

European Territorial Cooperation with non-EU-Member States

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I have agreed with Professor Muravska to inform you about the European Territorial Cooperation with non - EU-Member States. Why do we think that this topic fits well together with the general agenda of this conference?

Well, firstly, the European Territorial Cooperation is one - and a very important - element of our new Cohesion Policy which considerably contributes to the implementation of our Europe 2020 strategy – and the subtitle of this conference reads "strengthening research, regional and innovation policies in the context of the Europe 2020 strategy". Secondly, this European Territorial Cooperation does not only cover Member States, but also regions in non-EU-Member States, some of them being even Eastern Partnership countries too. Thus – although I will not limit myself to Eastern Partnership countries – I hope that the subject chosen for my speech is of interest to you.

Before I deal with the proper subject I think it is helpful to briefly outline some elements and reforms of the general Cohesion Policy into which our European Territorial Cooperation is embedded. To start with something which remains unchanged, namely the classification of regions which can obtain funding from the Cohesion Policy budget. Projects from all regions can be submitted for support if they are evaluated as a positive contribution to their region's development. We have foreseen the largest part of our structural funds – the Regional Fund, the Cohesion Fund and the Social Fund – for the less developed regions, and smaller parts for the advanced and the transition regions.

But: Because of that Cohesion Policy should not be misunderstood as "Social Policy" or a purely redistributing policy. Our new Cohesion Policy is designed as an investment policy which wants to stimulate development in any EU-region, but predominantly there where investments are needed most to catch up.

The budget finally agreed between European Parliament and EU-Member States is 351,8 bn E for 2014-2020 and with that the Cohesion Policy will remain a very important policy with nearly 33% of the EU-budget spent on it - which is the second largest budget share.

To continue the short outline of the new Cohesion Policy with something which will not be changed: Unchanged remains in the next programming period the principle of additionality – meaning that our financial support must not substitute national co-financing of projects. Depending on the level of development of a region our co-

financing for a project can go as high as 85 %, also for European Territorial Cooperation.

So far some elements of the Cohesion Policy which will remain. But what will be different compared to the bygone period 2007-2013?

Most importantly, it is the strong alignment with the successor strategy to the Lisbon-strategy, namely with the Europe 2020 Strategy. This new strategy defines the overarching European priorities of smart, sustainable and inclusive growth to which all European policy areas will contribute. Each of them is further broken down in 11 thematic objectives which give further detail on the intended focus of interventions.

By that you clearly see our strong intention to achieve a better thematic concentration. The reason number one for it is that we seriously want to achieve the goals set in Europe 2020 also by Regional Policy projects. The second reason for thematic concentration is to achieve critical masses of budgetary interventions which only can be achieved if a budget - which already is scarce - is not distributed in little bits and pieces.

The 11 thematic objectives which I just have mentioned represent a certain concentration. But still, they cover quite a wide range of possible interventions. In order to further sharpen our insisting on concentration we will oblige Member States to observe minimum amounts for spending on only four of those 11 thematic objectives.

In less developed regions 50%, and in advanced regions 80 % of our funding will have to be used for only four of these objectives, namely 1. Strengthening research, technological development and

innovation, 2. enhancing access to and use quality of ICT, 3. Supporting the shift towards a low-carbon economy in all sectors (sustainable energy) and last but not least 4. Enhancing the competitiveness of SME.

Let me now come to the European Territorial Cooperation, which is – financially - a rather small part of our Cohesion Policy, but with its focus on cooperation between different regions it is politically probably the most "European". It is the aim of ETC to foster cooperation between territorial collectivities by integrated actions in different strategic spheres in order to strengthen economic and social cohesion of Europe's regions. Or, to put it more concretely: The ETC aims at reducing the negative effects of borders on the regions concerned. It further on aims at developing larger transnational regions and at facilitating the transfer of experience, analysis and know how. Let me briefly recall the fundamental structure of European Territorial Cooperation because it will be continued in the new programming period 2014-2020.

The ETC provides a framework for the implementation of joint actions and policy exchanges between national, regional and local actors in Member States, but also candidate and some non-EU countries. For ETC programmes, the relevant priorities per thematic objective are set out in the ERDF-regulation¹. In the same way as for cohesion policy in general, the alignment with the Union priorities of smart, sustainable and inclusive growth is a key element of ETC programmes. In order to ensure this and to avoid the fragmentation of the available funding, a focus on four thematic objectives is

¹ COM(2011) 611 final 2011/0273 (COD).

requested. But in difference to the large "normal" programmes we do not oblige ETC programmes to choose particular objectives, it just have to be four. Thus they have more flexibility as they are multiregional and multinational and complex enough as such.... .

Let me come to another reform element, namely the strengthening of the strategic element of ETC. The Commission reinforces the strategic link between ETC programmes and other regional/national programmes and sectoral policies by integrating cooperation aspects more firmly into our strategic documents, namely in the Partnership Agreements and Operational Programmes which we currently negotiate and agree with each Member State.

"Community-led local development", "integrated territorial investment" based on urban development or other "territorial strategies" – these new "territorial options" for cohesion policy delivery can be used by ETC cooperation programmes as well. The condition is to implement them under cooperation principles, i.e. jointly by partners from at least two countries participating in a cooperation programme.

Our ETC consists of three components, namely 1. a cross-border, 2. a transnational and 3. an interregional cooperation component.

First: Cross-border cooperation fosters cooperation between regions sharing a national border. Second: Transnational cooperation promotes cooperation in larger geographical areas, such as for example between Member States and regions located in the Alpine region. It can also support macro-regional and sea basin strategies. Third: Interregional cooperation provides a Europe-wide

framework for the exchange of experience at regional level on topics derived from the Europe 2020 strategy.

In concrete figures the picture for the period 2007-2013 looked like this.

•CBC: Cross Border Cooperation – 55 Programmes – 5,7 bn € -

Average programme 104 m€

•TNC: Trans National Cooperation – 13 Programmes – 1,8 bn € -

Average Programme 140 m€

•IRC: Interregional Cooperation – 4 Programmes – 438 m€ -

Average Programme 110 m€

This is the Commission's financial support of the ETC in the programming period which just has finished. For 2014-2020 the ETC budget will be even a little bit higher, namely 8,9 bn Euro because the ETC has been a success story with numerous effective projects. The funds prepared for ETC will be distributed on the different cooperation components as follows:

(a) € 6.6 billion or 72% for cross-border cooperation with presumably 60 programmes, which is 5 more than hitherto.

(b) € 2,1 billion or 23% for presumably 15 transnational cooperation programs, which is 2 more than in the last years.

(c) € 500 million or 5% for interregional cooperation, that is INTERREG IVC and 3 networking programmes (Urbact II, Interact II and ESPON)

I cannot precisely tell you which ETC programmes we will have 2014-2020 and how they would look like because all that is just in the making. The deadline for submission of ETC programmes is by end of September. The Commission will adopt the list of ETC-programme areas to receive support in the near future. This list will largely be based on existing programme areas but leave room for adjustments where the need arises. The Commission has already encouraged Member States/Managing authorities to reflect about programme performance thus far, including whether changes in programme geography would be useful. A structured discussion process with Member States on this is currently in progress. With some exceptions we do not intend to change the programmes running under the three ETC strains. Therefore I will refer in the following part of my presentation to the situation as it was valid for 2007-2013.

How do the third countries, the non-EU-Members States come into the play? Well, in Cross Border Cooperation CBC programmes they are generally not participating, with a few remarkable exceptions which have nothing to do with Eastern Partnership countries.

In the last programming period four third countries participated in CBC, namely Andorra in a programme together with Spain and France; Liechtenstein together with Germany, Austria and another third country, namely Switzerland in the "Alpenrhein-Bodensee" programme; and Norway as a non-Member State in four different programme configurations with the Member States Denmark, Sweden and Finland. It is interesting to note what these examples show, namely the need for cooperation between regions although

they are very well advanced and enjoy a GDP far above the EU average – the main reason for it is that the impact of borders between regions belonging to and not belonging to the EU are felt particularly strong there as these regions are economically highly developed, economic activities are very intensive and export orientation is heavy – and for all that reasons the need for cross border cooperation is specially strong.

The 7 CBC programmes at which regions from third countries participated (and presumably will continue to do so in 2014-2020) were an exception within the 55 CBC programs which we counted EU-wide. In the case of the transnational cooperation programmes TN it is different. Here the participation of third countries is rather the rule. With the exception of only two all 13 TN programmes include the participation of third countries.

In the "Baltic Sea" programme for example, 8 Member States (D, DK, EE, SF, LT, LV, PL &S) plus some western regions in Belarus and Russia participated with funds coming from another EU-source than Cohesion Policy, namely from the European Neighbourhood and Partnership Instrument ENPI – I will come back to the EINP in a moment. The non-Member State Norway participated at the "Baltic Sea programme" with own funds – another way for non-members to step in. To give you an idea of the financial dimension: the total budget of the "Baltic Sea" Programme was €293 million, with EU assistance amounting to some €231 million (90 % coming from the Regional Funds and 10% through the ENPI). Belorussia and Russia declared that they want to continue their participation in 2014-2020 too, although with only a third of their previous budget.

Another example is the transnational programme "Central Europe" which unites regions in 8 Member States plus some regions from the western Ukraine, the latter providing its own resources as well as a contribution from the European Neighbourhood and Partnership Initiative – the Ukraine forming part of the Eastern Partnership countries.

Further on, the "Mediterranean" transnational programme is implemented in regions from 13 countries, three of them third countries, namely Montenegro, Bosnia-Herzegovina and Albania, the latter bringing in funds from the EU-Instrument for Pre-Accession IPA.

And the most complex structure shows the South Eastern European Transnational Programme which unites regions from 16 countries, namely 9 EU Member States and 7 third countries, namely Bosnia-Herzegovina, Serbia, Montenegro, Macedonia, Albania as (potential) candidate countries and the two Eastern Partnership countries Ukraine and Moldova. This South-Eastern European area is the most diverse, heterogeneous and complex trans-national co-operation area in Europe. A particular characteristic of this area was the emergence of new countries and with it the establishment of new frontiers and thus new barriers. It were exactly these barriers which had and still have to be overcome also by the ETC programmes. The new frontiers have changed the patterns of political, economic, social and cultural relationships, sometimes negatively. The area is still undergoing a fundamental change in economic and production patterns after the 1990 transition. While some regions, especially the capital cities, are adapting well to the

new challenges, other cities and regions are trying to re-orientate themselves. Significant for the programme area are considerable regional disparities in terms of economic power, innovation, competitiveness and accessibility between urban areas and rural areas. How did the Transnational Programme South Eastern Europe concretely try to overcome these problems?

The programme focused on four thematic priorities: Innovation, Environment, Accessibility, and Sustainable urban development. Projects jointly developed and submitted by proponents from regions in at least two different participating countries were eligible for financial support. Not any cooperation project could be co-financed but only projects which accomplished the priorities which I just have mentioned. Let me pick out just one of these priorities, namely

Priority 1: Innovation and entrepreneurship

Under this the transnational programme aimed to contribute specifically to the future development of South-East Europe as a place of innovation, to facilitate entrepreneurship and the knowledge economy and to enhance integration and economic relations in the co-operation area. This can be achieved through projects like the development of technology & innovation networks, the promotion of an enabling environment for innovative entrepreneurship and the enhancement of the framework conditions for innovation.

As you can see - the South Eastern European Transnational Programme offered also a concrete opportunity for Western Balkan

countries to move towards the European Union and to deepen relations with the EU neighbouring countries.

The South Eastern European Programme will be replaced in 2014-2020 by two new Transnational Programmes, namely the Danube and the Adriatic Ionian Area programme. Adriatic-Ionian transnational programme: 4 EU + 4 non-EU countries Slovenia, Croatia; Italy; Greece, Serbia, Bosnia and Herzegovina, Montenegro, Albania.

Danube Programme: 9 EU countries (Germany, Austria, Hungary, Czech Republic, Slovak Republic, Slovenia, Bulgaria, Romania and Croatia) and 5 non-EU countries (Serbia, Bosnia and Herzegovina, Montenegro, Ukraine and Moldova).

Another new Transnational Programme will be the Balkan Mediterranean programme with Greece, Cyprus, Bulgaria, FYROM, Albania.

All the ETC programmes which I have mentioned so far are managed in "shared management" by my Directorate General Regional and Urban Policy and administrations in Member States. Apart from that there are a number of cross border cooperation programmes which are not always managed by us but sometimes also by other Directorates General of the EU Commission. As they do not belong to the classic ETC I cannot deal in detail with them but just mention them briefly in order to complete the picture.

First, there are the cross border cooperation programmes supported by the EU Instrument for Pre-accession Aid IPA. Projects from the candidate countries Macedonia, Turkey, Montenegro, Serbia and

Iceland and from the potential candidates Albania, Bosnia-Herzegovina and Kosovo are eligible.

The IPA was designed to address the needs of the beneficiary countries within the context of pre-accession policy in the most appropriate way. Its main aim is to support institution-building and the rule of law, human and minority rights, both administrative and economic reforms, economic and social development, reconciliation and reconstruction, and last but not least regional and cross-border cooperation. The “regional development” component is accessible only for candidate countries, aimed at supporting the countries' preparations for the implementation of our cohesion policy.

The “cross-border cooperation” component is accessible for both potential and actual candidate countries. It aims at supporting the beneficiary countries in the area of cross-border cooperation between themselves, with the EU Member States or within the framework of cross-border or inter-regional actions.

Currently we have 13 IPA CBC programmes running between candidate countries, with – for example - programmes for Albania - Kosovo, Serbia – Bosnia and Herzegovina and Serbia – Montenegro. You can see also the political dimension in it – namely to bring countries closer to each other which had difficult relations not so long ago. These programmes are entirely under the responsibility of DG Enlargement.

In addition between 2007 and 2013 there existed 12 IPA CBC programmes established between Member States and actual and potential candidate countries like between Bulgaria-Serbia, Greece-

Albania, Romania-Serbia. These programmes are jointly financed by DG REGIO and DG Enlargement and implemented in shared management between DG REGIO and the authorities of the countries concerned. In its characteristics – objectives, priorities – the IPA CBC programmes are similar to the normal ETC CBC programmes between Member States – apart from the more political dimension which they obviously have.

Finally I want to mention the fifteen programmes which have been established under the European Neighborhood and Partnership Instrument Cross Border Cooperation (ENPI CBC) for the period 2007-2013.

They followed the concept and principles of the classic ETC CBC but are jointly financed by DG REGIO and DG DEVCO and also are implemented by DG DEVCO. There were for example, the South-East Finland-Russia Programme, the Latvia-Lithuania-Belarus Programme, the Lithuania-Poland-Russia Programme The Poland-Belarus-Ukraine Programme, and the Romania-Ukraine-Republic of Moldova Programme - Ukraine and Moldova being Eastern Partnership countries.

And what's about the macro-regional strategies which – like the Danube Space Strategy and the Baltic Sea Strategy - are in everybody's mind? They are not part of the ETC but ETC programmes – particularly the transnational programs - should support their implementation. In the Partnership Agreements and Operational Programmes these intended contributions should be clearly written down. In view of the conference topic I mention that

one, not the only objective of the macro-regional strategies was also to offer a framework for cooperation between Member and Non Member states. Both the Danube as well as the Baltic Sea strategies comprise non-member states.

I hope I could show you by my presentation that our ETC does include third countries and in particular those who are actual and potential candidates for EU membership.

Apart from this preparatory aspect for membership I also could show you that via the IPA CBC instrument cooperation between third countries is enhanced in order to support the stabilisation processes in the areas concerned. Finally I also tried to show you where and which Eastern Partnership countries are involved in the cross border cooperation process. I dare to say that this proves that the slogan of a "Fortress Europe" is wrong. ETC, IPA and ENPI programmes represent truly European policies – because they accelerate the cooperation between actors of regions and stakeholders of different Member and non-Member States and thus contribute to a genuine European integration.