



POSITION PAPER OF CESCI

regarding the Karácsony report on the
Commission's Territorial Cohesion policy and the EU Budget

Boosting growth and cohesion in EU border regions

February 2018



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In this short paper we summarise our opinion on the report of the Committee of the Regions regarding the Commission's Territorial Cohesion policy and the EU budget which was elaborated taking into account the Commission's Communication titled „*Boosting growth and cohesion in EU border regions*”.

First, we would like to add some general comments to the report followed by a more systematic summary of our position what may give further aspects to be taken into account when finalising the document. Our position contains several points included in the report but others are missing. By our position paper we would like to draw the attention to the missing factors and their interconnectedness with the former ones. In harmony with the major mission of our association, we are concentrating on the **cross-border aspect of territorial cooperation**, exceptionally.

General remarks

On behalf of Central European Service for Cross-Border Initiatives (CESCI) we welcome the achievements made during the last years in the field of territorial cooperation. The Cross-Border Review project launched and implemented by DG Regio and the Communication “*Boosting growth and cohesion in EU border regions*” have set a new approach, more bottom-up than ever before. The conclusions and the actions identified by the Communication refer to daily experiences and everyday life problems of the border people and envisage relevant answers to these problems.

The CoR's report is properly matched to this series of achievements. Those assessments and recommendations targeting the simplification of the implementation of people-to-people projects, the elimination of thematic concentration and state aid rules in the case of territorial cooperation programmes and the urging of integrated approach and territorial strategies make possible to better take into consideration the real territorial needs of border areas. The document mirrors the well-based opinion of an expert experienced in CBC at local level.

It is very important that the report highlights the difference between the mainstream and territorial cooperation programmes which requires different methods in designing, implementing and monitoring projects. Regardless, in our view, the separation of ETC from the Cohesion Policy is not an option: it would make the realisation of cross-border integrated developments more complicated. Even today, one of the biggest problems of these developments is the complexity of the different funds to be involved. The separation would result in an even higher level of complexity. The steps to be taken should enhance simplification – in harmony with the final recommendations of the document.

Finally, let us mention that unlike the title, the document does not properly treat the budgetary consequences of a new ETC policy neither the territorial cohesion policy of the EU. On the one hand, the total allocated budget of the INTERREG and ETC programmes has gradually grown since the launching thereof. However, the total sum is still really marginal compared to the total EU budget and even more marginal when taking into account the total GDP of the EU countries. Although, beside the large infrastructural projects, territorial cooperation is the field of interventions of the EU where European citizens can directly experience the benefits of the Union. Therefore, regardless of the expected decrease in the budget (after the Brexit), the share of the ETC programmes should be increased from 2020.

On the other hand, territorial cohesion policy of the EU is not defined since 'territorial cohesion' itself is not a term clearly identified. Despite of that the Treaty of Lisbon „chanonised“ the third aspect of cohesion, its terminology is still obscure and the attempts to define it concentrate on a pan-European definition where the local (territorial) aspects of cohesion are not taken into account. One of the biggest obstacles of the implementation of more integrated cross-border developments is the lack of proper definition of cross-border territorial cohesion. Regardless of the failed mission envisaged in the title, the report refers to several components of a wished territorial cohesion policy some elements of which we drafted in the second chapter.

All in all, we would like to congratulate to the compilers of the report which sets out the proper way how to re-think territorial cohesion policy and ETC of the European Union - from a bottom-up perspective.

The position of CESCI

In our view, in the case of cross-border programmes, the legislative background of programming deprive the local stakeholders of the possibility to draft and implement real, integrated cross-border developments and they do not facilitate the elimination of the separating effects of borders through long-term cooperation. CESCI has already established its position several times on the way how the conditions could be improved. In this paper we concentrate on two aspects: **territoriality and cooperation**.

1. Integrated *territorial* approach

By their original objectives, cross-border INTERREG programmes should enable the border people to establish the conditions for long-term, strategic cooperation and to contribute to enhanced territorial, economic and social cohesion of the European Union. At the moment, these programmes are not able to fulfil these objectives and not only because of the low rate they represent in the EU budget but mainly because of the weak representation of territoriality and territorial needs within these programmes. (For this, please refer to [Position paper of CESCI on the Future of Cohesion Policy](#))

1.1 Territorial concentration instead of thematic one

During the last 5 years, we always highlighted that the use of thematic concentration in the case of territorial programmes was a failure. Definitely, the objective of thematic concentration insisted by Fabrizio Barca in his report is understandable and justifiable at the level of the Union. However, in border areas, the all-European objectives should be addressed in a completely different way, in harmony with the fundamentally diverging territorial endowments of border areas. Instead of thematic, there is a clear need to territorial concentration.

- The starting point in cross-border programmes should be the priority for **real territorial needs** and the necessity of common utilisation of the assets of territorial capital across the border what the programmes and projects should be built upon. This real bottom-up approach is included in the philosophy of CBC programmes. However, the complexity of the programming and programme management, as well as, the requirements related to the implementation of thematic concentration hardly make possible to apply these principles. Instead, these conditions above radically limit the application of the territorial principle.

- The tools of **integrated territorial approach** (such as integrated territorial investment: ITI; community-led local development: CLLD; and joint action plan: JAP) have been included in the Cohesion Policy regulations but a very few examples can be mentioned when they are applied in a cross-border approach. The reason is that it is very complicated to create the integration between different operational programmes of different countries financed from different EU funds. The coordination required by the regulations approved at the latest possible moment in 2013 made impossible to launch real ITIs. The legal background of cross-border CLLDs is missing: there is no legal form which could involve the stakeholders of different sectors coming from different countries. All these difficulties raise the question: is it a must to have different structural and investment funds instead of one single? If we had one European Development Fund, the coordination between funds could be avoided. Another aspect is the easing of the implementation of integrated territorial tools. Let us draw the attention to integrated territorial instruments applied by the ALCOTRA (PIT and PITEM) and the Slovakia-Hungary (TAPE) INTERREG V-A programmes. These models could and should be developed further instead of creating further complications.
- The impacts of cross-border territorial developments are hardly measurable partly because we miss the reliable and comparable statistical data; partly because the dedicated amount is too small; partly because the selected indicators and the methodology applied do not sufficiently refer to the territorial character of the programmes. Instead of indicators applied generally, **territorial impact assessment** (TIA) of the CBC programmes should rather focus on measuring the level of joint, cross-border use of territorial assets, the joint utilisation of the infrastructure developed by the projects and the shared experiences of the common territory.

1.2 Long-term strategic approach as a guarantee for sustainability

In order to avoid the unsustainable investments resulted many times from the cross-border calls, the model of long-term, strategic approach should be emphasised and supported. Instead of ad-hoc projects based on local needs, the cross-border character should be considered more seriously.

- **Integrated cross-border strategies**, action plans, initiatives are necessary for guaranteeing long-term perspective for the projects. It is not enough to draft a cross-border programme but the stakeholders from the two sides of the border should define their shared strengths, values, challenges and objectives. The strategies should be validated by the managing authorities instead of separate projects; and the subsidies

should be shared in a grant scheme or similar. This way, the local actors would design their common future including their own development needs but at the same time matching them into the joint development plan – across the border. Nowadays, the opportunity of a this kind of strategic approach is not excluded but the conditions thereof are so complex that not many authorities / beneficiaries are dare enough to apply that.

- Territorial observation and **data harmonisation** are key factors for drafting cross-border strategies: without reliable and comparable data, it is impossible to develop integrated strategies. As underlined many times by experts and highlighted by the *Communication*, the comparability of territorial data has to be created somehow. (For this topic, please refer to: [Contribution paper of CESCI to the public consultation on cross-border obstacles](#))

The strategic approach needs a **new set of indicators**. The current indicators focus on the outputs of concrete projects. However, the number of participants in an event cannot add anything to the evaluation of a cross-border initiative. Instead, e.g. the number of participants coming from the other side of the border is a more reliable indicator. But if we follow the long-term strategic approach, we can gather data on those people attending regularly these (cross-border) events and the increase of their number.

2. Focus on *cooperation*

The other component which should be strengthened in CBC programmes after 2020 is **cooperation**. Regardless of the name of the second goal of Cohesion Policy, the projects supported by the programmes have a very low effect on steady cooperation both by duration and by number of involved persons. In order to improve the level of cooperation, the people-to-people projects should have given a priority, the programmes should facilitate institutionalised cooperation and the implementation rules of the cross-border programmes should be simplified. The issue has a key significance since cross-border cooperation makes visible the most the European integration and its advantages. Regular and institutionalised cooperation enables the local stakeholders to mitigate the separating effects of the borders and to strengthen the cohesion itself between the countries.

2.1 People-to-people projects

- Beside the integrated territorial strategies, priority should be given to **people-to-people projects**. These projects should involve as many border people as possible and, for this purpose, the system of applications and their implementation should be as simple as possible while the dedicated amounts per project should remain low. This way, the cross-border experience can be shared among the citizens from both sides of the border. (For this see the [AEBR's position paper](#))

2.2 Institutionalised cooperation

- With a view to ensuring long-term perspective of cooperation, the CBC programmes should facilitate the establishment of stable cross-border institutions and the application of innovative solutions like the planned European Cross-Border Convention (ECBC) and alike. Institutionalised cooperation can make permeability of borders a daily experience and diminish the negative effects thereof. These forms of cooperation can offer a long-term perspective for cooperation.
- In order to facilitate cross-border integrated developments, the **EGTCs should be considered as eligible applicants of national level mainstream programmes** and direct EU funds. At the moment, it is a disadvantage that the groupings cannot apply for funding from mainstream programmes in both (or all relevant) countries. By enabling them to apply, they could integrate the resources for the sake of cross-border regional developments and the stakeholders of a given border area. This way, EGTCs can be given a new aspect as actors of Cohesion Policy.

- For the time being, there is no **institutional solution for cross-border CLLDs**. CSOs cannot participate in EGTCs, municipalities cannot take part in EEIGs. The form of CLLD involving three sectors cannot be established as an independent legal entity. It is recommended to enlarge the scope of the EGTC similarly to ECG of the Council of Europe or to launch a new tool with a view to providing the opportunity for cross-border CLLDs.

2.3 Easing the implementation of CBC programmes

- The **simplification of the procedures** within CBC programmes is more than welcome. At the moment, the implementation of cross-border projects is too complicated because of different financing and monitoring procedures and legislative background in partner states. From this perspective, legal harmonisation insisted by the Communication has a special significance.
- In the case of cross-border programmes the dedicated amount and the small economic impact do not justify the application of state aid rules. What is more, unlike the mainstream programmes, the cross-border investments always have an international character which makes the application of state aid rules inevitable – regardless of the small economic impact and the benefits the investments create from the point of view of Single Market. Therefore, it is well-based to reclaim the **elimination of state aid rules** from territorial cooperation programmes.

To sum up, we share the rapporteur' views in the followings:

- 1) Cross-border projects have different characteristics of those implemented within the member countries. Consequently, their implementation rules should also be different.
- 2) Thematic concentration should be eliminated from ETC programmes.
- 3) Both the programme and the project level rules of implementation of ETC programmes should be simplified.
- 4) ETC should enhance the *integrated* approach in both terms: as a methodology of cross-border developments and as a model of financing (using the resources coming from different funds).
- 5) There is a clear need for reliable territorial data and a set of territorial indicators. (See the actions No 3 and 10 of the *Communication*.)
- 6) Solutions like ECBC can contribute to stronger cross-border cooperation. (See the action No 9 of the *Communication*.)
- 7) People-to-people projects should be anchored in Cohesion Policy Regulations and their implementation rules should be simplified.
- 8) EGTCs should be allowed to become beneficiaries for EU funded programmes outside ETC, as well.
- 9) The state aid rules should not be applied in the case of territorial cooperation programmes.