



The specific investment priorities for European Territorial Cooperation (ETC)  
 under Thematic Objective 11 Institutional Capacity Building

**1. RELEVANT LEGAL PROVISIONS**

<i>Regulation</i>	<i>Articles</i>
<p><b>Reg. 1303/2013</b>  <b>Common Provisions</b>  <b>Regulation</b>  <i>(hereafter 'CPR')</i></p>	<p style="text-align: center;"><b>Article 9 Thematic Objectives</b></p> <p>.../...(11) – enhancing institutional capacity of public authorities and stakeholders and efficient public administration.</p>
<p><b>Reg. 1299/2013</b>  <b>European Territorial</b>  <b>Cooperation Regulation</b>  <i>(hereafter 'ETC')</i></p>	<p>(5) Cross-border cooperation should aim to tackle common challenges identified jointly in the border regions, such as: poor accessibility, especially in relation to information and communication technologies (ICT) connectivity and transport infrastructure, declining local industries, an inappropriate business environment, lack of networks among local and regional administrations, low levels of research and innovation and take-up of ICT, environmental pollution, risk prevention, negative attitudes towards neighbouring country citizens and aim to exploit the untapped growth potential in border areas (development of cross-border research and innovation facilities and clusters, cross-border labour market integration, cooperation among education providers, including universities or between health centres), while enhancing the cooperation process for the purpose of the overall harmonious development of the Union.</p> <p style="text-align: center;"><b>Article 7</b>  <b>Investment priorities</b></p> <p>1. The ERDF shall, within its scope as set out in Article 3 of Regulation (EU) No 1301 /2013, contribute to the thematic objectives set out in the first paragraph of Article 9 of Regulation (EU) No 1303 /2013 through joint action under cross- border, transnational and interregional cooperation programmes. In addition to the investment priorities set out in Article 5 of Regulation (EU) No 1301 /2013, the ERDF may also support the following investment priorities within the thematic objectives indicated for each European territorial cooperation component:</p> <p>(a) under cross-border cooperation:</p> <p>(iv) enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions;</p> <p>(b) under transnational cooperation: enhancing institutional capacity of public authorities and stakeholders and efficient public administration by developing and coordinating macro-regional and sea-basin strategies;</p>

## 2. SPECIFIC INVESTMENT PRIORITY UNDER THEMATIC OBJECTIVE 11 RELATED TO THE (CBC) PROGRAMMES IN THE ETC REGULATION

**Borders constitute for obvious reasons barriers to harmonious development in the meaning of Article 174 of the Treaty on the Functioning of the EU.** 37.5% of the EU population lives in border areas and the whole EU population is covered by transnational and inter-regional programming. **The mission of ETC is to overcome these obstacles.** It makes a particular contribution to the EU dimension of Cohesion Policy. One of the major challenges ETC faces concerns **institutional capacity and efficient public administration.** The importance of this dimension for cooperation programmes is reflected in the ETC Regulation, which specifies additional investment priorities for European cross-border and transnational cooperation programmes related to Thematic Objective 11.

The Board at its meeting of 29 July 2013 endorsed the general Guidance Fiche on ESF and ERDF support under Thematic Objective 11 'Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration' (hereafter TO 11), without prejudice to the specific investment priorities related to the TO 11 under the ETC Regulation. The present Fiche clarifies the rationale and scope of intervention, sets out the types of actions and provides illustrative examples of operations that may be financed under specific investment priorities related to TO 11 as laid down in the ETC regulation. It should be noted that an overview of ETC projects (2007-2013) shows the following general breakdown across all priority axes: Environment 20%; Transport 14%; Business.11%; Research and innovation 9%; Regional planning and development 5%; Energy; institution building; cultural heritage and arts, education and training, approx. each 4%

- **CBC institutional capacity building and good governance rationale**

The ETC Regulation foresees for cross-border programmes an investment priority additional to those set out in Article 5 ERDF to enhance institutional capacity building, namely that of promoting legal and administrative cooperation and cooperation between citizens and institutions (Art 7. (1a) (iv) of ETC Regulation).

This investment priority aims at bringing together citizens, public bodies, companies, NGOs and any other entities, in any combination needed, regardless of borders – in other words it should ensure cooperation between all levels of governance in the sense of Art 5 CPR.

The rationale behind interventions aimed at the integration of the border communities is that **economic, social and territorial development in border regions depends on how institutions and people plan and implement actions together, and relate to each other.**

The **quality of public administration** has a direct impact on this and is thus crucial for competitiveness and sustainable growth. Modernisation of public administrations will be key to a successful implementation of the Europe 2020 Strategy. In the framework of cross-border cooperation, different traditions and cultures meet, including legal and administrative ones. Not only is this an environment generally acknowledged to be very conducive to the development of new ideas and

approaches, but it also provides a setting for transfer of knowledge - on programming, multi-level governance, relations between the public and private sector, the involvement of civil society, and policy development.

In addition, experience shows that if regions and people do not trust their neighbours, they do not engage in cooperation. **Sustaining trust across borders is therefore a pre-condition for cooperation.** In the absence thereof, opportunities are lost and the use of resources remains sub-optimal. Relatively small incentives are often needed to provide a setting in which border regions can get rid of barriers and to allow them to tap into unknown potentials.

Of course, EU borders constitute linguistic, cultural, mental or physical barriers, with room for **differentiation between types of CBC intervention, depending upon the maturity of cooperation.**

On many borders, where there is a decades' long track record of successful cooperation, there is a need to move a gear up and shift from one off events to projects aimed at more sustainable and lasting structural operational ties between different governance entities, including harmonisation of legal provisions on both sides of the border, coordination of policy interventions or institutional integration. **Cooperation in Scandinavian countries** is a clear illustration of such a stage of maturity, where cooperation is already the **symbolic embodiment of the EU** giving rise to **laboratories of new ideas and innovative approaches** (e.g. CATE project, due to provide Northern Europe with accelerator technology and growth and jobs).

**On other borders there remains a** need for consolidating a first stepping stone of trust building operations that will gradually pave the way for more ambitious regional development.

- **Delivery mechanisms**

Given the above, it should be possible to co-finance two types of intervention under investment priority related to thematic objective 11 that constitute conditions for cooperation in the CBC context:

- Operations addressing **institutional capacity building aimed at development of structures, systems and tools**
- Operations addressing **the human potential.**

Both types have to contribute to the overarching thematic objective of enhancing institutional capacity of public authorities and stakeholders and an efficient public administration as set out in Article 9 CPR and to the specific objectives defined in the cooperation programme for the investment priority for “promoting legal and administrative cooperation and cooperation between citizens and institutions”. This is important to ensure the results orientation of the programme.

Intervention addressing institutional capacity building in border areas does not greatly differ from the standard toolbox for institutional capacity building provided in the general Guidance note. As for funding under TO 11 at country specific level, intervention in border areas, though more complicated by the border environment, should cover the same three dimensions, namely structures and processes, human resources and service delivery.

Intervention addressing the human potential can be conducted typically via more intimate projects. They can be selected either by monitoring committees/ steering committees or implemented via small project funds, i.e. a umbrella project (chiefly in DE, AT, NL, BE, CZ, PL), in line with the specific situation and the existing structures of the given border region. The administrative costs related to the fund (i.e. costs of the small project selection, follow up and closure) can be financed from the ERDF allocation that the umbrella project receives (from the respective priority axes, where relevant), with financial management that should be commensurate with the limited size of the budget dedicated to such intervention and require a proportionate investment in implementation, monitoring and reporting measure. It should therefore rely on the most appropriate form of grant in line with Article 67 CPR (reimbursement of eligible costs actually incurred and paid, standard scales of unit costs, lump sums or flat-rate financing) in order to facilitate implementation.

- **Some examples of potential CBC intervention under TO 11**

Whilst contributing to the Union strategy for smart, sustainable and inclusive growth as well as strengthening economic, social and territorial cohesion in line with point 7 of the CPR Common Strategic Framework, cross-border cooperation as described above can cover all sectors of economic activities, in line with the thematic objectives selected for each programme. Projects under TO 11 can in principle relate to spatial planning, public transport, training, environment, social, security, culture, education, tourism, youth, sport, etc. provided that the capacity building aspect is the main focus. Whether an action should be financed under TO 11 or another TO will thus depend on the focus of the action. When the primary objective is to address institutional bottlenecks, TO 11 should be used. Projects may aim at different cooperation policy dimensions, i.e. creation of necessary regulatory frameworks, establishment of functional networks, development of common structures that ensure continuity and allow to gradually step up the maturity of cooperation, coordination of policies and investments, agreements specifying modalities of the cooperation across the border, development of common approaches to common problems, exchange of experience. Institutions can be formal or non-formal structures, organisations, administrations, networks, and even established processes / agreed procedures.

Examples of actions that could be financed, provided that they contribute to the thematic objective of TO 11 (illustrative non exhaustive list):

- **Common risk prevention and emergency systems:** e.g. unified procedures for intervention of fire brigades across the border; establishment of joint information systems on risks related to floods or other natural catastrophes; exchange of information on the availability of ambulances and beds in hospitals across the border, concerted specialisation and placement of costly research facilities/excellence centres.
- Capacity-building, networking and institutional support in respect of improvement of the **conditions for innovation, research and development**, by facilitating the **transfer of good practices and innovations** and between regions.

- Joint **spatial planning & management**, e.g. planning of cross-border transport or energy links; sharing of existing sport and cultural infrastructure; joint management of two national parks located on the border.
- Reinvesting in **human capital** by promoting the culture and language, of the neighbouring country, exploiting untapped potential of diversity, e.g. by developing bilingual curricula, school exchanges, organising joint sport or cultural events.

Naturally, projects whose main focus is on achieving objectives other than the one of enhancing institutional capacity of public authorities and stakeholders and an efficient public administration should not be implemented under TO 11, but under the respective thematic objective. On the other hand, operations conducted under TO 11 may on occasion encompass investment components where this contributes to the thematic objective. Such an investment should be duly justified, bring clear value added, and cannot constitute the main objective of the project.

### 3. ENHANCING INSTITUTIONAL CAPACITY AND EFFICIENT PUBLIC ADMINISTRATION THROUGH TRANSNATIONAL AND INTERREGIONAL COOPERATION PROGRAMMES

Transnational programmes cover larger territories with a view to achieving a higher degree of territorial integration (Art. 2 ETC). Choice is made between investment priorities as per Art.5 ERDF (the major issues of innovation, connectivity, low-carbon economy, environment, etc.), for which enhancing institutional capacity and strengthening public administration is needed, particularly because of issues linked to the transnational nature of the work. To this is added - for certain programmes (Art. 7 ETC) - the development and coordination of macro-regional and sea-basin strategies.

For all transnational work, examples include support for preparation of initiatives/actions, mobilisation of appropriate partners, management and follow-up capacity – where the transnational aspect poses special difficulties. This can be at all levels, from project work through programming through placing of the work in the overall policy context, or developing the appropriate organisational or institutional framework. It is especially important, since institutions and administrations have traditionally largely developed at local or national level, and the transnational level is still evolving (some regions, e.g. Baltic Sea, have better-established networks; others e.g. Adriatic/Ionian or outermost regions, are more recently developing). EGTC options may be helpful.

Since it is new, Art.7 (1b) ETC investment priority for institutional and administrative support needs extra consideration. We can increase the impact of the macro-regional or sea-basin strategies, for example, through:

- support to the functioning of networks, in particular to national contact points and priority area coordinators of the strategies;
- studies, reports, monitoring and evaluation of the work;
- pilot projects, project development facilities and other initiatives, to show the way for the more mature work;
- publicity and events, to raise awareness of the potential and achievements.

In parallel, interregional programmes work at pan-European level (ESPON, URBACT, INTERREG EUROPE, INTERACT). They should build on the options outlined above, addressing the same major issues, facilitating a better EU-wide perspective in terms of smoothing the way to timely and effective reaching of their objectives. Linkages to broader EU policies and programmes, and to country – specific programming should be reinforced. Exactly the same blockages, and the need to overcome national and local institutional and administrative frameworks apply, with the added challenge that solutions need to be encouraged at pan-EU level.