend to apply for further projects these patterns will tend to become more marked in the next period. From a more strategic programme perspective such tendencies might be desired in case of LPs with a broad portfolio or in case of issues which need long-term development. The obvious challenge is that it might turn into rent-seeking instead of genuine impetus to cooperation across borders. This is a clear appeal to use programming for a closer examination of the patterns of beneficiaries (see also recommendations).

From a broader perspective, the crucial point for LRAs is access to the programme. As in other SF-programmes the major challenge is faced by small local authorities who have limited capacities to develop and manage projects. In order to safeguard the participation of these players, two potential approaches should be highlighted:

- intermediaries such as RDAs or regional managements which offer support to partnership building and project development
- EGTCs which act as strategy-builders involving all local authorities in a distinct geographical area.

Two examples of projects from different programmes illustrate the marked differences in the type of actions across programmes:

Project	Construction of sewerage systems in the Poprad River Basin towns of Wierchomla (PL) and Forbasy (SK)
Programme	CBC Poland - Slovakia
Partnership	Town and municipality of Piwniczna Zdrój (PL), Forbasy (SK)
Funds	€2 million (ERDF)
Rationale and activities	The major activity is the construction of sewerage systems in the towns of Wierchomla and Forbasy located in the Poprad river basin; currently almost 70% of waste water from the towns discharges without purification into the river.
www	programme website www.sk.plsk.eu
Comment	This type of project stands for series of projects in EU 12 in the framework of ETC – be it roads, waste water treatment plants or other key infrastructure for border areas. Decades of neglect have left an enormous burden related to infrastructure investment in rural areas along the borders. Due to the number of projects related to waste water treatment also a shared water management strategy has been elaborated as project in the programme. Such a shared strategy is e.g. also a project in the programme for Grande Region (coming from a totally different starting point – Grande Region ranks among the markedly urbanised areas – however the challenge of coordination is a common feature ...)

Project	INTERDOC – Office for cross-border PhD studies in natural science
Programme	IV A Grande Region
Partnership	University of Saarland, Institute National Polytechnique de Lorraine
Funds	€300,000.- (total); €150,000.- (ERDF)
Rationale and activities	Developing a service office for cross-border PhD studies in the Greater Region. Several interdisciplinary modules will be developed jointly in order to strengthen the position of universities. The project is intended to be the start of an expanding network.
www	programme website www.interreg-4agr.eu
Comment	Qualified personnel are the key factor for sustained competitiveness of urban regions. Proximity of universities encourages the vision of cross-border universities.

The perspective of project owners

Considerations based on the experience of project owners reveal the following major challenges along the project management cycle in the framework of ETC:

Table 3. Major challenges in ETC project management

Step in Project Management Cycle	Major Challenges
Project development and preparation	<p>Usually long preparation times due to</p> <ul style="list-style-type: none"> ▪ barriers to partner search (in particular in case of language barriers ...) ▪ capacity constraints in project development ▪ complex legal and/or planning procedures in case of <u>genuine cross-border infrastructure</u> (roads, bridges over border rivers, joint other infrastructure such as for waste water treatment, health infrastructure etc.) ▪ high numbers of partners involved – often quite demanding negotiations to establish win-win situations for all partners ▪ support from programme management is in many cases focussed on technical and formal issues whereas often guidance in developing the adequate partnership and contents would be much more important – this is usually the case when people in programme management are quite new to the job
Contracting	Often also challenging and time-consuming due to the number of contracts required ⁴
Implementation	<p>Managers of such projects state rather unisono that management of the partnership and technical management issues such as reporting for payment requests consumes disproportionate a share of their work time – often at the expense of having less time for work related to content.</p> <p>Quite demanding extra duties in reporting, i.e. usually to</p> <ul style="list-style-type: none"> ▪ clarify eligibility issues which are frequently

⁴ E.g. for a bridge across the border river in the AT-SK programme altogether five contracts had to be concluded next to the more general MoU between the regions involved (ERDF, partnership, national co financing, construction, maintenance and operation) – this reflects partly the complexity of ETC-projects in terms of contracting and partly it is the result of different layers of competencies e.g. for construction and maintenance....

	<p>interpreted differently in the participating MS</p> <ul style="list-style-type: none"> ▪ draw up reports at partner as well as at project level ▪ seek to synchronise the pace of implementation across several partners ▪ act as trouble-shooter in an often quite complex intercultural administrative environment
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Source: own considerations based on studies made in the field of ETC, hosting an operative JTS (programme AT-CZ) and interviews with practitioners

With a closer look on the project design and contents the following typology is useful to highlight important challenges related to project management. It is based on the evolutionary path underlying ETC actions.

Table 4. Evolution of ETC projects and underlying challenges

Stage	Common targets of projects at the stages	Challenges in project generation and management
Early policy development	projects target the development of a shared strategy for the respective policy area	Sorting out legal differences, develop a shared terminology, highlight options for joint approaches and future projects, identify appropriate partners for further actions, motivate a wider audience and raise the interest of opinion-leaders
Operational policy development	the formulation of specific policy documents, agreements etc. deriving from strategic papers developed at an earlier stage	Backing of the political level is essential to safeguard policy impact and pave the way towards the next stage
Pilot approaches	putting into test the concepts developed at an earlier stage of <i>operational policy development</i> ,	Overcome all legal obstacles in full detail, spearhead unprecedented procedures, maintain commitment over long development periods
Last mile projects	Closing a specific gap related to an identified need – e.g. the construction of cross-border infrastructure	All three previous stages must have been passed more or less successfully – i.e. the project is the result of sustained cooperation

Source: typology developed by Mr. Sanopoulos; metis.

ETC actions – the need for multi-level governance

The evolution of ETC projects also clearly indicates the need for multi-level governance throughout the four stages mentioned. Initial investigations on policy frameworks will need to bring together national and regional actors, to develop pilots and last mile projects will require in many cases the involvement of the local level.

The following project examples serve to illustrate this path and its implications for cooperation between several policy layers. At the same time it also becomes clear that efforts to generate genuine cross-border infrastructure in ETC take substantial time to mature.

Cross-border health infrastructure

Health infrastructure is a major cost driver in public households – to make it more efficient is a political dictum given the budget constraints. One option is cross-border cooperation to enlarge catchment areas of existing infrastructure or to exploit economies of scale in case of new construction.

Project	Healthacross
Programme	CBC Austria – Czech Republic
Partnership	Health care managements of Lower Austria and South Bohemia
Funds	EUR 724,000.- (total cost); thereof EUR 615,000.- from the ERDF
Rationale and activities	<p>The starting point is a hospital on Austrian side at the border in a region which was marked by a long process of out-migration. In order to have longer-term perspective one option next to reducing capacities is to expand its catchment area across the border. On the other hand complementary health care services are being offered on Czech side which are of interest for Austrian citizens. However social insurance systems of AT and CZ reveal marked differences and numerous legal issues have to be identified and negotiated in order to go for this option.</p> <p>The project foresees:</p> <ul style="list-style-type: none"> ▪ comparison between structures and services in both regions respectively countries ▪ Develop a feasibility study for a cross-border health centre ▪ Prepare and conclude bilateral agreements for health care ▪ Preparing guidelines for action
www	www.healthacross.eu
Comment	Since it is the first project between AT-CZ on this issue it reveals all aspects of early policy development with a view to taking further steps. One has to be aware that this is taking place 20 years after the political changes in Central Europe.

Project	Hospital Cerdanya (EGTC)
Programme	CBC France - Spain
Partnership	Catalan and French governments; Regional Health Agency for Languedoc-Rousillon, French National Health Insurance
Funds	€50 million for investment €15 million p.a. for operating the facility
Rationale and activities	A new hospital has been constructed in the mountainous Spanish-French border area with the explicit purpose of serving a cross-border catchment area. It is located in the Catalan city of Cerdanya at the border river with France. An EGTC acts as manager of the cross-border facility.
Comment	The process was an offshoot of initiatives dating back to the mid nineties to strengthen the ties between France and Spain in bilateral agreements. At the same time incentives to motivate LRAs along the border to participate in the process were provided. The development process for the hospital started in 2003, in 2006 a joint foundation was set up and in 2008 a framework agreement for Spanish-French cooperation in the health sector was signed – then the Catalan government approved the start of construction. The facility will start to operate in 2012 – so even under favourable conditions the development process took nearly a decade. Local authorities are involved as stakeholders since the EGTC is also developing a regional plan for health care services along the border.

Source: EGTC Monitoring Report 2010

3. The potential role of EGTCs and macro-regional strategies

EGTCs and macro-regional strategies are new tools for territorial cooperation at European level. Thus it is worth considering the potentialities of both tools to strengthen the role of LRAs in ETC.

3.1 EGTCs

European Groupings of Territorial Cooperation (EGTCs) have been established with Regulation (EC) 1082/2006 as a means to foster cooperation amongst public actors across Europe – in brief one could say it is the public counterpart to the European Economic Interest Grouping (EEIG), i.e. an acknowledged European-wide legal form of cooperation for public actors.

Among the current set of about 15 established EGTCs⁵ three major functions can be distinguished:

- by far the majority of operative groupings can be grouped under the broad heading of policy and strategy building exploring new ways of governance, i.e. developing and implementing ETC projects – this type is particularly interesting for LRAs since it tends to involve all LRAs in a distinct geographical area
- one acts as MA for a multilateral cross-border programme⁶
- one grouping acts as service provider and facility management for a cross-border hospital⁷

In geographic terms in a small number of areas a cumulation of EGTCs can be observed

- In FR, ES and PT the development of EGTCs might be considered as the result of sustained cooperation efforts from national and regional levels; treaties concluded at national level in the mid 90s aimed at improved cooperation between the local level and triggered off remarkable developments

⁵ Based on the CoR's EGTC Monitoring Report 2010; an update of the report is currently under preparation and will be available in March 2012.

⁶ Grande Region (Greater Region): cross-border programme between BE, DE, FR, LU

⁷ Hospital Cerdanya in the mountainous regions at the French-Spanish border

- In the highly integrated areas between BE, DE, FR and LU several EGTCs reveal a striving towards strategy-building and exploring new ways of governance for cross-border conurbations
- Along the Hungarian-Slovak border recently 4 EGTCs have been established – these are based on the cooperation of local actors

Generally speaking ETC is the key financing instrument for EGTCs:

- Most EGTCs are at least partly funded from ETC programmes and
- most of the groupings develop, manage and implement ETC projects

The table below outlines the major potentialities and challenges related to EGTCs related to ETC programmes. The functions of an EGTC may vary as we have shown before: in this table we refer to the more frequent case that an EGTC is targeted towards strategy building for a defined area and has an interest in implementing ETC projects.⁸

⁸ Grande Region with an EGTC acting as MA of a multilateral CBC programme is currently the only example: the experiences of the early stages have shown that the new definition of relations between the assembly of the EGTC and the MC is quite challenging and was considered as work in progress.

Table 5: Potentialities and challenges of EGTCs related to ETC programmes

Aspect	Potentialities	Challenges
Strategy building and action plan	<ul style="list-style-type: none"> ▪ chance for LRAs to participate in an open strategy-building process (confirmed by the character of most established EGTCs so far) ▪ clear cross-border framework with the implicit need for all actors to step beyond mere local interests or national perspectives 	<ul style="list-style-type: none"> ▪ long development and negotiation process for the EGTC itself might cause a loss of momentum along the way ▪ a broad strategy and action plan with lack of prioritisation risks being no more than a wish list without a serious perspective to be implemented in the mid-term ▪ a very focused strategy might frustrate actors from LRAs whose major interest is not among the key priorities
Project development	<ul style="list-style-type: none"> ▪ Chance to develop an optimised project design based on political backing and targeted technical support ▪ Chance for accelerated development process due to previous negotiation process on strategy and priorities within the EGTC; no need for partner search 	<ul style="list-style-type: none"> ▪ MA and JTS have to safeguard fair access to the programme for all interested parties; i.e. in principle the EGTC should not enjoy any privileges in this regard
Implementation	<ul style="list-style-type: none"> ▪ Principle of sole beneficiary, experienced staff and management systems in place are favourable preconditions for a smooth and efficient implementation 	<ul style="list-style-type: none"> ▪ Risk of focusing on internal management issues (due to the political weight of the EGTC as such) rather than on going public and continuing to broaden the partnership for development

Source: own considerations based on interviews with stakeholders from EGTCs

It is evident that EGTCs will have one major advantage from a technical and administrative point of view as regards the access to ETC programmes: the draft regulations foresee that EGTCs can act as sole beneficiaries, i.e. there is no need

to have other partners to apply for a project. The effect of this clause may not be overrated: the fact that such a small number of EGTCs exists so far demonstrates *inter alia* that it is a challenging venture to set up such an institution – due to the implicit longer-term commitment far more challenging than a standard project partnership.

The example below provides a sketch of the currently most frequent type of EGTC.

EGTC	Galicia – Norte Portugal
Role in ETC Programme	Executive arm of the Cross-Border Working Community which acts as political guidance for CBC
Partnership	Commission for the Coordination of Regional Development in Northern Portugal (CCDR-N) and Province of Galicia
Funds	Initial contribution of both partners amounting to EUR100,000.- Estimated operating cost p.a. EUR350,000.- for unit of five persons including overheads
Rationale and activities	Strategy building for a cross-border territory of about 51,000 km ² and 6.4 million inhabitants – developing actions along the strategy developed by the Working Community but also subsequent realisation of pilot projects in various fields.
Comment	Positive example which stands for a number of EGTCs with – broadly speaking - similar overarching objectives; it was inspired by the strong model of French-Spanish cooperation in the Pyrenees; development time took about 2 years (2008 to 2010).

Source: EGTC Monitoring Report 2010

3.2 Macro-regional strategies

In the European Union, strategies with a focus on larger territories have been developed in recent years. Two *European Union Strategies for Macro-Regions* have been developed so far:

- European Strategy for the Baltic Sea Region (BSR) – which was developed in several phases from 2005 until 2009 (publication of the recent Action Plan) – the strategy can also be considered as the model for the second one
- Danube Region (DR) - The EU Strategy for the Danube Region and the accompanying Action Plan have been finalised in 2011.

The genesis and the initial focus of the strategies differs to some extent – in the case of the strategy for BSR the nucleus had been the shared concern about the environmental and ecological decline in the Baltic Sea Region whereas in the case of the DR, the environmental sustainability in river basin management was one of several policy objective though not yet that visible as driving force.⁹ A second major factor is that in the case of the BSR a significant number of pan-Baltic institutions exist, i.e. in institutional terms the strategy is rooted in fertile transnational ground whereas in the case of the Danube Region institution-building will be a major task for the years to come.

It is evident that a macro-regional strategy reveals major potentialities in terms of effectiveness of interventions: an obvious example is river basin management or prevention of floods. Measures will only be effective if coordinated, planned and implemented at transnational level – more generally speaking it is the chance to move from a patchwork of actions to integrated approaches. From this perspective ETC programmes should be perceived as financing instruments for projects. Ideally speaking – such as in case of BSR – the strategy is based on flagship actions which will then be transformed into sets of coordinated projects. For example transnational programmes might be used to

- define umbrella projects in order to develop broadly defined actions into a subset of projects to be implemented in the future generation of mainstream programmes¹⁰ or CBC programmes or to implement a series of pilots to demonstrate feasibility and viability
- deliver the software to guide major investment projects, i.e. provide tailored expertise to bridge different legal frameworks
- Deliver contributions to major actions such as – in case of DR - the required River Basin Management or Flood Risk Plans

Cross-border programmes might then be used to support the more detailed drawing up of plans; e.g. in case of river basin management the drawing up of detailed plans for the ecological rehabilitation of a specific river stretch. Or vice versa CBC programmes might support a small pilot which is then transferred to the transnational level.

⁹ The River Basin Management Plan has been adopted by all Danube States in 2009; however further major work on actions is pending: completion and adoption of the Delta Management Plan until 2013, flood risk management plans until 2015 according to the Floods Directive (cf. COM(2010), European Strategy for the Danube Region, p. 9)

¹⁰ The term mainstream programmes in this context refer to current Programmes under *Convergence* as well as *Regional Competitiveness and Employment* objectives.

Any of these ideal interactions is based on one major prerequisite which is to bring the right people together. Generally speaking the major challenge for such strategies – given the size of the territories concerned and the number of actors which should be motivated to action - is obvious: *to establish the Strategy as a shared guidance for a new process with significant policy impact.*

The table below is an attempt to summarise major potentialities and challenges of macro-regional strategies. But it is evident that in particular in case of the Danube Region any assessment is quite tentative since there is no expertise with strategy implementation so far: thus it is understandable that challenges tend to outweigh potentialities.

Table 6: Potentialities and challenges of macro-regional strategies related to ETC

Aspect	Potentialities	Challenges
Strategy building and action plan	<ul style="list-style-type: none"> ▪ Come from isolated actions to a shared approach for major development challenges and a clear prioritisation and sequencing of steps ▪ Spill-overs to other interested players – e.g. now the network of the transnational Alpine Space programme start considering the option of a macro-region 	<ul style="list-style-type: none"> ▪ long development and negotiation process for the strategy – e.g. Danube Region Strategy comes too late for most ETC programmes in the current period – commitment levels are close to 100% ▪ objectives have to be broad to address the variety of challenges throughout the macro region – a fact which becomes obvious when looking at Danube Region spanning from Germany to Romania
Strategy Implementation	<ul style="list-style-type: none"> ▪ Developing policies with a broad legitimisation ▪ Built on shared knowledge of stakeholders from countries concerned – i.e. model approaches from one country could be discussed and adjusted to the context of other countries before being turned into projects 	<ul style="list-style-type: none"> ▪ effective and efficient coordination across the strategy as well as a basic visibility and publicity and information are already quite demanding ventures which are in both cases in the hands of a number of Member States ▪ the transfer of the strategy content to the programmes is a task on its own and capacities of Coordinators might not be sufficient to tackle this challenge ▪ strike the balance between achievements which are visible in the short-term and stepwise contributions to major challenges to be solved on a mid- to longer-term basis – a challenging policy task for the networks of Coordinators and Steering Groups – outcomes of the process

		subsequently have to be transferred to ETC programmes
Strategic role of ETC programmes	<ul style="list-style-type: none"> ▪ Transnational programmes could be financing instruments for capacity-building projects in key areas which could generate offshoots to CBC programmes 	<ul style="list-style-type: none"> ▪ Draft regulations 2014+ address only the connection between transnational programmes and Strategies – thus a major funding source – the CBC programmes – are currently not explicitly addressed ▪ In case of Danube Region two transnational programmes cover the area¹¹
Project development for ETC programmes	<ul style="list-style-type: none"> ▪ Could be used as a political incentive to improve coordination across SF-programmes (alignment of funding) 	<ul style="list-style-type: none"> ▪ Operative interfaces from Coordinators over Steering Groups to Programme Managements of ETC programmes have to be defined ▪ Project development periods might take up to 1.5 years due to additional layer of coordination

Source: own considerations

The role of LRAs in EU macro regional strategies

It is evident that policy delivery is in hands of the Member States (MS) concerned.¹² With a view to the potential role of LRAs the administrative and political system of the countries concerned plays a decisive role. In both macro-regions the participating MS reveal marked differences: in strongly federal countries such as AT and DE, strategy building and implementation will rest much stronger on regional level than in case of strongly centralised countries. These differences are reflected in the ramifications of the coordination networks and will also strongly influence the development of projects.

The attraction of policy topics for LRAs in macro-regional strategies varies significantly:

¹¹ The transnational ETC programmes Central Europe and South East Europe

¹² The implementation is through existing bodies, whose complementarity must be maximised [COM(2010), 715 Final. European Strategy for the Danube Region, p. 12

- inland navigation, safe water transport and environmental sustainability might tend to involve rather national players than LRAs due to the subject matter and the prevailing patterns in administration
- TEN-E and TEN-T are for sure projects in transnational interest; however, when it comes to implementation regional and local acceptance play a crucial role
- investment in RDTI and education will also rather address national players
- whereas, in contrast, culture and tourism are fields inviting cooperation at regional and local level
- risk management is a key example which requires multi-level governance in order to be effective and sustainable – from prioritisation and funding at national level over regional management plans to local implementation

Model for the link between ETC programmes and macro-regional strategies

The following project examples can be seen as a model for the role ETC programmes might have in implementing key elements of macro-regional strategies.

Project	COHIBA – Control of hazardous substances in the Baltic Sea Region
Programme	Baltic Sea Region (transnational)
Partnership	Finnish Environment Institute, municipality of Copenhagen, Technical Universities from Tallinn and Denmark, German Environment Agency, Baltic Environment Fora of Latvia and Lithuania, partners from PL, SE.... (altogether 22 partners)
Funds	EUR4.9 million
Rationale and activities	Key sources of 11 particularly hazardous substance have been identified, quantification of the magnitude of the risk, identification of pathways from production to discharge into the Baltic Sea and development of cost-effective mitigation strategies has been undertaken
www	www.cohiba-project.net
Comment	This is a prime example of a flagship project which directly contributes to the EU Strategy for BSR; the broad partnership is also owed to the strong role of pan- Baltic institutions such as the Helsinki Commission (HELCOM): the major platform for the political dialogue on environmental management in the macro- region.

A comparable project in the Central Europe programme reveals the potential to foster one important aspect of the EU Strategy for the Danube Region.

Project	ceframe – Central European Flood Risk Assessment and Management in CENTROPE
Programme	Central Europe (transnational)
Partnership	Governments of Lower Austria, South Moravia, Ministries for the Environment of AT, CZ, Slovak Hydrometeorological Institute and Water Management Company, Hungarian Directorate for Water and Environment
Funds	EUR 3.1 million
Rationale and activities	Many flooding events on rivers such as Thaya/Dyje, March/Morava etc. have demonstrated the lack of information exchange and coordination. The main aim of the project is to harmonise strategies in flood prevention and risk management based on shared standards regarding data and methods.
www	www.ceframe.eu
Comment	The project presents flood risk management as example of multi-level governance.



4. Recommendations for 2014+

ETC will have an increased financial weight in the next SF period: currently it is envisaged to raise the financial contribution for ETC from currently 2.5% of Cohesion Policy Funding to 3.5% which means a contribution of about EUR11,700,000,000.- in the period of 2014-2020.

A stronger involvement or, in many cases, a sustained strong involvement of LRAs in ETC programmes will be achieved through efforts at all levels, i.e. from incentives at strategy and programme level to sharpening the programme delivery, i.e. generating good projects which are soundly managed.

4.1 Supportive framework

ETC draft regulation for 2014+

Analysing the draft regulation for ETC in the period 2014+ in full detail is most probably premature: one can expect major revisions and changes in the coming months. However there are some major points to be considered with a view to the involvement of LRAs:

- Partnership contracts: to firmly anchor ETC in the Partnership Contracts concluded at MS level would mean that a dialogue between programme partners¹³ of current ETC programmes and national SF coordination units is established – the formulation of objectives for ETC in the period 2014+ should be based on the outcomes and experiences of the current period; such an approach built into the programming process could strengthen the commitment to ETC (which was often marginalised in the National Strategic Reference Frameworks in the current period)
- Integrated territorial development: the notion and interpretation of this term in the national context should clearly address the role of LRAs – each ETC programme has to define its potential contribution to integrated territorial development¹⁴
- Partnership in programming process: The Commission encourages a broad participation in the programming process – depending on the political-administrative system in the MS the role of Regional Authorities will vary

¹³ Programme partners means primarily MA and MC thus implicitly addressing Regional Authorities for the majority of ETC programmes.

¹⁴ Same as for EU 2020 but the substance of the term integrated territorial development might reveal more evident implications for LRAs to join strategy development.

to a significant extent: they might be drivers in the process or just observers: a programming process which prepares the ground for programmes based on a variety of ideas and approaches has to pro-actively include LRAs as decisive players.

- Clarification and use of new elements: community-led local actions (i.e. transferring aspects of Leader+ to ETC) or Joint Action Plans (based a.o. on experiences with plans for declining urban areas) might be used as new elements – their notion and intent clearly addresses local actors; however there is urgent clarification needed in order to motivate programme managements to consider these new elements in the programming process (models to demonstrate the rationale and potentialities for ETC have to be provided by the Commission otherwise only few programmes will venture into the new options)

Maintain ETC as an incentive for a broad range of actions

ETC programmes usually represent broad frameworks which allow for a variety of projects. This might be in conflict with the EC's intent for concentration and focused action. ETC is to a significant extent an incentive for public actors to cooperate and thereby broaden policy perspectives and develop new approaches. The core challenge is to establish relevant partnerships and to establish project designs which lead to win-win situations for at least two partners. Given this fundamental challenge it is important to limit additional requirements:

- to acknowledge the fact that needs and challenges for cross-border regions differ enormously across the EU
- to accept that contributions of ETC programmes to strategies such as EU 2020 are often indirect or less stringent than in case of mainstream programmes which have per definition a more narrow policy focus.
- not to burden ETC with too many layers of other objectives and
- not to request contributions to all broad strategies at programme and project level

A narrow focus will aggravate the tendency that those institutions which have a longstanding role as beneficiaries and thus an established work relation with programme management are being favoured. And it might turn into an additional barrier for local actors whose interests are usually focussed on a broad range of infrastructure needs.

Capacity-building is essential for ETC

When looking at ETC programmes and projects alongside all operative and technical questions related to management, there is one important point: functioning programmes which fund meaningful projects have to be built on consensus rather than on technical provisions and formalities. ETC programmes are governed by soft law which, strictly speaking, often lacks a legal base. To manage these legally weak constructions can be considered a quite delicate task which is quite demanding in terms of capacities.

The current period shows that ETC is often not part of the National Strategic Reference Framework (NSRF). Thus it is also often not an explicit part of capacity-building strategies. ETC management might pose different challenges as compared to mainstream programmes but it is certainly a demanding management task which- despite the limited financial volume of ETC – deserves attention in capacity-building at regional and national level. Elements of capacity-building could be:

- coordination and exchange platforms for persons working in ETC at national levels – closing of the current period as well as programming the forthcoming period will lead to number of technical issues which can be tackled more efficiently at national or EU level
- incentives to use the offers of INTERACT – the programme understands its role as service provider to other ETC programmes; INTERACT offers a range of training programmes and the programme staff are also very responsive with regard to proposals for picking up new items; however, INTERACT is not meant to work for single programmes but for groups of programmes: initiatives require a minimum of coordination among programme managements.

4.2 Programme management

In our view, the crucial point to ensure participation of LRAs in current and future ETC programmes is support for project generation. Project generation in ETC reveals probably the most important differences to mainstream programmes:

- cross-border: in particular when it comes to genuine cross-border infrastructure projects the challenges culminate: two administrative systems with often numerous differences in legal and administrative systems have to develop a joint project – clearly a task which requires dedicated action and experience

- transnational and interregional: partnership development is often tricky due to the high numbers of partners required to present a potentially successful project design to the transnational MC; important points are support from JTS and National Contact Points and facilitation skills throughout the partnership building process

Programme management has an important role in ensuring fair chances for participation in the programme. The use of Technical Assistance Funds for such strategic purposes should be encouraged. The essential element is the quality of support for applicants. Support to project generation could be provided under various headings and within a broad variety of structures

- Studies to identify gaps as a first step in order to raise awareness among the MC, e.g. in the form of evaluations which reflect the prevailing character of partnerships and projects and which provide a critical appraisal of the current role of LRAs in the programme
- Strong intermediaries in order to support LRAs in project development which means to support composition of relevant partnerships and project contents – this function might be taken over by national and regional representatives, Regional Development Agencies (RDAs), National Contact Points (NCPs) and the JTS
- Networks supporting multi-level governance – programme management could actively establish networks for project generation in those areas where policy frameworks and public actors at all levels play a crucial role, for example transport, energy, risk management, health, education – deficiencies in project generation identified during the current period indicate clearly where increased effort is needed

4.3 Promoting EGTCs

A strategy to promote the emergence of EGTCs will require dedicated action of ETC coordinators at national and regional level: for EGTCs to make a difference in terms of policy impact political backing is required plus quite substantial preparatory phases and could therefore be the subject of strategic debates during the programming process. Raising interest seems paramount: people working in programme management are mostly practitioners who need crisp and concise incentives to promote an idea – in case of EGTCs it is crucial to show examples, i.e. areas where the establishment of an EGTC has clear added-value. The EGTC is both an instrument to strengthen longer-term commitment and at the same time a political symbol: e.g. for the shared management of cross-border natural heritage. Examples of steps in the promotion of EGTCs are:

- awareness-raising among the MAs and programming groups for the forthcoming period pointing out the options for EGTCs
- Encouragement to perform workshops with selected project promoters: in most programmes there will be limited number of projects in the current period which bear the nucleus for a future EGTC – the stakeholders of such projects might be contacted to join a workshop on EGTC
- focal points providing guidance on legal issues will be crucial for supporting developments in countries which have not yet established an EGTC (which is still the majority of Member States)

4.4 Added-Value of macro-regional strategies

In order to have significant impact on ETC programmes in the period 2014+ the stakeholders of both macro-regional strategies have to take action now. In particular in Danube Region since there such efforts there are unprecedented. The setting of such strategies is quite complex. There is a strong focus on coordination activities at several levels. Stakeholders tend to look inside the machine. At the same time ETC programmes are already starting programming the period 2014+. Thus stakeholders of the Strategy will have to approach programme actors quite soon in order to influence the programme rationales as important an financing source for upcoming projects. Examples of steps directed to the different strands of ETC are:

- transnational: clarification as regards the programme structure of transnational programmes in Danube Region – will there be a priority for Danube Strategy? How to ensure coordination between the two programmes involved? - these are both strategic and operative questions; Lab Groups under the guidance of INTERACT have been established to work on these questions
- cross-border: currently the draft regulation on ETC does not explicitly encourage CBC programmes to consider macro-regional strategies – because of the prevalence of projects with local and micro-regional focus, it will be important to translate the strategy contents into the programme context; otherwise a major funding source might not be tapped (it is important to bear in mind that more than 70% of ETC funding goes to CBC programmes), due to the number of programmes in each macro-region a targeted Communication Strategy should be developed (together with INTERACT).

From a practical perspective one has to see that in most ETC programmes¹⁵ from the perspective of programme management there is not much spare time for strategy development. The next two years are marked by the peak of work load due to the highest numbers of ongoing projects: realistically one cannot expect these actors to invest a lot of time in actively searching information.

Perspective of LRAs

- It is important to underpin the need for the participation of LRAs in implementation: strengthening territorial cohesion respectively integrated territorial development within the macro-regions – which is an obvious implicit aim – has to be based on the participation of LRAs
- A Key point is the early involvement of LRAs in the definition of projects and a clear definition of the transnational pathway for implementation – i.e. already project development should contribute to step up institutional capacity
- local acceptance in case of larger investment projects is the last point where LRAs have to be considered in the process – but an involvement at a late stage might jeopardise project development: early involvement might lead to longer preparatory times but increased acceptance is an evident ‘return on investment’
- The perspective of local actors differs according to size: large cities might have their place in the strategy and have an interest in broader strategic issues but smaller cities and municipalities might not be attracted to such perspectives due to prevailing interest in tangible projects such as repair of basic infrastructure. – In order to enhance participation of smaller local authorities pro-active programme management might help to cluster a number of smaller project ideas into larger project initiatives along the Action Plan of the Strategy.

¹⁵In particular in case of CBC programmes which usually have smaller administrative units working as programme engines.

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