



**INTERREG III Community Initiative (2000-2006)
Ex-Post Evaluation**

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Executive Summary

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Executive Summary

This part provides a summary of the main findings, conclusions and recommendations from the ex-post evaluation of the INTERREG III Community Initiative (2000-2006). The evaluation was carried out for DG Regional Policy by Panteia.

I. INTERREG III

The INTERREG III Community Initiative (2000-2006) consisted mainly of five different operational elements:

1. Strand A on cross-border co-operation which was expected to promote an integrated regional development between neighbouring border regions including external and maritime borders.
2. Strand B on transnational co-operation which was expected to contribute to the harmonious territorial development and integration of the Community territory.
3. Strand C on inter-regional co-operation which was expected to improve the effectiveness of policies and instruments for regional development and cohesion by structured and large-scale information exchanges and a sharing of experience.
4. The programme ESPON (European Spatial Planning Observation Network) focussed on the observation and analysis of territorial and regional development trends in Europe and spatial planning research of relevance to the EU territory.
5. The programme INTERACT (INTERreg - Animation, Co-ordination, Transfer) was established as a co-operative tool for providing assistance to EU-funded territorial co-operation.

II. INTERREG III ex-post evaluation

The overall aim of the ex-post evaluation was to establish the impact of the INTERREG III Community Initiative and to provide evidence on whether it succeeded in fostering the development of cross-border, transnational and inter-regional co-operation in order to enhance the harmonious, balanced and sustainable development of the Community as a whole. At the same time, the evaluation addressed issues at the policy level to inform all stakeholders about the outcomes of INTERREG III and to use the results for influencing the ongoing implementation of the current Territorial Co-operation Objective programmes 2007-2013 and for discussing the future of Cohesion Policy after 2013.

The evaluation started in mid-2008. During the first phase (early 2009 – mid 2009), a horizontal analysis was carried out covering all INTERREG III programmes. This analysis involved an extensive literature review, data gathering and analysis, an in-depth review of the ESPON and INTERACT programmes and the development and application of analytical evaluation concepts and tools. During a second phase (mid 2009 – late autumn 2009) the findings of this horizontal analysis were further substantiated through an in-depth analysis of 16 case study programmes from the three strands of INTERREG.

Finally, the main evaluation findings from the previous phases were brought together (end 2009 – early 2010) to provide an assessment of and overall conclusions on the impacts achieved by INTERREG III. In addition, short-term recommendations for the current programming period 2007-2013 (Objective 3 on European Territorial Co-operation) and policy implications for future of EU-funded territorial co-operation after 2013 were elaborated.

III. Summary of main findings

Achievements of Strand A

The 62 INTERREG IIIA programmes¹ involved a total expenditure of € 6.472 billion (2007). The programmes varied considerably in their financial size ranging from a total budget of € 0.709 million (*Gibraltar-Morocco*) to over € 1 billion (*Spain-Portugal*). The geographical and socio-economic features of the programme areas and the physical / political nature of the borders covered were very heterogeneous. Considerable variations also existed at the outset of INTERREG III with respect to previous co-operation experience and the maturity of this co-operation tradition (i.e. existence and scope of legal framework conditions for co-operation; existence and capacity of permanent cross-border structures).

Contrary to what was expected by the INTERREG III Guidelines, our evaluation shows that only around half of the programmes focussed their measures and financial resources on a limited number of priority topics. The implementation of broad strategies matched in general well the “bottom-up demand” of approved projects. However, such broad strategies were not very helpful in achieving a clearly-identifiable impact, especially in cross-border areas along internal EU-borders which were covered by financially smaller programmes.

Strand-A interventions focussed mostly on enhancing the socio-economic development of the respective co-operation areas, i.e. development of business, tourism and local development / employment initiatives, R&D, education and culture, communications, health and civil protection, and also on promoting co-operation between citizens and institutions.

The evaluation of interventions in the twelve case studies showed that there were substantial direct effects on the socio-economic and sustainable development of the cross-border areas. Significant and more wide-ranging direct effects resulted from investment in physical infrastructure. The interventions reduced negative impacts on the environment in cross-border areas (e.g. construction of sewage water treatment plants, solid waste deposit facilities), developed cross-border transport links or eliminated bottlenecks and created new R&D/innovation infrastructures. Such infrastructure investment was mostly undertaken in the larger programmes.

Considerable direct effects stimulating socio-economic change in cross-border areas were also induced by the non-physical but nevertheless tangible outcomes associated with ‘soft co-operation’. Such co-operation included the establishment of cross-border networks, information platforms or clusters, the design or application of specific policy tools and new techniques or processes and the joint elaboration of studies, policy concepts or development plans. Our evaluation of Strand A has shown that individual and organisational learning also took place at the programme level and at the project level. These effects constituted an important element of the overall outcome achieved by INTERREG IIIA programmes, but the programme monitoring systems did not capture and report such effects, making it difficult to precisely determine their overall significance.

The overall performance of Strand-A was good with 61% of the 57 programmes assessed achieving a level of depth and intensity of co-operation at the end of the period 2000-2006 that was above the average rate calculated across all programmes. The direct influence of previous cross-border co-operation on the overall co-operation performance was generally low. This does not mean that previous co-operation experience was irrelevant; it simply did not act as a catalyst to significantly enhance the overall depth and intensity of co-operation achieved in the 2000-06 period. In the few cases where such an influence can be observed, our evidence suggests that the maturity of previous co-operation (quality of legal framework and of established co-operations structures) was more influential than the duration of this co-operation.

¹ Not including the cross-border sub-programmes “Estonia-Latvia-Russia” & “Latvia-Lithuania-Belarus” of the INTERREG IIIB programme Baltic Sea.

There were a number of factors that influenced the extent to which Strand A programmes were successful in terms of co-operation. The factors which had the most favourable influence on overall co-operation performance were:

1. the joint and participatory preparation/elaboration of programme strategies;
2. the joint and participatory decision-making processes established at the programme level;
3. the largely joint and decentralised management of the INTERREG III programmes which was based upon a further formalisation between the strategic partners involved.

The main factors that prevented Strand-A from achieving a higher overall co-operation performance was the variable intensity of project-level co-operation (i.e. the share of joint projects in the overall project portfolio of a programme) and also the moderate depth of project-level co-operation (i.e. the level of sophistication and experimentation within projects).

Achievements of Strand B

The 13 INTERREG IIIB programmes involved a total expenditure of around € 2.368 billion in 2007. The programmes varied considerably in their financial size, ranging from € 656 million in *North West Europe* to some € 6 million in *Indian-Ocean-Reunion*. Ten programmes covered very large zones in the central or peripheral and continental part of the EU 27 Member States, while the remaining three programmes covered ultra-peripheral and non-continental zones (*Indian Ocean–Reunion, Caribbean; Canarias-Madeira-Acores*).

The Strand-B programmes, with the exception of the three programmes covering the non-continental and ultra-peripheral parts of the EU27, generally adopted broad intervention strategies which did not concentrate financial support on a limited number of priority topics. The lack of focus was not conducive to achieving a clearly identifiable impact in the transnational areas with the limited financial resources allocated to Strand-B programmes. Strand-B interventions tackled issues which were primarily related to promoting the environment and an effective management of cultural and natural resources as well as the elaboration of spatial development strategies and the promotion of polycentric development (i.e. co-operation between cities and between urban and rural areas). Evidence from our case studies showed that direct effects on the territorial development of transnational areas were mainly induced by the outcome of soft co-operation and only in exceptional cases through a combination of substantial physical investments and soft co-operation (i.e. *North-West Europe*).

The 13 Strand-B programmes devoted nearly € 1 billion of their total expenditure to promoting the environment and managing cultural and natural resources. These issues were in general tackled through the development of environmental management tools or monitoring systems and the elaboration of planning schemes, studies and databases and awareness-raising campaigns. In a few cases, more substantial physical investments were made which achieved wide-ranging direct effects in the programme area (e.g. investment in management of water systems and water quality; flooding prevention, etc.).

Interventions to develop efficient and sustainable transport systems focussed on a variety of issues and modes (i.e. rail, road, air, sea and river transport) and aimed to improve the internal and external accessibility of the transnational co-operation areas. Wide-ranging effects were achieved in the programme areas where transport-related issues were addressed through co-operation involving a wide range of actors from the public, semi-public and private sectors.

Substantial transnational co-operation in the R&D and innovation fields was rare and focussed mostly on furthering polycentric and urban development or on improving access to information society. Our evaluation shows that the establishment of large-scale transnational partnerships spanning across the entire co-operation area achieved the most substantial direct effects.

The overall co-operation performance of Strand-B by the end of the period 2000-2006 was very good. All INTERREG IIIB programmes achieved a level of depth and intensity of co-operation that was often significantly above the average rate calculated across all INTERREG III programmes.

The influence of previous co-operation experience - usually only since 1997 - on overall co-operation performance was, with the exception of the *Baltic Sea* programme, low. This does not mean that previous experience did not matter. It simply did not act as a catalyst to increase transnational co-operation performance beyond a level that could have been expected.

There were a number of factors that influenced success in co-operation. The factor which had the most positive influence was the high depth and intensity of project-level transnational co-operation. All the approved operations involved co-operation between partners from different countries, which means that projects were jointly-developed from the outset and subsequently also jointly-financed and implemented or even jointly-staffed. The level of sophistication and experimentation within projects was high. These type of operations represented in nearly all Strand-B programmes more than 60% of the approved projects.

The main factor preventing Strand-B from achieving better co-operation performance during the 2000-2006 period was the variable quality of the initial diagnosis of shared needs and problems, the joint but less inclusive decision-making system and the joint programme management system which was less integrated compared with Strand A.

Achievements of Strand C, ESPON & INTERACT

The total eligible expenditure of the four programmes of Strand C amounted to € 485.4 million. Again, there were significant differences between the budgets of the individual programmes, ranging from € 50.5 million (*North Zone*) to € 205.2 million (*South Zone*).

No priorities and measures were defined in the Strand C programmes but operations were expected to facilitate an exchange experience and best practice on various priority topics to improve the effectiveness of policies and instruments for regional development and cohesion. Four of these co-operation topics focussed on actions supported by the EU Cohesion Policy (i.e. Objective 1 and 2 programmes, INTERREG, URBAN and Innovative Actions), while the topic "other subjects appropriate to inter-regional co-operation" addressed a wide range of additional issues. Although the INTERREG IIIC Guidelines initially expected that inter-regional co-operation would primarily address the types of activities supported under the EU's new regional and cohesion policies, there was in fact less emphasis on the first four topics (144 out of the 270 approved operations) once programme implementation was underway.

Strand-C co-operation at the programme level was less developed compared to the other Strands, as the initial needs and problems were defined on a top-down basis and because decision-making at the programme level involved a limited range of partners originating mostly from state level authorities. A decentralised but not fully integrated programme management system was set up. In contrast, co-operation at the project level was deeper and more intense and could often build on inter-regional co-operation experience gained during the previous programming periods. Project activities were, however, less durable than in the other two Strands but many project partnerships kept in contact with each other, welcomed new partners or engaged in long-lasting cooperation on various issues. Strand C co-operation also helped to strengthen interregional networks.

The ESPON 2006 programme was also meant to contribute indirectly to EU Cohesion Policy, mainly by developing a knowledge base and a common platform for research on European territorial development trends. The research agenda of the programme was disproportionate to its budget (€ 14.5 million eligible expenditure) but a considerable amount of research was achieved thanks to the enthusiasm of the Transnational Project Groups. The quality of the study project reports was uneven and their conclusions were not always presented in a user-friendly style. Nevertheless, key components of a comprehensive knowledge base on European territorial development issues were put in place, including an ESPON database and associated tools. A European community of research centres working on the same issues was established as well as close relationships with policy-makers (mainly officials from planning administrations). ESPON 2006 delivered valuable contributions to key policy documents, including the EU Territorial Agenda and the Third and Fourth Cohesion Reports.

The INTERACT programme aimed to increase the efficiency and effectiveness of INTERREG III programmes. Its total eligible expenditure was € 39.5 million. A direct and widespread improvement of management and implementation practices of the established INTERREG III programmes was not achieved, but INTERACT contributed to the development of the recent INTERREG III/IV operational programmes especially in new Member States. The programme management structure was overly complex and the responsibilities of its components had to be frequently reconsidered. INTERACT was also characterised by a strong bias towards management and implementation issues. Insufficient attention was, however, paid to content-related policy issues of strategic relevance for territorial co-operation (e.g. how to achieve territorial integration?).

IV. Conclusions on the overall impact of INTERREG III

The INTERREG III Guidelines set out vague territorial development objectives and largely appropriate but overly optimistic objectives in relation to territorial co-operation. This raised unrealistic expectations of what INTERREG III could achieve and - more importantly from the point of view of this study - was also not conducive to assessing whether the overall impact achieved by INTERREG III actually met the original policy expectations.

Nevertheless, the INTERREG III Community Initiative generated significant outputs and results with around € 5.69 billion of ERDF-funding. In this respect, our assessment contradicts the established view in the scientific literature that the outcome of INTERREG III and territorial co-operation was mostly limited to individual and organisational learning. Some 12,000 networks and co-operation structures were created. The socio-economic results of INTERREG III interventions were substantial with projects directly or indirectly creating or safeguarding 115,000 jobs/employment opportunities and nearly 5,800 start-ups and businesses. In addition, the projects supported more than 3,900 businesses to use new strategies or technology.

Despite the weaknesses of the programme monitoring systems especially at the level of impact indicators, our assessment of the impact achieved by INTERREG III allows the following conclusions to be drawn.

The impact on territorial development

(1) The financial and territorial size of Strand-A and Strand-B programmes strongly conditioned the nature and scale of the impacts achieved (physical or non-physical; more wide-ranging or relatively localised). The main pattern observed is the following:

- Strand-A programmes which intervened with high budgets on large, medium-sized or small areas had a more visible and physical impact on territorial development than programmes with medium-sized or small budgets intervening in relatively large areas.
- Strand-A programmes focussing with small budgets or medium budgets on a smaller eligible area achieved a noticeable impact on territorial development which was mostly of a non-physical nature and focussing on specific themes or geographical sub-areas.
- In the case of Strand-B programmes, which all operated in large areas with relatively limited amounts of funding, it was generally the exception to see both a visible and physical impact on the territorial development of sub-areas in the co-operation zones.

(2) Physical investments were important drivers for generating territorial development impacts from Strand-A and Strand-B programmes but only if they had a real cross-border or transnational relevance. Substantial investment activities leading to more significant physical impacts were most often achieved by Strand-A programmes with large or medium-sized budgets, while under Strand B this was only the case with the financially largest programme *North-West Europe*. The wider cross-border or transnational relevance of these interventions was, however, under both Strands, a critical issue. In the case of Strand A, one-sided investments were common in programmes covering the old external and new internal borders and all interventions did not clearly demonstrate a cross-border relevance. In the case of Strand B, this was even more problematic.

The large majority of programmes allowed projects to make only small-scale physical investments which, more often than not, generated only local direct improvements and therefore raised justified concerns about the transnational relevance of this impact.

(3) The soft co-operation outcomes of Strand-A and B programmes were also important drivers for generating a territorial development impact but only if they led to the development of a joint and durable problem-solving capacity in the programme areas. Both Strands primarily produced soft co-operation outcomes which also generated direct effects in the programme areas and helped to solve problems or contributed to better addressing joint development issues/opportunities (e.g. thematic networks and clusters, specific tools and information platforms, new management techniques or processes, studies and plans). The significance of such outcomes was in general very high under Strand-B, but in Strand-A only so in the more mature and medium-sized or smaller programmes with an agenda focussed on co-operation. In Strand-A programmes characterised by a low share of joint projects within their overall project portfolio, often covering external borders or new internal borders, the importance of soft co-operation outcomes was less pronounced.

The Strands A and B programmes mostly addressed problems or development challenges which required a more permanent or ongoing action to be tackled effectively. Due to this, soft co-operation had to converge towards establishing a joint and also durable problem-solving capacity to achieve a more substantial territorial development impact. Our review of the situation under each Strand shows that, in particular, soft transnational co-operation should become more durable in nature to achieve a more significant territorial development impact. But also within Strand A, considerable efforts are still needed, especially with the less mature programmes covering some internal borders but particularly external borders and new internal borders.

(4) The programmes supported by Strand C, ESPON 2006 and INTERACT indirectly contributed to the more balanced, harmonious and sustainable development of the European Union and third countries. In the case of Strand C, mixed results were obtained with regard to improving the effectiveness of instruments for regional development and cohesion policies. On the one hand, the intense process of mutual learning and the transfer of experience within project partnerships yielded positive effects on these policies. On the other hand, the results achieved in respect of the main development objective, i.e. improving the effectiveness of EU regional development policies and instruments, were below expectations.

The ESPON 2006 programme knowledge base and its common research platform shed significant light on territorial development trends at the European level, including the territorial impact of various Community policies. However, the contribution of ESPON 2006 to territorial co-operation was limited because of a lack of focus on the interdependence between regions and other issues of cross-border / transnational relevance. The INTERACT programme succeeded in establishing a joint platform for the INTERREG Community which addressed difficulties faced by individual programmes through the exchange of experience and knowledge on issues related to territorial co-operation.

The impact on furthering territorial co-operation

(5) Overall, the INTERREG III Community Initiative and the Neighbourhood Programme approach did not achieve the originally expected significant advance in co-operation at the end of the period 2000-2006. But the depth and intensity of territorial co-operation under INTERREG III further evolved during the 2000-2006 period despite the very heterogeneous and often difficult framework conditions.

(6) Most of the experienced Strand-A programmes covering the old internal borders of the EU 15 Member States achieved progress compared to the previous period. These programmes have, in general, improved their depth and intensity of cross-border co-operation at a strategic level through participatory joint programming processes, largely decentralised or even fully integrated cross-border programme management and stronger formalisation of their co-operation. Also at the project level, co-operation intensity was generally high as their project portfolios comprised nearly exclusively joint operations which involved co-operation.

(7) In contrast, the co-operation performance was less satisfactory in Strand-A programmes covering old and new external borders and several new internal borders. An important reason for this was that, until 2004, the EU-funding procedures applied for programmes along old/new external borders were very cumbersome (i.e. a combination of INTERREG IIIA and the PHARE/TACIS-CBC or MEDA funding schemes) and have since 2004 only achieved partial success in being integrated in the new neighbourhood approach. The share of joint projects in these programmes was generally low and the criteria and processes for project selection were often insufficiently developed to change this situation.

(8) The Strand-B programmes did not result in the expected advance in comparison with the previous programming period, but this cannot be attributed to the performance of the programmes themselves. The only action through which such a significant advance could have been achieved would have been through the setting up of fully-integrated transnational programme management systems. However, this was not possible as no appropriate legal instrument existed. All Strand-B programmes did, however, achieve a very high intensity of project-level co-operation and in most cases, also a high depth and quality of co-operation.

(9) In terms of progress made in comparison with the 1994-1999 period, the introduction of Strand C, ESPON 2006 and INTERACT programmes was the most significant breakthrough. Strand C provided interregional co-operation with a more structured and effective reference framework which was missing until 2000. So did ESPON 2006 for co-operation on research relating to territorial development and cohesion. As to INTERACT, it established a new co-operation dimension which previously did not exist and which complemented the activities undertaken by the three other Strands by promoting a sharing of good practices among INTERREG programmes.

Leverage effects and Community added value

(10) INTERREG III generated important soft leverage effects in terms of actor mobilisation, an increased inter-cultural understanding and also the development of social capital. The 18,000 projects supported by INTERREG III directly mobilised 1 million individuals representing around 68,000 different organisations coming from different levels of government and various sectors throughout Europe. Co-operation and the exchange between actors from different countries and professional backgrounds significantly improved inter-cultural and cross-sector understanding. Social capital was built up through the individual and organisational learning effects associated with programme and project-level co-operation.

(11) The programmes generated moderate financial leverage effects in terms of mobilising private sector funding. The effect was highest in Strand A (3.8% of public expenditure) but much lower in Strand B (1%) and Strand C (0.75%). Within Strand-A, the financially smaller programmes were more successful in mobilising private sector capital than the larger programmes which focussed their interventions more on the development of physical infrastructure.

(12) INTERREG III generated considerable Community added value. This added value varied due to the specific intervention logics governing the various elements of the Initiative.

- Strand A further strengthened and deepened the cross-border governance dimension for promoting socio-economic and sustainable development along most borders between the “old” EU Member States. Along the other borders, this process either stagnated (old external borders) or started to develop at an initial stage (new internal and external borders).
- A similar pattern can be observed under Strand B as it was mostly the more experienced continental programmes that strengthened or further developed the transnational governance dimension. The other Strand-B programmes were either characterised by stagnation (*MEDOCC, Archimed, CADSES*) or by only just starting the process due to the fact that they were only recently created (i.e. *Canarias-Madeira-Acores, Indian Ocean-Réunion, Caribbean*).
- Inter-regional co-operation under Strand C further widened and deepened the existing co-operation and stimulated a networking-based exchange of experience and knowledge on a broad range of issues amongst a large number of regional and local authorities.
- INTERACT more closely inter-linked the programmes and actors from various Strands within a wider “INTERREG Community” which did not exist before.

- ESPON improved and widened knowledge about the territorial development process and identified new topics and future challenges that were relevant to European cohesion, giving insights to territorial development that previously did not exist.

V. Recommendations for Objective 3 (2007-2013)

The overall policy agenda for EU-funded territorial co-operation in the period 2007-2013 has become broader and changes were made to the territorial scope of co-operation (especially cross-border and transnational co-operation). New implementation provisions have been set out for co-operation within the EU and for co-operation with neighbouring countries outside the EU.

Our main recommendations for European territorial co-operation during the period 2007-2013, are the following:

(1) The cross-border and transnational Objective 3 programmes should review whether they can achieve realistic impacts in relation to their current programme objectives. If this is not the case for certain objectives, modifications should be made to ensure that the intervention logic of the programmes is fully consistent.

(2) The cross-border and transnational programmes should more pro-actively influence future project proposals with a view to achieving a more visible overall programme impact (i.e. "anticipatory management" of the project portfolio).

(3) The cross-border and transnational programmes should establish more pro-active and ongoing inter-action with the convergence and regional competitiveness and employment programmes and other territorial co-operation programmes operating in their areas to ensure complementary, co-ordination and synergies. This should not only be limited to the remainder of the current programming period but also involve the preparation of a more complementary and integrated approach for the period after 2013.

(4) Where possible, the Objective 3 programmes should start experimenting with the new Community-level instrument of "European Groupings for Territorial Co-operation" in order to prepare the setting-up of fully integrated cross-border and transnational programme management structures for the time after 2013.

(5) The cross-border and transnational programmes should undertake the first steps to preparing their future co-operation programmes for the period after 2013. This applies especially to the programmes that have not yet introduced a cross-border territorial development concept or a transnational spatial vision. They should launch a project which aims to elaborate a joint and medium-term territorial integration strategy identifying the most important needs in the respective co-operation area.

(6) The European Commission should take the initiative in the development of a more appropriate overall approach for monitoring and evaluating future territorial co-operation. This is a critical issue which needs to be dealt with before the new programming period starts.

(7) The inter-regional Objective 3 programme should implement targeted workshops and seminars and produce thematic publications to inform regional and local authorities not involved in ongoing inter-regional co-operation. At the same time, such events should also be used for obtaining the views of actors to provide a bottom-up perspective on the future of inter-regional co-operation after 2013.

(8) The ESPON 2013 programme should more strongly explore issues which are of strategic relevance to furthering an integration of cross-border and transnational co-operation areas. This would provide a basis for a more informed preparation of future territorial co-operation programmes.

In addition, the current programme should start connecting itself better and more intensively to the ongoing EU wide debate on initiatives for establishing spatially differentiated data (i.e. the implementation of the INSPIRE Directive; GMES and related initiatives).

(9) The INTERACT II programme should ensure the quality and relevance of its outputs (i.e. studies, publications, other products, advice services etc.). This means ensuring that sufficient professional experience is available (the programme's staff, external service providers) but also that a more comprehensive needs-assessments is undertaken among potential INTERACT product users.

(10) The European Commission should ensure co-ordination (in terms of both methodology and timing) with respect to the on-going evaluations to be undertaken by co-operation programmes. The cross-border, transnational and inter-regional programmes should also initiate qualitative and quantitative empirical research complementing their programme evaluations to capture the on-going practice (and problems) associated with co-operation. Objective 3 programmes should encourage projects (e.g. with an overall budget of more than € 2 million) or involving experimental actions with a certain risk of failure, to carry out evaluations.

VI. Policy implications for European territorial co-operation after 2013

The objective of territorial cohesion included in the now ratified Lisbon Treaty plays a central role in the debate on the future EU Cohesion Policy beyond 2013 although a politically agreed definition for this objective does not yet exist.

Future European territorial co-operation should develop a specific role in contributing to the achievement of the territorial cohesion objective - which is different from the other regionalised Structural Funds interventions of the future EU-Cohesion Policy - to underline its specific nature and added value. The main elements of such a role could be the following:

- Cross-border and transnational co-operation should enhance the territorial integration of their respective programme areas. This should be achieved by progressively eliminating or alleviating remaining obstacles which still cause a fragmentation of socio-economic and inter-personal relations between areas located in different countries and through establishing functional relations and enlarging their geographical scale and intensity across the European Union and beyond.
- Cross-border and transnational programmes should establish a closer co-operation and co-ordination with other EU-interventions operating in the same territory to ensure that the various interventions are complementary. The European Commission should support the development of macro-regional EU-strategies for larger areas such as the recent Baltic Sea Area strategy. Within such macro-strategies, the cross-border, transnational, and interregional programmes should have a lead role in those aspects requiring co-operation among member-states and regions.
- More intense and durable cross-border, transnational and inter-regional co-operation processes should be established if future territorial co-operation is expected to achieve more concrete and tangible socio-economic development effects. These processes should involve public and semi-public sector organisations located at various levels of government, but also actors from the private sector and the civil society.

The future ESPON and INTERACT programmes should support the above-mentioned processes. They could do this by helping to develop a better understanding of the factors that enhance the territorial cohesion of the Community territory and an integration of cross-border and transnational areas (ESPON) and through enhancing the emergence of a co-operative dimension for territorial development and governance in the EU (INTERACT).

The current definition of eligible areas for future territorial co-operation should be maintained as well as the current delimitation of programme areas for cross-border and transnational co-operation. The European Commission should also continue to use the administrative NUTS-area classification for defining the delimitation of future programme areas, as convincing alternative methods (e.g. definition of socio-economic "functional co-operation areas") do not yet exist.

The diversity of cross-border and transnational co-operation areas (and of the related integration challenges) suggest that the broad range of themes/priorities which can be addressed by future programmes should be retained. Future programmes should avoid implementing overly broad and unfocussed strategies with their limited financial means and avoid themes which will not be relevant either in terms of project-level demand or the wider impact on furthering the territorial integration of the concerned programme areas.

To this end, the European Commission should set out a number of guiding principles for the elaboration of future cross-border and transnational programmes which take into account the specificity of territorial co-operation. The basic principles might include:

- Programme strategies need to address and effectively tackle issues of real cross-border or transnational relevance.
- This requires an analysis of cross-border and transnational areas taking into account the level of integration achieved and identifying how integration can be further enhanced.
- Programming partnerships should be required to select only a few strategic issues which demonstrate a clear potential for furthering an integration of the cross-border and transnational co-operation areas.

The content of a future inter-regional co-operation programme should be developed closely in line with the needs of the primary co-operation stakeholders (mainly regions and local authorities). At the same time, the programme design needs to include aspects which are of strategic EU interest such as the recent focus on the Lisbon and Gothenburg objectives and the forthcoming EU 2020 strategy. A clearer distinction should be drawn between inter-regional and transnational co-operation to avoid overlaps and duplication.

The future establishment of joint programme governance systems will remain a process of searching for pragmatic solutions which have to fit the specific administrative and legal/regulatory settings prevailing in each programme area. The European Commission should encourage future programmes to combine management functions under one roof by using European Groupings of Territorial Co-operation (EGTC). The current INTERACT II programme and also a new programme for the period after 2013 should provide targeted assistance in this respect by disseminating experiences of integrated management of territorial co-operation programmes and by stimulating a direct exchange of experiences among practitioners.

The European Commission should define clear expectations with respect to future project appraisal / selection processes and the nature of operations (i.e. only projects involving co-operation among partners from different countries). As in the past, the quality of project-level co-operation will condition strongly the nature and scope of the outcomes achieved. It is recommended that cross-border and in particular transnational programmes (but also inter-regional ones) should seek to ensure that projects become durable or even self-sustaining after the end of EU-funding (i.e. securing on their own financial means for co-operation). This is particularly important for co-operation initiatives that address problems or development challenges requiring a continuing effort in order to be tackled effectively.

The European Commission should consider whether EU-funding for future territorial co-operation should be allocated directly to programmes and not to Member States. A direct funding allocation to future territorial co-operation programmes would, however, need to use a similar combination of socio-economic criteria that are currently being applied for determining the Member State envelopes.