



Issue paper 5 – Reinforcing territorial cooperation and its contribution to European integration

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Group of high-level specialists on the future of Cohesion Policy

The European Commission, the Directorate-General Regional and Urban Policy (lead) and the Directorate-General Employment, Social Affairs and Inclusion (associated) have set up a High-level Group on the future of Cohesion Policy. The group includes members from academia and practice and in 2023 will meet nine times to reflect on current and future needs and the functioning of Cohesion Policy.

The group will offer conclusions and recommendations that will feed the reflection process on Cohesion Policy post-2027 including through the 9th Cohesion Report in 2024 and the mid-term review of Cohesion Policy programmes in 2025.

Disclaimer

The opinions expressed in this paper are the sole responsibility of the authors and do not represent the official position of the European Commission.

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Reinforcing territorial cooperation and its contribution to European integration

1 Background and objectives

Territorial cooperation is an important pillar of Cohesion Policy. As outlined in the 8th Cohesion Report, addressing today's cohesion challenges requires better governance in border areas, stronger coordination of services, infrastructure and investments, and exchanges of experience supported by pan-European research.

This paper focuses on how to further reinforce territorial cooperation and harvest the opportunities it represents, as an integral part of Cohesion Policy.

1.1 The added value of territorial cooperation

High levels of interdependence and integration in the European Union imply that the current challenges, from economic development to environmental protection, can no longer be fully addressed in individual countries or territories. Indeed, EU internal border regions:

- Cover 40% of the EU territory
- Account for 30% of the population – 150 million people
- Produce 30% of the EU's GDP
- Host almost 2 million cross-border commuters, 1.3 million of which are cross border workers representing 0.6% of all persons employed across the EU¹

Issues extend beyond national and administrative borders. This means that, for highest impact, decisions at different administrative/territorial units need to be coordinated. Functional border areas, in particular, require a holistic approach to minimise the "border effect" and best serve the needs of the population living there. Ignoring territorial interdependencies risks missing on synergies, while creating conflicting interventions and sub-optimal investments.

European territorial cooperation offers a unique governance system that brings people living in EU's borders areas closer together. It identifies and addresses border obstacles hampering EU integration and seeks to overcome location disadvantages in peripheral border areas. It also allows EU countries to look

¹ Communication from the Commission to the Council and the European Parliament 'Boosting growth and cohesion in EU border regions', SWD(2017) 307 final, COM(2017) 534 final, https://ec.europa.eu/regional_policy/sources/communication/boosting_growth/com_boosting_borders.pdf. This Communication is complemented by Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Border Regions: Living labs of European integration, COM(2021) 393 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=COM:2021:393:FIN&from=EN>

beyond their own territory, prepares candidate countries for accession and forges closer links with neighbouring countries.

Altogether, territorial cooperation creates new communities of common interest and reinforces solidarity and resilience of people living in border areas. The 8th Cohesion Report provides examples for such contributions in policy fields such as innovation, energy efficiency and renewable energy, adaptation to climate change, disaster management and prevention, protection and preservation of natural heritage and cultural heritage, as well as better institutional cooperation and governance. Territorial cooperation is also important for improving public service provision in border regions. This includes supporting cross-border public services such as transport, education and health care so that people, administrations and enterprises on both sides of a border use them in a mutually beneficial way.

1.2 Cohesion Policy's contribution to territorial cooperation

Cohesion Policy strengthens territorial cooperation and European integration in many ways:

- 86 European territorial cooperation programmes (Interreg)
- Support to projects from four European macro-regional strategies and three sea-basin strategies
- Support to projects reinforcing territorial cooperation under the Investment for Jobs and Growth goal, as national and regional Cohesion Policy programmes may support operations outside of a Member State (including outside of the Union)
- Other complementary mechanisms in country-specific programmes, for instance investment in the trans-European transport network (TEN-T), supporting integration of firms in the single market, and developing adaptation measures to tackle challenges with cross-border spill-overs

Interreg strengthens cooperation between regions and countries within the EU. It plays a vital role in promoting regional development and cohesion, as well as reducing economic disparities and fostering integration across the borders. Interreg programmes have beneficiaries from different Member States and regions and finance cross-border projects. In addition, under the ERDF, a new instrument for interregional innovation supports the development of European value chains through commercialising and scaling up interregional innovation projects.

Interreg's EUR 10 billion budget (2021-2027 programmes) is distributed over four strands of territorial cooperation:

- **64 cross-border cooperation programmes** support cooperation between border regions in at least two Member States sharing a border. These focus on common challenges, cross-border obstacles and untapped growth potential in border areas. The three types of cross-border programmes are:

- 49 Interreg cross-border programmes that focus on cooperation between EU Member States and in some cases partner countries (e.g. Norway, Switzerland, Liechtenstein);
 - 10 Interreg IPA² programmes on EU borders with IPA countries, supporting cooperation in the framework of EU enlargement;
 - 5 Interreg NEXT programmes focusing on EU external borders to the East and South.
- **13 larger transnational cooperation programmes** involving national, regional and local partners in Member States, non-EU countries (e.g. Norway, Iceland, Liechtenstein), enlargement and neighbourhood partner countries, to increase territorial integration.
 - **4 interregional cooperation programmes** covering all EU Member States and partner states (among others EEA, neighbourhood and enlargement countries). These focus on building networks, facilitating exchanges and transfers of experience, and support policy making. The four programmes are [ESPON](#), [INTERACT](#), [Interreg Europe](#) and [URBACT](#).
 - **5 outermost regions cooperation programmes** enable these regions to cooperate with neighbouring non-European third countries and territories on their specific common challenges.

Some important results achieved through the Interreg programmes include an increased administrative and technical capacity for the organisations participating in projects, the uptake and implementation of development strategies drafted in Interreg projects, and the continuation of cooperation activities after the end of the projects.

Multiple possibilities for embedding territorial cooperation in national and regional cohesion policy programmes have been introduced in the 2021-2027 period. For the first time, regional and national programmes are required to support cooperation across borders where relevant. Each programme shall set out the expected contribution to macro-regional strategies, sea-basin strategies and interregional, cross-border and/or transnational actions for each specific objective³.

² IPA = Instrument for Pre-Accession Assistance

³ Article 22(3) CPR requires setting out such expected contribution; Article 63(4) of the CPR on eligibility rules states that all or parts of a project may be implemented outside a Member State, or even outside the EU, provided the operation contributes to the programme objectives. Article 3(4), subparagraph 2 of the ERDF Regulation states that cooperation shall include cooperation with partners from cross-border regions, non-contiguous regions or regions in the territory covered by a European Grouping of Territorial Cooperation, a macro-regional or sea-basin strategy or a combination thereof.

Through these instruments, Cohesion Policy supports four EU **macro-regional strategies**⁴ and three EU **sea-basin strategies**⁵. These integrated frameworks address common challenges in larger geographical areas that include Member States and third countries. These can benefit from strengthened cooperation contributing to economic, social and territorial cohesion. The strategies are open and agile platforms enabling cooperation across borders, sectors and governance levels. Other legal instruments like **European Groupings of Territorial Cooperation**⁶ offer complementary support to cross-border cooperation by improving non-financial opportunities for cooperation. There are also ongoing efforts to reduce cross-border obstacles and develop effective solutions to overcome them.

1.3 Issues and limitations

Although Member States, regions and citizens recognise the added value of territorial cooperation, there are a number of reasons limiting a stronger role in Cohesion Policy:

- Interreg's budgetary constraints limit potential investment in larger projects and in supporting the replication or scale-up of good projects.
- Country-specific programmes and their governance often lack a cooperation angle and administrative capacity. Consequently, investment focuses on areas in the national territory, overlooking cooperation opportunities beyond the programme's geographical coverage. The take up of cooperation projects in country-specific national and regional programmes so far has been sporadic.
- Administrative and legal obstacles frequently hamper more intense cooperation in public services or labour market integration
- The lack of systematic coordination/synergies between ERDF and external financing instruments for the outermost regions' programmes is also an obstacle.

2 Ways forward for territorial cooperation

The green transition, recent health and energy crises, demographic change and the partial roll back of globalisation highlighting the need for increased EU resilience and strategic autonomy. These call for more territorial cooperation, reshaping value chains, linking complementary skills and resources across borders.

⁴ These are EUSBSR (Baltic Sea region strategy), EUSDR (Danube region strategy), EUSALP (Alpine region strategy) and EUSAIR (Adriatic and Ionian region strategy).

⁵ These are the Western Mediterranean, Atlantic and Black Sea strategies.

⁶ See <https://cor.europa.eu/en/our-work/pages/eqtc.aspx>

Therefore, a key question is how to strengthen territorial cooperation at national, regional and local levels, including to:

- overcome border obstacles to interactions between businesses, institutions and citizens;
- address vulnerabilities in territorial development, including improving governance, and make full use of the potential offered by innovative cooperation across border regions;
- sharing public services and pooling skills and resources to address common challenges, network infrastructure and measures related to the digital and green transitions, including with neighbouring third countries;
- foster place- and people-based policy tailored to specific development needs and address the impact of shocks and structural changes, such as the green and digital transitions and demographic change in functional cross-border regions;
- enhance Member States' awareness of territorial cooperation benefits and strengthen the use of different territorial cooperation tools.

Questions for debate

- Is there a need for new forms of territorial cooperation, or new tools to facilitate such cooperation? Should there be joint strategies of Cohesion Policy funding/programmes to address transnational and interregional challenges (globalisation, climate or demographic change)? Should there be a stronger focus on specific issues e.g., building cooperation capacity at local and regional level, tackling persistent cross-border obstacles?
- How can the effective development of complementarities and synergies between different cooperation programmes, as well as other sources of funding be achieved? How can better support be provided to cross-border functional areas, including through national Cohesion Policy programmes?
- How can Interreg better contribute to achieve a better integration with EU neighbours, including candidate countries and EU outermost regions' neighbouring countries and territories?
- Should the thematic content of the cooperation programmes be diversified to address the variety of border situations (intensity and complexity of interactions, demographic decline or growth, peripherality or centrality of the border), as well as the completely new border interactions such as the ones with Ukraine and Moldova?