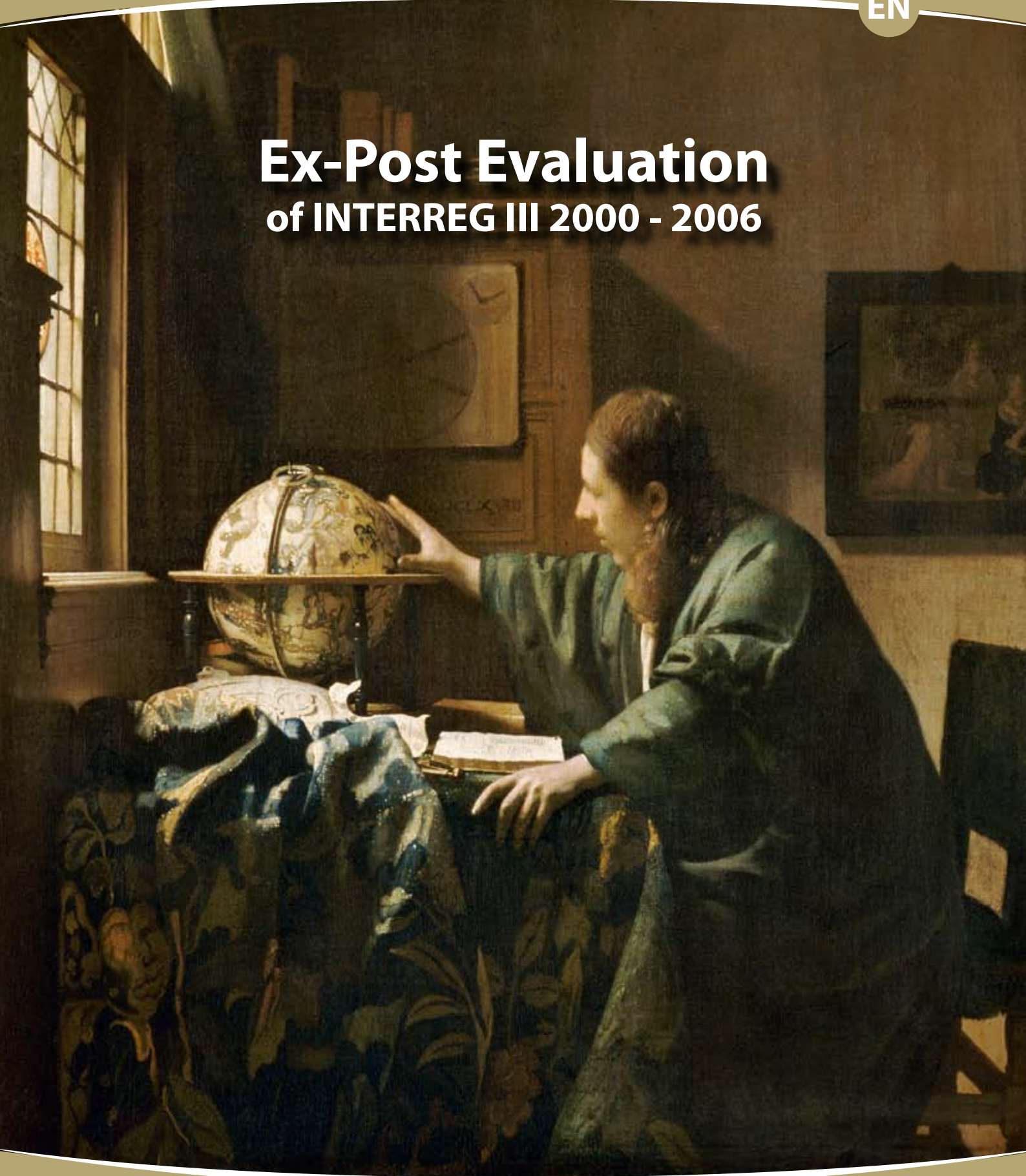




Ex-Post Evaluation of INTERREG III 2000 - 2006





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

(No. 2008.CE.16.O.AT.016)

Final Report



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Acronyms

AEBR	Association of European Border Regions
AESOP	Association of European Schools Of Planning
CADSES	Central, Adriatic, Danube and Southeast European Space (INTERREG IIC)
CARDS	Community aid for reconstruction, development and stability
CBC	Cross-Border Co-operation
CEC	Commission of the European Communities (European Commission)
CEMAT	Conférence Européenne des Ministres responsables de l'Aménagement du Territoire
CI	Community Initiative
CIP	Community Initiative Programme
CoR	Committee of the Regions
CSD	Committee on Spatial Development
DG	Directorate-General
EC	European Commission
ECA	European Court of Auditors
Ecos-Ouverture	European Cities Co-operation System - Ouverture (two ERDF Regulation Article 10 programmes in the 1990s)
ECP	ESPO Contact Point
EEA	European Environmental Agency
EAGGF	European Agricultural Guarantee and Guidance Fund
EEIG	European economic interest grouping
EGTC	European Groupings of Territorial Co-operation
ENPI	European Neighborhood and Partnership Instrument
ERDF	European Regional Development Fund
ESDP	European Spatial Development Perspective
ESPO	European Spatial Planning Observation Network
ETC	European Territorial Co-operation
EU	European Union
GDP	Gross Domestic Product
GIS	Geographic Information System
GRP	Gross Rating Point
IB	Intermediate Bodies
ICT	Information and Communication Technology
ILSV	Intensity level scoring values
IP	Interact Point
IPA	Instrument for Pre-accession
INTERACT	INTERREG Animation, Communication, Transfer
JTS	Joint Technical Secretariat
LEADER	Community Initiative for rural development (French acronym standing for 'Liaison Entre Actions de Développement de l'Economie Rurale')
LP	Leading Partner
MA	Managing Authority
MC	Monitoring Committee
MS	Member States
MSC	Monitoring and Steering Committee
NGO	Non-Government Organization
NUTS	Nomenclature of Territorial Units for Statistics (French acronym standing for "Nomenclature des Unités Territoriales Statistiques")
OP	Operational Programme
PA	Paying Authority
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
RFO	Regional Framework Operation
RR	Real rate

R&D	Research and Development
SPESP	Study Programme on European Spatial Planning
SI	Sub-indicator
SME	Small and medium enterprises
SWOT	Strengths, weaknesses, opportunities & threats
TA	Technical Assistance
TACIS	Technical Aid to the Commonwealth of Independent States
TAEU	Territorial Agenda for the European Union
TENS	Trans-European Networks
TIA	Territorial Impact Assessment
TPG	Transnational Project Group
URBAN	Community Initiative concerning economic and social regeneration of cities and of neighbourhoods in crisis
URBACT	European Programme for urban sustainable development

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The final report draws on the inception and the two interim reports of this project. The second interim report was based on 16 programme case studies (12 INTERREG Strand A programmes, 3 INTERREG Strand B programmes and 1 INTERREG Strand C programme). The Extended Team involved in carrying out the 16 case studies was composed of:

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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 unfocused 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.

1 General Introduction

1.1 Background - EU-funded territorial co-operation

This section provides an introduction to EU-funded territorial co-operation, setting the scene for the evaluation of interventions during the period 2000-2006.

European territorial co-operation as a long-term evolutionary process

European territorial co-operation² started long before the introduction of the INTERREG Community Initiative in 1990 and is far more complex than EU-funded territorial co-operation.

The first co-operation initiatives between local authorities from different European countries started shortly after the Second World War with the establishment of the first bilateral town twinnings. Since then, numerous other twinning agreements have been concluded throughout Europe. In the 1950s, new co-operation initiatives followed which increasingly had a regional dimension. In 1951, the Council of European Municipalities and Regions (CEMR) was established to represent territorial authorities in Europe. In 1955, the Conference of the Regions of North-West Europe (CRONWE) was founded as an embryonic, transnational co-operation initiative addressing issues related to joint spatial planning. In 1958, the first permanent cross-border structure EUREGIO on the German/Dutch border was established by local and regional authorities from both sides of the common border.

During the following twenty years (1960-1980), a large number of new cross-border co-operation initiatives developed across borders between Western European countries (D, NL, B, F, UK, CH, AT) and in Scandinavia (DK, SE, FI, NOR). The European Commission had already sought in the 1970s to promote co-operation on economic and cultural issues across national borders in the Benelux countries, and between France and Germany.

In the 1970s and 1980s, 'first-level' regions started establishing new European-wide associations to represent their interests at the Community level. The most important of these were the Association of European Border Regions (AEBR) founded in 1971, the Conference of Peripheral and Maritime Regions (CPMR) founded in 1973 which today has five geographical commissions (Island Commission, Atlantic Arc Commission, North Sea Commission, Inter-Mediterranean Commission, Baltic Sea Commission), and the Assembly of European Region (AER) founded in 1985.

In addition, an increasing number of bi-lateral partnership or co-operation agreements were concluded between 'first-level' regions in Western Europe, either as a result of the personal initiative of high-level regional representatives or as a consequence of their regular contacts in the context of the established European-wide associations.

The rapid development of territorial co-operation between regional and local authorities in Europe, and in particular of cross-border co-operation, created a new dimension of "external relations" across national borders which increasingly had an impact on the foreign policy domain of the nation states.

² Although the term "territorial co-operation" was only introduced by the programming period 2007-2013, it is used in this evaluation as a generic term to describe all forms of co-operation supported by the INTERREG III Initiative (i.e. cross-border, transnational, inter-regional) as well as previously existing bottom-up co-operation initiatives.

Reflecting this, the Member States of the Council of Europe adopted the "Madrid Outline Convention" in 1980 which advocated the creation of legal provisions to support decentralised co-operation in the framework of domestic laws and proposed a number of model agreements to be concluded by Member States as a basis for promoting cross-border co-operation.

Cross-border and transnational programmes should establish a much closer co-operation and co-ordination with other EU-interventions operating in the same territory to ensure that the various interventions are complementary. The Commission (DG REGIO) should support this by developing 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.

After the ratification of the Single European Act (1986), a reform of the Community's structural policy instruments was undertaken in 1988 (ERDF, ESF, EAGGF) to accelerate the process of establishing a Single Market. Within this wider context, a more pro-active approach was adopted to supporting the lagging border areas along the internal borders of the Community. Based on Article 10 of the former ERDF regulation, a first pilot programme on decentralised cross-border co-operation was funded between 1988 and 1989.

In the following 20 years (1990-2010), territorial co-operation in Europe significantly expanded under the influence of a further deepening and widening of the European integration process and the opening up of Central and Eastern Europe after the fall of the Iron Curtain. The considerable expansion of territorial co-operation in Europe during these two decades was significantly boosted by the launching of new EU programmes and pilot initiatives which provided substantial support for cross-border, inter-regional and transnational co-operation (see Overview 1.1).

EU-funded territorial co-operation during the 1990s

The Maastricht Treaty establishing the European Union (1992) was a first important milestone in the wider European integration process which paved the way for the emergence of a system of multi-level governance. Under the impulse of the "Europe of the Regions" debate which highlighted the role of decentralised levels of governance in the Community's traditional model of supranational policy-making, regions and local authorities were granted for the first time formal (but limited) direct access to the Community's decision-making process through the newly-created Committee of the Regions. Also, the introduction of the subsidiarity principle changed considerably the supranational policy-making process and indirectly played an important role in establishing new practices in EU Cohesion Policy and in its support for territorial co-operation.

The launching of the INTERREG I Community Initiative (1991-93) represented an important step in the direction of this new system of multi-level governance. Under the new programmes, Community funding did not necessarily have to be awarded separately to Member States or regions but could also be allocated directly to specific cross-border structures such as 'Euroregions' or 'Euregios'. This approach of establishing a direct relationship between regions and municipalities or existing cross-border structures and the European Commission introduced a new type of decentralised territorial policy agenda which previously did not exist.

Other important milestones were the enlargements of the European Union in 1995 (Austria, Sweden, Finland), 2004 (ten Central and Eastern European countries) and 2007 (Bulgaria, Romania). Alongside this substantial enlargement process, a steadily increasing number of cross-border co-operation initiatives were established between adjacent areas either side of the new EU-borders. Inter-regional and transnational co-operation between regional and local authorities from the new Member States and the old ones also evolved significantly.

Overview 1.1: The evolution of EU-funded territorial co-operation

Prior to 1988 <i>(without EC/EU support)</i>	1988-1993 Community Initiative INTERREG I	1994-1999 (*) Community Initiative INTERREG II	2000-2006 (**) Community Initiative INTERREG III	2007-2013 EU Cohesion Policy Objective 'European territorial co-operation'
Bi- or multilateral co-operation: Town twinning, cross-border Euroregions, interregional networks, bi-lateral regional partnerships, European regional associations etc.	<u>Cross-border co-operation:</u> Article 10 Pilot Initiative (1988/1989) INTERREG I (1990-1993)	<u>Cross-border co-operation:</u> INTERREG IIA	<u>Cross-border co-operation:</u> INTERREG IIIA	<u>Cross-border co-operation:</u> 'INTERREG IVA'
	REGEN	INTERREG IIB Energy networks		
		<u>Transnational co-operation:</u> INTERREG IIC (1997-1999) INTERREG IIC flood and drought programmes Article 10 pilot actions TERRA programme	<u>Transnational co-operation on spatial development:</u> INTERREG IIIB URBAN II	<u>Transnational territorial co-operation:</u> 'INTERREG IVB'
	<u>"Internal" inter-regional co-operation:</u> Art. 10 programmes "Exchange of Experience" & "PACTE" (1989-1993) RECITE I (1991-1995)	<u>"Internal" inter-regional co-operation:</u> "PACTE-Exchange of Experience" programme (1994-1995) RECITE II (1996-1999)	<u>"Internal & external" inter-regional co-operation:</u> INTERREG IIIC	<u>"Internal & external" inter-regional co-operation:</u> 'INTERREG IVC'
	<u>"External" inter-regional co-operation:</u> Art. 10 pilot programmes ECOS (1990-1993) & OUVERTURE (1991-1993)	<u>"External" inter-regional co-operation:</u> ECOS-OUVERTURE I (1994/95-1996) ECOS-OUVERTURE II (1997-2003)		
		Study Programme on European Spatial Planning (SPESP) (1998-2000)	European Spatial Planning Observation Network (ESPON)	ESPON 2013
		LACE (technical assistance for cross-border co-operation)	INTERACT	INTERACT

(*) Since 1994, various external funding instruments were created which supported cross border cooperation with neighbouring countries in Central and Eastern Europe (PHARE-CBC in 1994, CREDO and TACIS-CBC in 1996).

(**) Prior to 2004, co-operation with neighbouring countries in Central and Eastern Europe was financed by PHARE-CBC and TACIS-CBC. With the accession of ten new countries in 2004, followed by Bulgaria and Romania in 2007, the new Member States have become eligible for ERDF support.

With the launching of the Community Initiative INTERREG II (1994-1999), the scope of territorial co-operation was further expanded and a larger budget was made available for the initially-introduced two strands. Strand A incorporated for the first time all regions along the internal and external EU-borders and also placed a stronger emphasis on co-operation across maritime borders. Strand B continued the former Community Initiative REGEN (1989-1993) and aimed at completing and integrating selected energy networks in Greece, between Greece and Italy as well as between Spain and Portugal. In 1997, a third Strand focusing on transnational co-operation in spatial planning and on the management of water resources was added (INTERREG IIC). It aimed to promote a harmonious and balanced spatial development of the EU's territory alongside the principles and policy options set out in the "European Spatial Development Perspective" (ESDP)³ through stimulating co-operation between central governments, regions and other public authorities or private actors.

From the early 1990 onwards, a large number of other EU-programmes and pilot initiatives were introduced which supported exchanges of experience and inter-regional co-operation projects or networks involving cities and regions from across Europe. The most prominent examples were RECITE (Regions and Cities of Europe) which supported EU-internal co-operation and ECOS-OUVERTURE which provided support for co-operation between territorial authorities from the EU and from Central and Eastern Europe countries. From the second half of the 1990s onwards, the EU also progressively established specific "external" financial instruments and programmes which provided support to cross-border co-operation between regions and local authorities from the Community and from the accession countries or other neighbouring countries outside the Union (e.g. PHARE-CBC, TACIS-CBC, CREDO, CARDS etc.).

European territorial co-operation significantly developed during the 1990s. This is illustrated by the following "meta-typology" (see: **Table 1.1**) which is a modified and up-dated version of an overview contained in a study by the Committee of the Regions. Alongside a number of basic structural criteria (i.e. range of actors involved, geographical dimension covered, scope of co-operation activities, levels of co-operation and organisational arrangements established), it identifies four main types of co-operation, each consisting of various sub-types.

³ The ESDP is the first ever spatial strategy for the EU and was adopted at an Informal Ministerial meeting in 1999. Its main policy options were: a polycentric balanced development and a new urban-rural relationship, parity of access to infrastructure and knowledge, and the wise management of natural and cultural heritage.

Table 1.1: “Meta-typology” for European territorial co-operation – the situation at the outset of INTERREG III

Table 1: “Meta-typology” for European territorial co-operation - the situation at the outset of INTERREG III			
Main Type	Range of actors involved & geographical dimension covered	Scope of co-operation activities	Levels of co-operation & organisational arrangements established
1. Cross-border co-operation	Bi-, tri- or multilateral co-operation among local / regional authorities from different countries (also involving other semi-public or private actors), which are located in geographically adjoining areas along a common - internal EU-border, - external EU-border, - border between non-EU states.	Co-operation can cover only one topic / very few topics (topic-focussed co-operation) or a broader range of themes (multi-thematic co-operation) in which the involved partners have a shared interest.	Two levels of co-operation exist in practice: - Project-level co-operation (timely limited co-operation ending after completion of the envisaged tasks & sustained co-operation), operating with the following organisational arrangements: (1) A pragmatic / informal partnership arrangement. (2) Mutual (ad-hoc) co-operation agreements. (3) Provisions in national law or European law. - Strategic and enduring co-operation across the entire cross-border territory, operating with the following organisational arrangements: (1) Euroregions & similar bodies. (2) Working Communities & similar large-scale cross-border co-operation structures. (3) Structures specifically set up for the management of INTERREG and other EU-programmes.
2. Inter-regional co-operation	Bi-, tri- or multilateral co-operation among local / regional authorities from different countries (also involving other semi-public or private actors), which do not necessarily have direct neighbouring links. Partners can come only from EU-Member States or from EU-Member States and Third Countries.	Co-operation can cover only one topic / very few topics (topic-focussed co-operation) or a broader range of themes (multi-thematic co-operation) in which the involved partners have a shared interest.	Two levels of co-operation exist in practice: - Project-level co-operation (timely limited co-operation ending after completion of the envisaged tasks & sustained co-operation), mostly operating on the basis of a pragmatic / informal partnership arrangement. - Strategic and enduring co-operation that is frequently based upon general agreements concluded between the partners and implements various joint actions (projects). The following organisational arrangements exist: (1) Bilateral town twinning agreements. (2) Bilateral regional partnership agreements. (3) Multilateral networks, often established on the basis of provisions in national law or European law.
3. Transnational co-operation	Multilateral co-operation involving – in different degrees - national, regional / local authorities and semi-public / private actors from at least 3 EU-Member States and/or neighbouring Third countries, which are located in larger and contiguous geographical areas.	Co-operation promotes an integrated spatial development of larger and contiguous geographical areas through a multi-thematic and topic-focussed approach.	Two levels of co-operation exist in practice: - Project-level co-operation (timely limited co-operation ending after completion of the envisaged tasks & sustained co-operation), mostly operating on the basis of a pragmatic / informal partnership arrangement. - Strategic and enduring co-operation mostly realised within specific structures set up for the management of EU-programmes (involving first level regions & national government authorities) and in one case also within specifically created inter-governmental structures (Baltic Sea Region).
4. European Associations set up by local and regional authorities	Large scale multilateral co-operation between local / regional authorities coming from different European States.	Co-operation is in general multi-thematic and focused on a corporate interest representation.	Two levels of co-operation exist in practice which are generally enduring and operating on the basis of provisions in national law: - Associations representing a wide range of the interests of a large number of local and/or regional members (e.g. CEMR, AER). - Associations representing the interests of local and/or regional members sharing specific geographical, economic, sector- or size-specific characteristics (e.g. AEBR CPMR, EUROCITIES etc).

The INTERREG III Community Initiative (2000-2006)

At the end of the 1990s, negotiations on the new Cohesion Policy funding period 2000-2006 were strongly influenced by preparations for the Eastern enlargement and considerations relating to the future financial framework of the EU. In order to further clarify the role of the new generation of Community Initiatives, the Commission suggested that they should have a distinct Community dimension. It was argued that the proposed actions and themes should also be more complementary to each other and to 'mainstream' programmes, as well as being implemented in a way that promoted the Community interest more prominently.

The launching of the INTERREG III Community Initiative intervened at the crossroads of two important trends which - from a today's perspective - characterises the period 2000-2006 as a "transitional phase" for EU-funded territorial co-operation:

- Territorial co-operation was expected to address and tackle a number of issues which were closely related to various strategic policy concerns of the late 1990s (completion of the Single Market through Economic & Monetary Union; application of the European Spatial Development Perspective, etc.). Furthermore, it had become clear that a need existed to further consolidate and upgrade the territorial co-operation practices launched during the previous decade.
- The forthcoming EU-enlargement meant that major changes would take place in the context of territorial co-operation. EU accession would increase the socio-economic differences across the enlarged Community territory and also lead to a substantial growth in the number of internal and external EU borders. Also, the future institutional context of territorial co-operation would become more diverse, as many of the former candidate countries had only recently started to build up a sub-national layer of territorial governance within their political systems.

Against this wider background, the INTERREG III Community Initiative was closely linked to the "traditional" socio-economic cohesion objective of the Treaty which was complemented in the INTERREG III Guidelines by references to an improved "territorial integration". The Community Initiative consisted mainly of five different operational elements:

Strand A supported cross-border co-operation, which received the majority of financial resources allocated to the INTERREG III Community Initiative. Strand A focussed on promoting integrated regional development between neighbouring border regions including external and maritime borders. A further development of co-operation along the internal borders of the EU-15 and the "old" external borders was to be achieved by the establishment of genuine cross-border partnerships and a further consolidation of the bottom-up involvement and participation of relevant actors in the programme areas. Priority was also given to strengthening co-operation across the new Eastern borders of the EU with a new PHARE-CBC Regulation being introduced to facilitate co-ordination with INTERREG (i.e. through joint programming documents and joint co-operation committees, an alignment of eligibility rules, a stronger involvement of regional and local authorities).

Strand B continued transnational co-operation which was started under INTERREG IIC and was expected to contribute to the harmonious territorial development and integration of the Community territory. Although operating across a wider geographical scale, the Strand-B programmes were expected to support and develop genuine transnational co-operation on a limited number of key issues of major concern. To achieve a clear distinction with cross-border co-operation under Strand A, the Commission envisaged that the programme-level partnerships should involve more strategic authorities at the regional and national levels.

Strand C was expected to expand the development potential of EU regions lagging behind and those undergoing conversion, mainly by improving the effectiveness of policies and instruments for regional development and cohesion through support for structured and large scale information exchanges and the sharing of experience. As such, Strand C was new as it was meant to build on the inter-regional co-operation experiences which had until then been supported by separate pilot programmes and initiatives launched under Article 10 of the former ERDF Regulation.

Four programmes were finally established which covered larger areas of the Community territory (North, East, South and West Europe) and worked together on the basis of the same management and implementation concepts. The programme **ESPON** (European Spatial Planning Observation Network) was prepared during the finalisation phase of the European Spatial Development Perspective (ESDP) and was a programme financed jointly by the EU and the 15 new Member States and other neighbouring countries. Set up in 2001, it funded co-operative research and study projects involving national spatial planning institutes, universities and research institutes across Europe. ESPON's focus remains to this day on the observation and analysis of territorial and regional development trends in Europe and spatial planning research of relevance to the EU territory.

The programme **INTERACT** (INTERreg - Animation, Co-ordination, Transfer) was established as a co-operative tool for providing assistance to EU-funded territorial co-operation. The initial idea of setting up a central Technical Assistance Office in the form of a "European Observatory" for cross-border, transnational and interregional co-operation had received a generally negative response in the Community-level decision-making process on INTERREG III. The INTERACT programme was designed to build on the experiences and lessons of INTERREG I and II and was expected to establish a platform for exchanges of experiences and networking, information dissemination and support to those involved in managing INTERREG III programmes as well as to provide information on INTERREG activities to national, regional and local actors and the public in general.

1.2 Evaluating INTERREG III in a dynamic perspective

This section examines the overall aim of the ex-post evaluation of INTERREG III and presents the methodological framework used to carry out this study. It also summarises the intermediate evaluation outcomes, introduces some of the most important analytical concepts used in this evaluation and presents the main questions guiding policy-level reasoning in the Final Report.

Aims of the ex-post evaluation and overall methodological framework

According to the Terms of Reference, the ex-post evaluation will (...) *establish the impact of the INTERREG III Initiative on the development of cross-border, transnational and interregional co-operation leading to harmonious, balanced and sustainable development of the whole Community area. The evaluation will be at the policy level, seeking to establish if the Initiative succeeded in fostering co-operation which enhanced the development of the Community (i.e. accountability objective).*

At the same time, the ex post evaluation was meant (...) *to inform national and regional authorities, the general public, the European Parliament and other stakeholders involved about the outcomes of the 2000-2006 generation of Cohesion Policy programmes and initiatives. The results of the study were expected to be used (...) during the forthcoming policy review of the EU budget, to influence the ongoing implementation of the Territorial Co-Operation Objective between 2007 and 2013 and for the discussion of a next programming period of Cohesion Policy after 2013 (i.e. learning and policy debate objective).*

In relation to this overall aim, an Inception Report⁴ developed an overall evaluation framework which combined an inductive evaluation approach for establishing the impact of INTERREG III with a deductive approach for carrying out the policy-level analysis.

⁴ PANTEIA (2009): Ex-Post Evaluation of the INTERREG 2000-2006 Community Initiative funded by the Regional Development Fund (ERDF), Inception Report to the European Commission DG Regio, Zoetermeer, February.

The guiding principle of this framework was to ensure that the wider accountability, learning and policy debate objectives were addressed in an integrated, consistent and well-balanced manner throughout the period covered by the ex-post evaluation (i.e. 2000-2006, 2007-2013, beyond 2013). In other words, the framework should help ensure that findings generated in relation to the fundamental question of *“What has actually been achieved by the INTERREG III?”* would feed directly into answers to the question of *“How the INTERREG III experience can contribute to improving current co-operation under Objective 3 and to shaping future territorial co-operation?”*.

The Inception Report also developed the quantitative and qualitative methods and analytical concepts underpinning the ex-post evaluation exercise (i.e. data gathering and data processing; concepts for the “synthetic indicator” and typology of INTERREG programmes; concepts for the in-depth analysis of 16 case study programmes and of the ESPON/INTERACT programmes, etc.).

Inductive evaluation approach

The inductive evaluation approach was set out in the first five main evaluation tasks in the Terms of Reference (see: **Box 1.1**). The outcomes of this aspect of the research were presented in the First and Second Intermediate Reports (October 2009 and April 2010).

Box 1.1: Tasks 1-5 of the ex-post evaluation

Task 1: An analysis of the scientific and policy-oriented literature.

Task 2: A comprehensive gathering and analysis of quantitative and qualitative data.

Task 3: An in-depth analysis of the ESPON and INTERACT programmes.

Task 4: The development of a wider analytical grid for and typology of the various INTERREG programmes implementing Strands A-C.

Task 5: An in-depth analysis of a sample of 16 programmes representing in a balanced way Strands A, B and C.

The First Intermediate Report⁵ contained the results of Tasks 1, 2 and 4 as well as the draft final assessment of the ESPON and INTERACT programmes (Task 3).

Task 1 examined the political and regulatory basis of the INTERREG III Initiative and reviewed a considerable amount of scientific and policy-oriented literature on territorial co-operation with a view to identify key facts, figures and theories that are of relevance for the analysis and understanding of co-operation programmes and their effects. This extensive review identified key issues which were then considered in the following steps of the ex-post evaluation of INTERREG III Community Initiative (see: **Annex 1**).

Task 2 involved gathering a very substantial amount of data from across all three Strands of INTERREG III on the physical and financial performance of the programmes as well as on other aspects (e.g. geographical and socio-economic context data of programmes; previous tradition of co-operation; appropriateness and adequacy of programme strategies). In addition, an overall analysis across all these data was conducted and detailed “fact-sheets” for all INTERREG III programmes were produced. The quantitative and qualitative information gathered through this task was also used in other evaluation tasks.

⁵ PANTEIA (2009a): Ex-Post Evaluation of the INTERREG 2000-2006 Community Initiative funded by the Regional Development Fund (ERDF), 1st Interim Report to the European Commission DG Regio, Zoetermeer, October.

Task 4 applied two analytical concepts which were explicitly requested by the Terms of Reference (i.e. synthetic indicator and typology):

- Alongside the detailed prescriptions of the Terms of Reference, a “synthetic indicator on territorial co-operation” was established using 18 quantitative and qualitative sub-indicators for which a broad variety of data was gathered and processed using various statistical methods. The overall result was presented in an aggregated quantitative format which allowed conclusions to be reached in relation to two important aspects: (1) The level of depth and intensity of territorial co-operation achieved by the various INTERREG III programmes by the end of the period 2000-2006; and (2) the extent to which the age and maturity of prior co-operation influenced the level of co-operation performance achieved by INTERREG III programmes (see: **Annex 2**).
- A “typology of INTERREG programmes” was developed which made a distinction between the three Strands of the INTERREG III Community Initiative and facilitated an assessment of the extent to which the priority topics mentioned in INTERREG III Guidelines had been taken into account by the programmes. Appropriate statistical methods were used to process a large amount of data required to allocate the INTERREG III programmes to different categories in the typology. Two main typologies were established for Strands A and B. The former covered 57 out of the 64 INTERREG IIIA programmes and latter all of the 13 INTERREG IIIB programmes. The respective typologies were also used to identify a balanced set of case studies which were subsequently analysed as part of Task 5 of the evaluation (see: **Annexes 3 & 4**). For Strand-C, no specific typology was created due to the insignificant outcome of the statistical analysis.

The collection and analysis of quantitative and qualitative data (Tasks 2) and also the development of the synthetic indicator and typology (Task 4) allowed an overall view on the diversity of INTERREG III (Strands A, B, C in particular) to be established. This helped guide the subsequent evaluation steps.

Tasks 4 and 5 of this evaluation also encountered problems. This was mostly due to the weaknesses of the INTERREG III programme monitoring systems, especially the heterogeneity and incomparability of the indicators used and the often significant over-performance of those indicators. Both aspects tended to limit the usability of the calculated performance levels for output/result/impact achievement as fully robust quantitative evidence. A further problem was the non-responsiveness of certain programme authorities (i.e. Strand A: *Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy, Greece-Turkey*; Strand-B: *Archimed*). Even after several reminders, these programme authorities did not provide monitoring data required for the assessment of the performance of project-level co-operation. This negatively affected the overall level of coverage of the synthetic indicator and typology concepts.

A note of caution needs also to be expressed with respect to the wider use of the synthetic indicator and typology outcomes. Both concepts were helpful tools in orientating and guiding the present ex-post evaluation (i.e. their function as an analytical grid and basis for the selection of case studies). They established an aggregated picture with respect to the issue addressed, making general comparisons possible between the various programmes from each Strand and also between the three Strands.

But the concepts do not deliver an “inherent” and full explanation of the much more complex reality of INTERREG III interventions. This is particularly true for the synthetic indicator which does not represent an exact measurement of territorial co-operation in absolute terms. These limitations are not so much due to shortcomings in the availability and/or quality of data (i.e. for a few indicators, self-reporting data had to be used) or unclear methods. They are a consequence of the complexity of the subject matter itself. The use of both concepts in this evaluation needed therefore to be supported by a further in-depth analysis to understand the deeper reasons underlying an observed constellation. Such an in-depth analysis was carried out for a limited number of programmes from Strands A-C in the context of Task 5.

The Second Intermediate Report⁶ presented the final version of ESPON and INTERACT programme assessments (Task 3) as well as the overall outcome of the in-depth assessment of a sample of 16 INTERREG III programmes (Task 5).

The latter consists of two main elements:

Firstly, the individual in-depth assessments of twelve Strand-A, three Strand-B and one Strand-C programmes were undertaken. The programmes were selected in a way to reflect the diversity and types of programmes (i.e. using the typology as an overall framework) and not with a view of constituting a statistically representative sample. Each of these programme assessments also included five project mini-case studies (i.e. 80 in total) which were selected with the aim of representing in a well-balanced manner the thematic focus and various levels of observable project-level co-operation intensity.

Secondly, a "synthesis report" on these sixteen in-depth case programmes was produced which further processed, substantiated and complemented the findings of the individual programme analyses to arrive at conclusions with a wider policy relevance.

In the present ex-post evaluation, the case studies carried out under Task 5 have played an important role in examining trends and hypotheses derived from earlier analysis. The Terms of Reference expected the case studies to shed more light on a broad range of aspects of INTERREG III performance which had already been analysed at the more aggregated level across all programmes (i.e. financial & physical performance, project-level co-operation, depth and intensity of co-operation achieved and influence of history, intrinsic performance of programmes, Community added value, etc). The in-depth case study analysis was particularly useful in providing a better understanding of what the programmes had achieved (e.g. effects, impact) and how territorial co-operation worked in practice.

Policy-level conclusions

The Terms of Reference stipulated under Task 6 that conclusions on the impact of INTERREG III were to be drawn and policy recommendations prepared for the present Objective 3 and for future territorial co-operation after 2013 (all three strands plus ESPON and INTERACT). The point of departure was different for the respective time perspectives.

- To assess the wider impact of the INTERREG III Community Initiative, we took the initial policy expectations as set out by the INTERREG III Guidelines as the main point of departure. Conclusions were then drawn using previous evaluation results (Tasks 1-5). To stimulate learning and a well-informed policy debate, intensive use was made of the case study evidence to provide an understanding of why and how outcomes were achieved as well as of the complexity of territorial co-operation processes.
- The short- and medium-term policy recommendations for the period 2007-2013 and the period after 2013 are based mainly on our assessment of the wider impact of INTERREG III. But also more recent developments such as the changes occurring in the regulatory basis of the current period 2007-2013 and the ongoing political debate on territorial cohesion and territorial co-operation are considered.

The Terms of Reference set out six strategic sub-tasks which indicated the main focus to be adopted by this report in developing evidence-based and policy-level conclusions and recommendations. In relation to these sub-tasks, factual evidence was gathered on nine horizontal evaluation questions which were addressed by all tasks throughout the previous inductive evaluation process.

⁶ PANTEIA (2010) Ex-Post Evaluation of the INTERREG 2000-2006 Community Initiative funded by the Regional Development Fund (ERDF), 2nd Interim Report to the European Commission DG Regio, Zoetermeer, January.

Structure of the Final Report

The Final Report presents our main evaluation findings on the impact achieved by each element of INTERREG III (Strands A-C, ESPON, INTERACT) and then develops more general policy-level conclusions on the impact of the Community Initiative as a whole. Based on these findings and conclusions, short and medium-term policy recommendations are presented for the present Objective 3 and for the future of EU-funded territorial co-operation after 2013.

Chapters 2 and 3 of the report present the main findings resulting from our evaluation of the Strands relating to cross-border and transnational co-operation (Strands A and B). Each Strand-specific chapter starts with a section briefly introducing the original policy expectations set out in the INTERREG III Guidelines (2.1 and 3.1) The following sections then assess the impact on promoting territorial development in cross-border and transnational areas.

The analysis establishes the intervention context and rationale of each Strand and further explores the nature and scope of the effects and impacts based on the evidence from our case study programmes (2.2 and 3.2). A further section provides an aggregated picture on the overall co-operation performance achieved by each Strand and identifies factors that influenced this overall co-operation performance. Conclusions are drawn on the way in which co-operation ensured complementarity / co-ordination with other Structural Funds programmes, on important leverage effects and on the Strand-specific Community added (2.3 and 3.3). A final section then provides a programme typology for each Strand with a view to drawing up an overall picture illustrating the situation at the end of the period 2000-2006 (2.4 and 3.4).

Chapter 4 covers Strand C on inter-regional co-operation (4.1) as well as the ESPON and INTERACT programmes (4.2 and 4.3). Owing to the specific features of these programmes, a slightly different structure is adopted for presenting our main evaluation findings compared to the previous chapters.

Chapter 5 draws policy-level conclusions for the INTERREG III Community Initiative overall. This is done with respect to the original policy expectations as set out by the INTERREG III Guidelines (5.1) as well as in relation to the overall impact achieved on furthering territorial development and on deepening territorial co-operation during the period 2000-2006 (5.2). For this, the main findings on the three INTERREG Strands and the ESPON/INTERACT programmes are further aggregated and discussed in a wider framework.

Chapter 6 presents, our policy recommendations for the current programming period 2007-2013 (6.2) after having briefly reviewed the main changes which occurred in comparison the previous funding period 2000-2006 (6.1). **Chapter 7** highlights the main elements emerging in the current policy debate on territorial cohesion and territorial co-operation (7.1) and then sets out reflections for the policy debate on territorial co-operation after 2013 (7.2).

The **Annexes** give more details on some of the most important outcomes and methodological concepts developed during previous steps of this evaluation and provide further background information on certain aspects of the analysis carried out in chapters 2-5 of the final report.

2 The overall impact of “Strand A”

2.1 Initial policy expectations of the INTERREG III Guidelines

Strand A was expected to promote integrated regional development between neighbouring border regions including external borders and certain maritime borders by means of cross-border co-operation. The original policy expectations set out in the Guidelines in relation to both territorial development and co-operation are used in the following sections as a framework for examining the overall impact achieved by Strand A.

Territorial development objectives

Strand-A aimed to assist border areas in overcoming their still observable “isolation” which was understood by the Guidelines as being a complex and multi-dimensional problem. Isolation is, firstly, caused by the presence of borders which cut off communities from each other in economic, social and cultural terms and hinder a coherent management of eco-systems. Secondly, isolation is also caused by the fact that border areas have often been neglected under national policy with the result that their economies have tended to become peripheral within national boundaries.

Although the Single Market and the European Monetary Union could partly change some aspects of this overall situation, especially in relation to the internal EU-borders, the scope for further improvement remained considerable especially in the light of the further enlargement of the Community in the period 2000-2006.

Against this background, the specific purpose of cross-border co-operation between neighbouring authorities was to develop (...) *cross-border economic and social centres through joint strategies for sustainable territorial development*. This formulation adopted by the Guidelines is however vague. Only after a closer examination of the various language versions of the text is it clear that these cross-border centres were meant to function as “growth poles” to stimulate the wider territorial development of the respective areas. To achieve this, the Strand-A programmes were expected to concentrate their financial resources on a limited number of topics and measures. The INTERREG III Guideline suggested eight Strand-A “priority topics” (see: **Box 2.1**), which were further detailed and differentiated in a specific annex.

Box 2.1: Strand-A priority topics

- (1) Promoting urban, rural and coastal development.
- (2) Encouraging entrepreneurship and the development of small firms (including those in the tourism sector) and local employment initiatives.
- (3) Promoting the integration of the labour market and social inclusion.
- (4) Sharing human resources and facilities for research, technological development, education, culture, communications and health to increase productivity and help create sustainable jobs.
- (5) Encouraging the protection of the environment (local, global), the increase of energy efficiency and the promotion of renewable sources of energy.
- (6) Improving transport (particularly measures implementing more environmentally-friendly forms of transport), information and communication networks and services and water and energy systems.
- (7) Developing co-operation in the legal and administrative spheres to promote economic development and social cohesion.
- (8) Increasing human and institutional potential for cross-border co-operation to promote economic development and social cohesion.

The guidelines also emphasised that, in particular, infrastructure investments should be concentrated as far as practicable in administrative areas below NUTS III level immediately adjacent to borders. Owing to the particular situation of sparsely-populated regions, infrastructure investments in these cases could be undertaken in an area going beyond the strictly defined NUTS III level under the condition that this promoted the development of the sparsely populated areas eligible under INTERREG IIIA.

Co-operation objectives

The Guidelines considered co-operation not only a tool but also a proper objective to achieve the territorial development objectives of Strand A and expected an upgrading of the overall depth and intensity of cross-border co-operation. The main challenge in the period 2000-2006 was to build on the positive experiences of cross-border co-operation in the previous programmes (e.g. joint cross-border programming and programme management) and to progressively develop joint cross-border structures for such co-operation across the Community and with neighbouring countries (e.g. "Euroregions"). A quality-improvement of project-level co-operation was also expected. The Guidelines pointed out that during the period 1994-1999 it had generally been much more difficult to establish cross-border activities on a genuinely joint basis (with instead often parallel projects on each side of a border) which prevented border areas and Member States from reaping the full benefits of co-operation.

To achieve such an expected advance in the situation in the 1994 to 1999 programming period, Strand-A programmes had to follow a number of "horizontal principles" (i.e. development of a joint transnational strategy a programme; development of a wide partnership and a "bottom up" approach; ensuring complementarity with the "mainstream" Structural Funds interventions; improvement in the coordination and integration of measures and operations which benefit from Community assistance; ensuring effective co-ordination between INTERREG III and external Community policy instruments especially taking account of enlargement).

The implementation of Strand-A programmes in accordance with these principles required the establishment of cross-border partnerships and the creation or development of joint structures for Community Initiative programmes. To achieve this, the guidelines tacitly assumed that the competent authorities would make use of legal instruments existing in national legislation or in the context of existing inter-state agreements. In addition, they also suggested using the Community-level legal instrument of "European Economic Interest Groupings" (EEIGs)⁷ which was, however, not specifically designed for cross-border co-operation among public authorities.

Once established these cross-border partnerships were expected to cover a wide range of tasks throughout the programme lifecycle such as the preparation of the programmes and the selection of operations as well as the overall management / co-ordination / monitoring of the programme implementation. For the introduction and operation of such joint programme structures, the partners had to state the precise conditions, arrangements and resources whose operational costs could be financed by the programmes.

2.2 The impact on promoting territorial development in cross-border co-operation areas

This section examines to what extent Strand-A was able to further the territorial development of cross-border border regions and thus to meet the policy expectations of the INTERREG III Guidelines.

Using this wider perspective as a framework, the general context and intervention rationale of Strand-A programmes as well as the thematic focus and significance of the aggregated Strand-A outcome is assessed (2.2.1).

⁷ Established on ground of EC-Regulation 2137/85

The various effects resulting from Strand-A interventions and the impacts generated within the respective programme areas are then explored by drawing on the case study evidence (2.2.2 and 2.2.3).

2.2.1 General context, intervention rationale and overall outcome of Strand-A programmes

The 64 INTERREG IIIA programmes⁸ covered co-operation areas of a variable size, ranging from small areas such as the programme *Storstrom-Schleswig-Holstein* (D-DK) to very large areas such as the programmes *Spain-Portugal*, *Sweden-Norway* and *Nord* (S-FIN-N-RUS). The basic geographical and socio-economic features of these areas and the physical / political nature of the borders covered by the programmes were very heterogeneous. Also, considerable variations existed at the outset of INTERREG III with respect to previous co-operation experience and the maturity of the co-operation traditions (i.e. existence and scope of legal framework conditions for co-operation; existence and capacity of permanent cross-border structures).

An overview on this diversity in terms of the co-operation traditions suggests a basic distinction between programme areas characterised by very favourable, less favourable and unfavourable framework conditions for promoting an integrated development of cross-border border regions (see: **Annex 5**). Bearing in mind the significance and complexity of the territorial problems and development challenges, EU-funded cross-border co-operation had evident potential but also clear limits for promoting an integrated development of the programme areas.

Potentials of cross-border co-operation

Cross-border co-operation as supported by Strand-A was well-suited to play an important role in furthering a socio-economic and sustainable territorial development of the programme areas. The smaller size of the eligible areas - compared to Strands B and C - allowed Strand-A programmes to address a broad range of issues relevant to the wider socio-economic and socio-cultural development of eligible areas. This was also reflected in the very high number Strand-A priority topics. The basic intervention logic of INTERREG IIIA programmes was close to that of mainstream programmes (i.e. Objective 1 and 2 programmes), albeit with the main difference that actions were carried out by means of cross-border co-operation. But also here, the factor of territorial proximity played a generally favourable role in furthering co-operation.

The closeness of actors located in the geographically adjoining areas along a common border reduced the transaction costs for enterprises, favoured a horizontal organisation of economic processes and stimulated a high level of inter-personal and inter-organisational contacts and the emergence of trust between actors. Along many borders, co-operation could build on the existence of common historical and cultural ties and/or at least on a number of shared interests with respect to territorial development. Territorial proximity also favoured the establishment of informal relationships between local authorities and regions, and their further formalisation through a contractualisation of co-operation and the establishment of joint co-operation structures.

Limitations for cross-border co-operation

EU-funded cross-border co-operation was far from being the only factor influencing the integrated development of the Strand-A programme areas. A first limitation was the often modest financial resources allocated to Strand-A programmes compared with other programmes supported by the Structural Funds. According to the final version of the programme complements of the 62 INTERREG IIIA programmes,⁹ the total budget of Strand A was € 6.472 billion (€ 3.948 billion of ERDF).

⁸ 62 INTERREG IIIA programmes + the specific cross-border strands "Estonia-Latvia- Russia" & "Latvia-Lithuania-Belarus", which form part of the wider INTERREG IIIB New Neighbourhood Programme "Baltic Sea".

⁹ Not including the cross-border sub-programmes "Estonia-Latvia-Russia" & "Latvia-Lithuania-Belarus" of the INTERREG IIIB programme Baltic Sea.

But the 62 Strand-A programmes varied considerably in their financial size, ranging from a total budget of € 0.709 million (*Gibraltar-Morocco*) to over € 1 billion (*Spain-Portugal*). Compared to this, the allocation of funding in the EU25 to Objective 1 and 2 was respectively € 161.2 billion and € 56.7 billion (all Structural Funds).

Territorial development effects resulting from the wide range of other Community, national and regional policies which were implemented in parallel were also important factors shaping the economic, social and environmental development of cross-border areas. Due to this, it is also understandable that the Commission emphasised from the outset that Strand-A programmes should seek a focus on a limited number of "priority topics" and set out clear geographical limits, particularly with respect to infrastructure investment.

A second limitation was that many day-to-day border problems could simply not be influenced by INTERREG III.¹⁰ They resulted from different cultures (e.g. language barriers) and political or regulatory systems (e.g. administrative and legal barriers) meeting at European borders. The more profound roots of these differences could, however, in most cases not be tackled directly by the regional or local level actors who were normally involved in INTERREG III-supported co-operation. The primary competence to do so lay mainly with the respective national governments or even at the supranational level (i.e. the EU).

Daily life in cross-border regions along internal EU-borders was and remains influenced by different provisions in domestic legislations regarding taxation, social security systems, health care, public services, public procurement procedures, educational and professional training systems (e.g. recognition of diploma, admission requirements for training courses, etc.). These regulatory differences reduced considerably the overall transparency of cross-border markets and represent limitations for border-crossing business activities, especially in case of SMEs (e.g. knowledge-gaps about economic processes and sales opportunities on the other side of a border; different rules, structures and proceedings hampering access to new markets). If also coupled to language barriers, these differences represented considerable barriers to cross-border activities despite the existing Community-level legislation on the internal market.

These day-to-day border problems are of course even more evident in regions along the external EU-borders where many of the Internal Market provisions on the free movement of people, goods and services do not apply (exceptions are countries having concluded particular agreements with the EU).

Programme strategies lacked focus when addressing Strand-A priority topics

In elaborating their cross-border development strategies, the INTERREG III programmes could combine the broad Strand-A priority topics and the specific sub-issues listed in an Annex of the INTERREG III Guidelines to establish an intervention rationale which was adapted to their specific conditions and needs.

However, evidence from our survey of Strand-A programmes suggests that the majority of them considered only a few co-operation issues as being most relevant for the development of their strategies (i.e. analysis of the cross-border area, development of business spirit and of SMEs, tourism development and protection of the environment).

Other issues which were more complex and probably required also a certain degree of already existing cross-border integration and co-operation experience were generally considered less relevant and thus also taken up only by a very small proportion of the programmes in their strategy (i.e. urban development, integration of the labour market, social inclusion, communication, health protection, energy efficiency and renewable energy sources, co-operation in legal / administrative fields).

¹⁰ See in particular the various articles on day-to-day border problems in: LACE-magazine, issue no.5 / winter 2000 (Gronau, 2000).

The Strand-A programmes were expected to focus their measures and financial resources on a limited number of priority topics. These original policy expectations of the Guidelines were only met by roughly half of the programmes according to our assessment of the 62 INTERREG IIIA programme strategies.¹¹

- A majority of the Strand-A programmes addressed a high number of the eight Strand-A priority topics through their respective intervention strategies. A total of 32 Strand-A programmes addressed 5 or 6 priority topics (26 programmes) or more (6 programmes). They covered most often areas characterised by favourable framework conditions, which also facilitated co-operation on a wide range of topics. The other 30 programmes addressed four or less priority topics. They covered in general areas characterised by less favourable and unfavourable framework conditions which tended to restrict co-operation on a wide range of topics.
- The overall level of concentration of ERDF support on a limited number of priority topics was in general low. A total of 32 programmes concentrated 90% or more of their financial resources on a limited number of priority topics. Most of these programmes covered areas characterised by unfavourable framework conditions which in general did not favour extensive co-operation. Only in the case of a few internal EU-border programmes covering areas with favourable framework conditions¹² can be concluded that their high level of concentration was a deliberate choice of the strategic programme partners. For the other 30 Strand-A programmes, which most often covered areas characterised by favourable or slightly less favourable framework conditions, these concentration levels lay in the range 57% to 88%.

The adoption of broad intervention strategies, especially by many of the financially smaller or medium-sized Strand-A programmes covering internal EU-borders, was not helpful in achieving a clearly-identifiable impact in the cross-border areas with the limited financial resources available. It was therefore also not surprising that in 2001 the Second Report on Social & Economic Cohesion¹³ questioned the generalised eligibility of Strand-A border areas in terms of territorial cohesion.

The report argued that because of the GDP per head situation of the eligible NUTS 3 level border regions in particular (...) *"the regions with borders internal to the EU cannot in general be regarded as having more difficulties than other regions, in part due to the extent of economic integration in the Union and the success of the INTERREG initiatives."* The macro-economic variables advanced by the report for justifying the potential exclusion of the internal border regions from future support did not, however, fully reflect the situation as these regions faced day-to-day problems associated to the existence of borders that non-border regions were not exposed to.

Strand-A programme strategies met the "bottom-up demand"

The evaluation evidence shows that in their implementation, the INTERREG IIIA programmes strategies reflected well the "bottom-up demand" of projects.

The difference between ERDF-expenditure and the initial priority-level funding exceeded 40% across all priorities in the case of the five programmes which adopted focussed intervention strategies (*Italy-Albania, Italy-Malta, Slovenia-Hungary-Croatia, Lithuania-Poland-Russia, Gibraltar-Morocco*). In all other programmes, these variations were most often smaller than 25%. Project-level co-operation thus in general responded well to the Strand-A priority topics addressed by the intervention strategies. But this was done very differently across the different programmes as other sections of this report will show in more detail (see: **section 2.3.2.2**).

¹¹ Not including the cross-border sub-programmes "Estonia-Latvia-Russia" & "Latvia-Lithuania-Belarus" of the INTERREG IIIB programme Baltic Sea.

¹² i.e. France-Wallonie-Flandre, Germany-Luxembourg-Belgium, Saarland-Moselle-Westpfalz, Italy-Austria, PAMINA, Oresund

¹³ CEC (2001): 2nd Report on Social & Economic Cohesion, Volume 1, pp. 35-35.

The large majority of Strand-A programmes (70%) did not experience difficulties in reaching the physical target values initially set for their measures. Around 25% of the programmes reported that they had experienced some problems, but only a very few considered that they had experienced more substantial difficulties (e.g. *Saxony-Poland*, *Fyn-KERN*, *Espace Franco-britannique*). Factors that positively influenced the performance of the Strand A INTERREG III programmes were mainly related to ensuring an inclusive approach to preparation of INTERREG programmes, the appropriateness / relevance of the programme strategy as well as effective and efficient joint programme management and implementation processes.

Negative influences included the late start of the programme, the general complexity of the Structural Funds regime and problems in combining different EU-funding schemes, complicated joint programme management structures and a poor performance in some cases of management/implementation processes, the insufficient availability of human resources and a territorially unbalanced distribution of projects.

Thematic focus & significance of the Strand-A programme outcome

A first indication on the thematic focus and significance of the aggregated outcomes achieved during the period 2000-2006 can be obtained by comparing the profile of the total Strand-A expenditure with the average ratios for output/result/impact achievement at the level of the individual priority topics (see: **Figures 2.1 & 2.2**). This comparison confirms the breadth of the Strand-A strategies but also highlights some interesting features:

- The priority topic "development of business spirit and SMEs, tourism and local development / employment initiatives" (topic 2) received most of the funding but shows an average ratio of output/result/impact achievement which was lower than for the priority topics that received much less funding (topic 4 "R&D, education, culture, communications, health and civil protection"; topic 8 "co-operation between citizens and institutions").
- The three priority topics that received the second highest levels of funding under Strand-A (topics 4-6) show very different average ratios for output/result/impact achievement. The topic 4 "R&D, education, culture, communications, health and civil protection" achieved the highest ratio of all Strand-A priority topics. In case of topic 5 "protection of environment, energy efficiency and renewable sources of energy" and topic 6 "basic infrastructure of cross-border importance", these ratios were below the Strand-A average.
- The priority topic "co-operation between citizens and institutions" (topic 6) which received the lowest level of funding under Strand-A showed the second highest average ratio for output/result/impact achievement.

Figure 2.1: Division of Strand-A expenditure amongst the priority topics

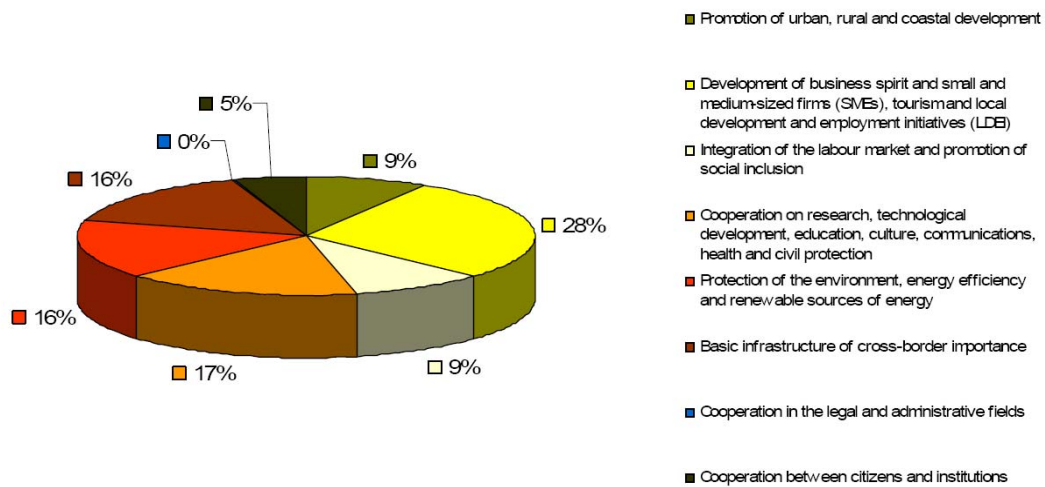
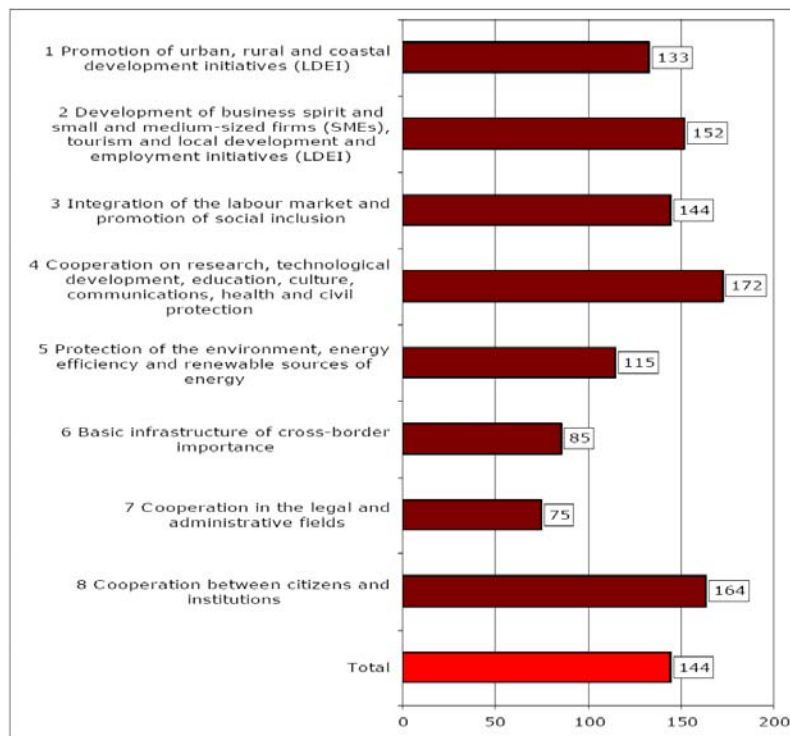


Figure 2.2: Average achievement ratios for the individual Strand-A priority topics



Source: Calculations based on data from the latest Annual Reports 2007

This overall picture shows that Strand-A interventions focussed mostly on enhancing the socio-economic development of the co-operation areas (i.e. topics 2 and 4), but also on promoting with very limited financial means co-operation between citizens and institutions. However, this observation does not lead to a general conclusion on the effectiveness of Strand-A because the figures on the average achievement ratios do not represent sufficiently robust evidence for estimating the effects associated with achieved outcomes. The main reason for this is the variable quality of the programme monitoring systems and especially the often largely inappropriate definition of indicators and of initial targets.

This can be illustrated by looking at the programme-level and indicator level achievement ratios (**see: Figure 2.3**). The average achievement ratios of individual Strand-A programmes range from 27% (*Italy-Albania*) to 489% (*France-Wallonie-Flandre*). Considerable variations also exist within each programme between the individual monitoring indicators (an extreme case is *Sonderjylland-Schleswig* with a variation from 0 to 999%).

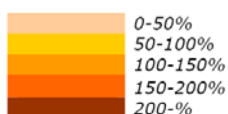
In the case of programmes with a low average achievement ratio, it is not possible to conclude that outcomes did not lead to effects and that they have performed badly. A low achievement ratio can also be explained by target values for the indicators which were not realistically estimated at the outset (i.e. too high), with the subsequent comparison between plan and achievement therefore underestimating what has been achieved. The same can be said for a programme with a very high average achievement ratio, as also here it is not possible to simply conclude that it has performed extremely well. The situation can also be explained by initial target values which were too low and/or a few extremely over-performing indicators (i.e. sometimes values more than 1000% were observed) which significantly raised the average achievement ratio of a programme, thus leading to an overestimation of what has been achieved.

This unsatisfactory situation requires that the nature and scope of the Strand A effects and impacts associated with the immediate programme outcomes is more closely examined. This is done in the following sections by drawing on the evidence from our case study programmes.

Figure 2.3: Average achievement ratios of individual Strand-A programmes

Programme name	Average	Minimum	Maximum	N
Italy-Albania (I/AL)	27	0	150	39
Austria-Hungary (A-HUN)	40	0	385	77
Greece-FYROM (GR-FYROM)	46	0	275	19
Greece-Albania (GR-ALB)	47	0	213	13
Gibraltar - Morocco (UK - MA)	51	0	100	7
Italy-Adriatics	52	0	142	84
Austria-Czech Rep (A-CZ)	53	0	540	74
Hungary-Slovak-Ukraine	58	0	316	58
Greece-Bulgaria (GR-BUL)	60	0	184	20
Austria-Slovakia (A-SLK)	67	0	440	63
Greece-Cyprus (GR-CYP)	74	0	275	40
Poland-Slovakia	80	0	751	40
Spain-Portugal (E-P)	82	0	325	136
Poland-Ukraine-Belarus	82	0	600	42
Greece-Italy (GR-I)	85	5	200	16
Espagne-France (E-F)	89	50	140	10
Hungary-Romania-Serbia&Montenegro	90	33	191	12
Sweden-Norway (S-N)	97	0	805	190
Brandenburg-Lubuskie (D-PL)	103	0	587	44
Lithuania-Poland-Russia	111	97	142	8
Kvarken-Mittskandia (FIN-S-N)	113	0	533	27
Italy-Slovenia (I-SLN)	116	0	575	53
Saarland-Moselle-Westfalz (D-F)	116	0	800	28
Alpen-Bodensee (D-A-CH-LI)	121	0	700	54
Ger-Lux-Belgium (D-L-B)	122	0	963	127
Austria-Slovenia (A-SLN)	123	0	600	20
Fyn-KERN (D-DK)	127	0	722	52
Storstrom-Schleswig-Holstein (D-DK)	127	21	410	34
Bavaria-Czech Republic (D-CZ)	129	0	250	28
Karelia (FIN-RUS)	129	0	894	85
Espace franco-britannique (UK-F)	132	0	860	57
Italy-Austria (I-AU)	152	80	500	61
Sardinia-Corsica-Tuscany (I-FR)	154	0	987	53
Saxony-Czech Republic (D-CZ)	156	8	971	26
Saxony-Poland (D-PL)	162	0	682	28
France-Suisse (F-CH)	162	0	880	31
Alpes (I-FR)	164	7	840	55
IRE-UK Ireland-N. Ireland	177	0	921	132
Mecklenburg-Poland (D-PL)	186	0	967	54
Wallonia - Lorraine - Luxembourg (B-F-Lux)	189	0	720	22
Italy-Switzerland (I-CH)	205	14	836	61
Ems Dollart (D-NL)	211	0	900	78
Euregio Maas-Rhein (D-NL-B)	221	0	900	88
Slovakia-Czech Republic	237	0	592	26
Germany-Netherlands (D-NL)	240	0	870	85
Skargarden (FIN-S)	268	80	500	5
Oresund (DK-S)	270	30	702	21
South-East Finland (FIN-RUS)	272	0	943	37
Vlaanderen Nederland (NL-BE)	276	34	882	69
North (S-FIN-N-RUS)	284	0	985	96
Ireland-N. Ireland (IRE-UK)	311	27	953	39
Spain-Morocco (E-MRC)	333	0	900	21
Sønderjylland-Schleswig	342	0	999	47
France-Wallonie-Flandre (F-B)	489	108	977	16
Total	144	0	999	2769

Source: Calculations based on data from the latest Annual Reports 2007



2.2.2 Exploring effects of Strand-A interventions - case study evidence

The evidence from our case study programmes suggests that socio-economic change in cross-border areas was mainly induced by physical investments and the outcome of soft co-operation.¹⁴ Among the effects observed, it is possible to distinguish between those resulting from the tangible outcome of interventions (i.e. direct effects) and those associated to the less tangible outcomes (i.e. individual and organisational learning effects). Direct effects on the territorial development are now examined for a limited number of Community policy fields (i.e. environment, transport and innovation), while individual and organisational learning effects are assessed at the end of this section.

2.2.2.1 Protecting and improving the environment in cross-border areas

Although not representing a core element of the Strand-A expenditure profile, INTERREG IIIA programmes aimed to contribute to improving the environmental situation in their co-operation areas.

Direct effects of environmental infrastructure investments

Significant and more wide-ranging direct effects resulted from the realisation of larger investments in physical infrastructure which reduced negative impacts on the environment in cross-border areas (e.g. construction of sewage water treatment plants, solid waste deposit facilities). The small-scale investments also improved the quality and diversity of natural resources and led to visible direct effects of a more localised nature (e.g. re-forestation measures, other rehabilitation measures).

The examples from the case study programmes (see: **Box 2.2**) show, however, that especially under many of the INTERREG IIIA programmes involving substantial investments, at least two fundamental questions need to be considered: did the infrastructure projects have a clear cross-border dimension (and relevance)? If not, would it not be preferable to carry out such projects individually on either side of the border without using funding from INTERREG?

Box 2.2: Environmental infrastructures – programme evidence

The financially largest INTERREG IIIA programme **Spain-Portugal** involved substantial investments in sanitary networks and sewage water treatment facilities which now serve more than 420,000 inhabitants (equivalent) living in the Portuguese-Spanish border areas.

The programme **Ireland-Northern Ireland** supported a number of energy efficiency projects involving the installation of renewable energy production facilities in various locations at the border. While some of the projects were cross-border because they involved jointly using common resources or through establishing co-operation among partners with complementary skills, others involved a simple duplication of activities on both sides of the border without significant co-operation.

The financially smaller programme **Poland-Czech Republic** supported the building of sewage treatment plants or sewage evacuation systems, but it was difficult to assess their real cross-border nature and their direct cross-border effect since no systematic information is available.

¹⁴ Soft co-operation outcomes represent a variety of non-physical but still tangible outcomes associated to the establishment of topical cross-border networks, information platforms or clusters, to the design or application of specific policy tools and new techniques or processes and to the joint elaboration of studies, policy concepts or development plans.

Combining investments with soft co-operation outcomes

Ideally, soft co-operation outcomes would have been concreted with investment in environmentally-related infrastructures with real cross-border relevance. In case of *Ireland-Northern Ireland*, such an approach was implemented in the measure supporting effective water and waste management techniques. Here, typical activities were the establishment of common river basin water management strategies which were based on best practices. These projects had a clear cross-border character as they involved the co-ordinated management of common natural resources and the development of integrated preservation strategies.

An example can also be found in *Spain-Portugal* where important parts of the border area are covered by protected landscapes and waterways. The innovative and experimental co-operation project "BIN SAL PREVENTION" improved the overall situation of fire protection on the Beira Interior Norte/Salamanca border area. This was achieved through the development of a cross-border study of fire prevention, the establishment of a modern communications system between the emergency teams and fire brigades of both countries, the training of people managing an alarm centre and the construction of a Provincial Fire Park and the purchase of the necessary machinery for setting up a firewall.

Most of the financially smaller programmes adopted such an approach as a "natural" solution to the problem that limited financial means did not allow for substantial investments. A good example is the very small programme *PAMINA* which implemented several projects focussing on the "PAMINA-Rheinpark". The quality of this cross-border landscape park was improved through a number of projects involving small-scale investments on either side of the border which were accompanied by soft co-operation activities. These activities were durable as they formed part of a long-term development strategy which is being implemented by the cross-border association managing this park (see: **Box 2.3**).

Box 2.3: The "PAMINA-Rheinpark" projects

PAMINA supported a cluster of five projects focussing on the cross-border natural landscape park "PAMINA-Rheinpark". They combined soft co-operation with small-scale investments to upgrading the natural and cultural assets and to promoting sustainable tourism. The nature rehabilitation project further improved the specific ecology especially in the rare flooding areas still existing close to the river Rhine and helped to protect particularly sensitive and typical landscapes on either side of the cross-border landscape park. Other projects helped to upgrade, maintain and further develop/extend the historical and cultural heritage potentials located in the landscape park (e.g. renovation & content improvement of local museums; bi-lingual signalling of museums and of the cross-border museum-trail) and developed a cross-border marketing and animation concept for ecological tourism which allows a wider audience from both sides of the border to discover these potentials. Seen as a whole, this project cluster has helped to further develop the quality and cross-border accessibility of this important recreational resource which is located at the heart of the more densely populated zones of the PAMINA-area.

Direct effects of soft co-operation outcomes

Projects generating only soft co-operation outcomes also induced immediate or medium-/ long-term direct effects which contributed to improving the environment and/or the quality of natural resources in parts or all of the cross-border co-operation areas. This was achieved through the establishment of new cross-border nature protection areas or the extension of existing ones based on previously realised joint planning activities and feasibility studies.

An improvement in the environmental situation can also result from a joint application of new management tools/techniques and through the realisation of specific measures changing or reducing human behaviour that has a negative environmental impact (e.g. environmental audits, awareness-raising campaigns, regulatory measures). Good examples of some of these aspects can be found in the programme *Alpenrhein-Bodensee-Hochrhein* (see: **Box 2.4**).

Box 2.4: Projects from the Alpenrhein-Bodensee-Hochrhein programme

The joint deployment of the “**Lake Constance Water Information System**” permanently provides data for monitoring the water quality of the Lake Constance and thus helps to improve the long-term stability of this important fresh-water resource for the three bordering countries.

An initiative with a more experimental nature was the project “**Ecological procurement systems in the Lake Constance region**”, which resulted in the introduction of integrated overall environmental standards into the public procurement systems of the Swiss, Austrian and German border regions. These standards will stimulate in a medium- and long-term perspective a stronger use of environmentally friendly materials and help to reduce the consumption volumes of resources which are less environmentally friendly.

2.2.2.2 The development of cross-border transport systems

Transport projects were supported along borders where the presence of specific physical features (e.g. mountains, maritime borders, large rivers) led to reduced border crossing possibilities.

Direct effects resulting from transport infrastructure investments

Due to the often very substantial costs involved in the development of physical cross-border transport links or elimination of existing bottlenecks, significant infrastructure investments were only realised by the larger or medium-sized INTERREG IIIA programmes. The most prominent example is *Spain-Portugal*, where investment in road infrastructure represented more than 10% (approximately € 65 million) of the total expenditure and was one of the most important types of intervention in terms of overall investment volumes. Although the data from the monitoring systems indicate that the actual levels of investment were lower than expected, substantial outcomes and direct effects were achieved. A total of 2,604 km of roads were built and the length of roads was extended by around 153 km. Ten new cross-border connections established led to overall time savings on cross-border routes of over 326.5 minutes and led to an increase in cross-border traffic to 1,124 vehicles per day. The transport projects contributed to solving problems, particularly by overcoming natural obstacles and by improving the co-ordination within and between the road networks on either side of the border.

In the medium-sized programme *Ireland-Northern Ireland*, where the border distorted and disrupted transport networks and caused adverse effects on the area’s competitiveness as a business location, a number of transport projects were supported. These projects all had a cross-border nature and made an important contribution to integrated development of the cross-border area. Projects included:

- The up-grading of a cross-border railway track and the improvement of 25 kilometres of cross-border road network, improving the level of connectivity and leading to reduced journey times.
- An intelligent traffic management system was deployed across the border corridor and a feasibility study for a new cross-border bridge was realised.
- A number of projects improved maritime communications (i.e. 100% improvement at 3 ports; increased usage by 15% in 8 of the harbours) and furthered maritime safety (improved safety in 13 small harbours).

The case study evidence shows that some of the smaller Strand-A programmes involving external borders and “new” internal borders were strongly focused on transport infrastructure investments which often accounted for substantial amounts of their overall budgets (e.g. *Poland–Czech Republic, Austria–Slovakia*). Here, infrastructure investments improving cross-border and border road connections, or establishing smaller bridges for crossing an existing border river, enhanced the connectivity of less accessible parts of the programme area or increased the efficiency of cross-border transport flows in areas located immediately at the border (see: **Box 2.5**).

Box 2.5: Transport infrastructure measures under new internal border programmes

The **Poland–Czech Republic** programme has substantially developed the road network in areas close to the border. A total of 51.3 km roads had been built or reconstructed and 35 cross-border and border road connections between both counties were established. These investments led to an improvement of transport communication between both countries.

Under the programme **Austria–Slovakia**, a small cross-border bridge was constructed over the border river March at Hohenau / Moravsky Svaty Jan which replaced a previously existing swimming raft (pontoon bridge) that had been a temporary solution of little reliability. In case of floods, the pontoon bridge could not be used and time-consuming traffic diversions were necessary. Whilst the investment funding for constructing the bridge was made available from Slovak funds, INTERREG funding helped to ensure that adequate environmental protection measures and infrastructures were put into place to cope with the sensitive environmental situation in the area. The newly established bridge creates a permanent and un-interrupted possibility to cross the border, which can be used by car and freight transport not exceeding 7.5t and by buses up to 18t. The bridge has thus immediately led to more reliable and efficient traffic connections between the neighbouring border regions, improved their accessibility and connectivity and establishes also a basic pre-condition for a long-term socio-economic development of this part of the programme area.

Direct effects resulting from soft co-operation outcomes

Along many internal EU-borders characterised by a very high degree of permeability, the financially smaller Strand-A programmes did not generally implement major physical infrastructure interventions in the field of transport. Instead, they supported mostly small-scale investments and produced in particular soft co-operation outcomes related to transport-related services (e.g. logistics, public transport), improving cross-border public transport services or exploring common development perspectives (i.e. cross-border planning activities and feasibility studies in relation to new cross-border infrastructures or services).

Public transport projects, although often modest in financial terms, led to considerable direct effects in the wider programme area. Examples include cross-border harmonisation of time schedules or the establishment of joint ticketing / pricing systems between region-wide public transport systems on either side of the border. Such initiatives had already been implemented in several areas under INTERREG IIA (e.g. *Alpenrhein-Bodensee-Hochrhein, Euregio Maas Rhein*).

The case study programme *Øresund* was also relevant in this respect as the opening of the new fixed link in 2000 created different dynamics in cross-border commuting and related transport flows. A series of public transport projects were launched to promote a more sustainable pattern of cross-border mobility based on a stronger and more efficient use of public transport (e.g. “Sustainable mobility in the Øresund Region”, “Public Transport Information across the Sound”; “Improved Service to the Customers of public transport in the Øresund Region”). Another example illustrating an ambitious and strategic approach was the development of a comprehensive and integrated strategy for the modernisation and expansion of the entire cross-border public transport system which was supported under the INTERREG IIIA programme *Euregio Maas Rhein* (i.e. project “Euroregional Public Transport Platform”).

2.2.2.3 The development of cross-border R&D/innovation potentials

Many regions along the internal and external EU-borders are economically disadvantaged areas located far away from their respective national capital cities and major urban agglomerations which play a role as economic decision-making centres and also host important potentials in the field of research and development (R&D) and innovation. This peripheral situation hampers not only the development of border areas and their full integration into the wider "European Research Area", but also their co-operation with neighbouring border regions. Successful and wide-ranging cross-border co-operation in the field of R&D/innovation requires that a number of favourable context factors exist to achieve direct effects that are also capable of influencing the development of cross-border areas (see: **Box 2.6**). Despite this challenging situation of departure Strand A programmes were active in the field of R&D/innovation, albeit with differences regarding the nature and scope of the interventions realised. Our case study evidence shows that especially the programmes hosting a "cross-border critical mass" in terms of R&D/innovation initiated extensive co-operation.

Box 2.6: Pre-conditions for & potential effects of co-operation in the field of R&D/innovation

Successful cross-border co-operation in terms of R&D and innovation generally depends on the availability of basic knowledge-infrastructure (e.g. universities & specific institutes of higher education, semi-public or private laboratories and research institutes etc.) and the presence of other innovation drivers such as research- and technology-intensive economic sectors / enterprises on either side of a common border as well as upon an existence of complementary relations between those potentials as a pre-condition for mutual cross-fertilisation (i.e. the "cross-border critical mass").

Potential direct effects resulting from R&D/innovation-related cross-border initiatives can be wide ranging:

- An improved and well founded basic knowledge about existing cross-border potentials (i.e. identification of complementary knowledge-infrastructure & innovation drivers) and an initial linkage of the related actors.
- More attractive framework conditions through a better cross-border co-ordination of regional R&D/innovation policies and the establishment of targeted cross-border policy initiatives (e.g. development of joint action plans & specific support instruments).
- A pro-active development of the cross-border knowledge-infrastructure and innovation drivers through investments in physical infrastructure or direct grants to technology-intensive enterprises.
- The actual establishment of permanent and well-structured co-operations among public and private key players of knowledge- or technology-intensive sectors (i.e. networks, clusters) which also lead to concrete knowledge transfer or the introduction of new techniques / processes and marketable products / services.

Source: LACE-Infosheets on cross-border co-operation, issue no.8 / may 1999 (Gronau, 1999).

Substantial direct effects when in favourable context settings

Soft co-operation on R&D/innovation generated substantial direct effects in programmes covering the Øresund region (DK/SK), the wider Upper Rhine Area (D/F/CH), the Euregios along borders between Germany, Belgium and the Netherlands, as well as in the Lake Constance Area (A/D/CH/L).

All these areas demonstrated a certain "cross-border critical mass" in terms of R&D/innovation which tended to facilitate co-operation. The programmes succeeded in establishing networks between knowledge centres or even in putting in place more wide-ranging cross-border "triple helix" co-operations involving actors from the basic knowledge-infrastructure, the private sector and the public authorities.

A good example is the *Øresund* programme which covered one of the most dynamic cross-border regions in Europe. The area hosts twelve universities, all linked together in the umbrella organisation “Øresund University”, and many high-tech multi-national companies as well as a large number of innovative SMEs and the largest concentration of highly-educated people in Northern Europe. R&D/innovation was the fourth highest expenditure category in the entire programme (8.11%) and this level of expenditure was also significantly above the Strand-A average (1.29%).

All projects undertaken in the field of R&D/innovation were truly joint actions, highly experimental and focussing on the most promising technologies. They enhanced co-operation among innovative and knowledge-based economic growth sectors and specific cutting-edge technologies (e.g. “Nano Øresund”; “Øresund Science Region”), further deepened existing links between universities and the wider knowledge infrastructure, developed new higher educational modules (e.g. “INNOVAMUS”) and developed new cross-border networks / support structures fostering either general or specific co-operation among specific economic sectors or businesses. These projects led to the establishment of 19 new triple-helix networks and significantly contributed to fostering the growth potential and the overall competitiveness of the Øresund Region.

In *Alpenrhein-Bodensee-Hochrhein*, expenditure dedicated to supporting university-related research and R&D/innovation was also above the Strand-A average. This focus can be explained by the particular profile of the Lake Constance Region which is a knowledge-based economy with strengths in innovative services and high-tech industries (e.g. aviation, automotive industries etc). The region has a leading position in the innovation index and with respect to patent registration and possesses a highly-qualified workforce, particularly in advanced technologies.

The projects supported in the field of R&D/innovation were joint initiatives and frequently also highly experimental. Some examples of direct effects were the achievement of a better institutional co-ordination of cross-border technology transfer to SMEs (“Innovation Action VORAN”), the establishment of an R&D nucleus and the human resources capacity for developing a cross-border nano-technology cluster (“Nanocluster Regio Bodensee”, “Master degree course Micro & Nano Technology”), the initiation of science and research-related synergies through the creation of an university network (“International University Lake Constance”) and proactive experimentation with the development of a entirely new and promising service sector (**see: Box 2.7**). These and several other projects established new cross-border R&D/innovation potentials and contributed to increase the programme area’s competitiveness.

Box 2.7: Experimenting the development of a new service sector

The project “**Creative Industries**” aimed to promote and further develop conditions for stimulating the emergence of a sustainable and new cross-border economic sector which is economically relevant for the Lake Constance Region (i.e. public relations, marketing, TV, cinema, video, broadcasting, multimedia, internet, electronic publishing, print media, design, photographics, fashion, architecture, education, arts and culture). As on the Austrian side an already well-developed cultural infrastructure and creative economy did already exist, a dissemination and exchange of innovative and creative knowledge across the borders was expected to contribute to the establishment of new sustainable economic relationships in this sector.

The idea was not to plan but to trigger efforts through experimentation, as business cycles and local economic conditions have an enormous influence on the establishment of clusters that follow path-dependent and market-related trajectories rather than public development planning.

The project has thus not formulated but initiated a new and experimental cross-border sector policy as the involved local administrations will certainly adopt a more defined creative cluster policy as part of their wider local economic development policy. All project partners have decided to continue implementing the project activities even after the termination of INTERREG IIIA funding.

Co-operation was also successful but complicated in the wider Upper Rhine Area. Two separate programmes covered the zone (i.e. *PAMINA*, *Upper-Rhine-Centre-South*) but the close economic inter-dependence of both sub-areas required that R&D/innovation was addressed in a cross-programme perspective to be effective.

While the financially larger programme *Upper-Rhine-Centre-South* covering the more dynamic parts of Upper Rhine Area was successful in various fields,¹⁵ the comparatively much smaller *PAMINA* programme had difficulties in promoting R&D/innovation-related co-operation. Only one project focussed on the *PAMINA*-area itself and established a cross-border network between research institutions and enterprises active in the field of information and communication technologies to explore the relevance of IT-clusters for regional development ("NICE-PAMINA"). The second one was carried out as a wider co-operation project together with actors from the neighbouring programme area ("Rhin Tech Enterprise"). This project provided advisory support to technology-based SMEs from the Upper Rhine to stimulate technology transfer, but came to an end when the funding stopped. Several other programmes covering internal EU-borders of the UK, France, Austria and the area of the "Grande Région" (D/F/L/B) adopted such co-operative approaches but leading to more focussed and often less wide ranging outcomes.

Combining investments and soft co-operation: Ireland-Northern Ireland

In sharp contrast to the above approach was the development-driven strategy adopted in *Ireland-Northern Ireland*. The interventions in the innovation sphere – and more generally in terms of economic development – were significant and generated substantial direct effects of a medium and long-term nature. Over € 55 million was dedicated to projects providing more than 250,000 square meters of infrastructure such as the virtual technology park, a technology zone and an enterprise park on both sides of the cross-border region, contributing to the creation of more than 700 new gross jobs. The programme supported the development of over 120 clusters supporting cross-border enterprise and R&D linkages, assisting over 3,000 SMEs and contributing to the expansion of over 850 firms in terms of product development and more than 1,100 in terms of sales. Over € 8 million was also dedicated to the promotion of the knowledge economy including the development of the Armagh-Monaghan cluster of digital technology industry, the Midas creative industries cluster in the East Border region, an online incubation mentoring and support system and knowledge economy programme for the uptake and exploitation of ICT and the development of cross-border linkages.

Over 1,000 SMEs and other entities from both sides of the border benefited from these projects and participated in joint knowledge economy activities, and over 250 business and research organisations had established linkages by the end of the programme. The overall sustainability of these clusters and structures that were developed in the Ireland-Northern Ireland programme area could not be assessed in the case study research. But in the cases examined, including the "Midas" project and the "Cross-border BIC and Cluster programme", there was strong evidence that the structures continued and expanded their operations after the end of the INTERREG IIIA programme period.

Limited direct effects due to unfavourable context settings

In many programme areas covering various EU-borders, considerable weaknesses still existed in terms of the available regional knowledge assets and "cross-border critical mass". Co-operation in the field of R&D/innovation therefore focussed on basic initiatives which led to limited direct effects (e.g. co-operation between universities, co-operation between research-intensive enterprises or specific sectors).

¹⁵ E.g. establishment of structures for a European research and production network to implement the information society ("GateWay"), mobilisation of the existing critical mass in the field of photonics within the cross-border area ("RheNaPhotonics"), establishment of a research-network in the field of neurological sciences ("NEUREX"), creation of a tri-national biotechnology cluster through further deepening previous co-operation and closer networking existing biotech potentials ("BioValley").

This can be clearly seen in the *Spain-Portugal* programme where expenditure in the field of innovation and technology transfers, and the establishment of networks between businesses and/or research institutes, accounted for only just over than 2.6% of the total expenditure. The measure "technological development, research & promotion of information society" concentrated mostly on establishing IT infrastructures and remained in terms of overall outcome achievement (34%) below the initial expectations. Also, the overall level of co-operation under this measure was low, as only nine joint research projects were carried out involving fewer than 20 technological institutes

But in many other case study programmes covering old external borders or new external borders (*Lithuania-Latvia-Belarus, Finland-Estonia, Czech Republic-Poland, Italy-Slovenia, Karelia*), projects in the field of R&D/innovation focussed much more on establishing co-operation between universities or co-operation between research-intensive enterprises or specific sectors. The programme *Czech Republic-Poland* had some research projects and a larger number of projects which promoted co-operation between universities on both sides of the border (see: **Box 2.8**). A similar pattern can also be seen in the case of the *Karelia* programme where around 5% of the funding was allocated to research projects based in universities and research institutes. An interesting case is the project "Virtual Village" which realised knowledge transfer around the theme of energy systems (see: **Box 2.8**).

Box 2.8: R&D/innovation projects under new internal and external border programmes

The project "**Co-operation between the University of Technology in Opole (PL) and the Technical University in Ostrawa (CZ)**" focussed on the field of rational energy use. Due to this project, relations between the universities were strengthened and knowledge was gained about the functioning of the partner university. As both universities work closely with enterprises though adopting different approaches in this respect, an interesting outcome has been the mutual learning about different ways how to collaborate directly with the industry in the regions.

The initiative for the "**Virtual Village**" project came from the research and business sector but was also actively embraced by the local and regional authorities on the Finnish side and in Russian Karelia. The fact that the Russian local level public utilities system had been transformed and were undergoing structural changes created an interesting opportunity for establishing a knowledge transfer process by making use of existing Finnish expertise on new forms of public energy services (heat supply chain utilising combined heat and power production, also referred to as cogeneration) and local authorities who had experience with such systems. The project intended to develop an intelligent energy services-concept ("Virtual Village") that could be used for planning and developing the entire heat supply chain of a community and individual housing estates. A triple helix co-operation emerged where R&D organisations, private businesses and local authorities co-operated together, which was further backed up by the intrinsic knowledge the Oulu Region Centre of Expertise (Oulu Innovation) in Finland has gained about the triple helix model.

No direct effects occurred in the case of the financially very small programme *Lithuania-Latvia-Belarus* which covered an extremely large co-operation area with an inadequate RTD infrastructure in higher education institutions and a low level of private sector investment in RTD. Also in *Finland-Estonia*, only some direct effects on R&D/innovation were evident through the development of information technologies.

2.2.2.4 Individual and organisational learning effects

Learning effects associated with Strand-A programmes tended to occur if inter-personal or inter-organisational contacts took place in a structured and purpose-focussed context (e.g. a project-level working process, an exchange of experience workshop, a study visit) leading to the acquisition of new knowledge / know-how which was subsequently used to improve individual or organisation skills and capacities.

The probability that such effects appeared in the context of EU-funded cross-border co-operation was high as the more reduced perimeter of the eligible programme areas (if compared to Strands B and C) facilitated inter-organisational and inter-personal exchanges across borders. As the monitoring systems of Strand A programmes did not capture such effects, it was difficult to precisely determine their overall significance. Evidence from the in-depth analysis of 12 Strand-A programmes and of 60 cross-border projects confirms, however, that individual and organisational learning often constituted an important element of the overall outcomes achieved and that it took place at various levels (strategic / programme level and project level).

Learning processes at a strategic level

Learning processes at a strategic-level took place in programmes where permanent cross-border structures existed and where such structures played an active role in the INTERREG programmes (e.g. *PAMINA, Øresund, Vlaanderen-Nederland, Ireland-Northern Ireland*). Here, individual and organisational learning was first of all an intrinsic result of the formalised co-operation process within these structures. It is also directly related to the programme and part of its outcome as those structures were directly involved in the on-going management and implementation process. Organisational learning was particularly intense where a further up-grading of the INTERREG programme management process into a fully integrated cross-border approach took place during the 2000-2006 period with institutional actors experimenting with new processes and routines that previously did not exist (*PAMINA, Ireland-Northern Ireland*).

Learning processes at the level of projects

Project-level co-operation also stimulated individual and organisational learning processes. The significance of project-level learning was strong where programmes favoured the approval of joint and sophisticated / experimental projects and where projects could avoid or overcome a number of problems which tended to restrict such processes (e.g. too diverse interests in the project partnership, weakness of project working processes, problems in widely diffusing new knowledge, reluctance to apply new knowledge acquired for changing existing routines). The case study evidence suggests that the scope and quality of learning processes was strongly conditioned by the nature of the programme intervention strategies and by the level of project-level experimentation, which were in both cases variable across the programmes examined.

For the Strand-A programmes covering internal EU-borders, project-level learning processes were more widespread in programmes which explicitly favoured experimentation as an element of their wider strategy or which addressed new co-operation issues and complex problems requiring intense co-operation and the development of joint know-how (i.e. cross-border healthcare services, co-operation among security and emergency services, R&D/innovation, etc.). This could be seen in the case of the *Alpenrhein-Bodensee-Hochrhein* programme, which adopted a strategy that aimed to implement mostly experimental projects. But also the *Øresund* programme, which had a high overall share of sophisticated/complex projects in its project portfolio (80%), suggested that learning processes represented a substantial part of the overall outcome achieved (see: **Box 2.9**).

Project-level learning also took place in other programmes which gave comparatively more attention to producing tangible results rather than to experimentation (i.e. *Spain-Portugal, PAMINA, Vlaanderen-Nederland, Ireland-Northern Ireland*). Especially in the context of traditional development themes which were addressed through standard-type interventions (e.g. transport and telecommunication infrastructure, tourism development, environmental rehabilitation), individual and organisational learning processes tended to materialise rather sporadically during day-to-day co-operation activities and not so much as a result of structured working processes involving experimentation.

Box 2.9: Project-level learning processes – evidence from the Øresund programme

The five projects from the **Øresund programme** examined more in depth have all involved organisational and individual learning. They also show that the emergence of such processes tends to be highly dependent on an adequate actor constellation. Whereas public project partners stated that cross-border administrative inter-action represented the main added-value in terms of learning, representatives from the voluntary sector and local organisms mostly experienced learning through inter-disciplinary interactions. These examples also show that learning is sometimes restricted to “insiders” of organisations involved in a project and that it is still a challenge to distribute learning effects more widely across (public) organisations.

In the case of the programmes covering external EU-borders and “new” internal EU-borders (*Karelia, Lithuania-Latvia-Belarus, Austria-Slovakia, Finland-Estonia, Czech Republic-Poland, Italy-Slovenia*), project-level learning was most often about improving inter-cultural understanding and removing prejudices. Substantial individual and organisational learning processes could only be found in a few projects which were characterised by intensive co-operation among partners and which involved a structured exchange of experience and/or a cross-border transfer of know-how.

These more basic levels of learning were a consequence of the very recent tradition of cross-border co-operation along these borders. Project-level actors had first of all to become familiar with the different cultural and political / administrative settings prevailing on either side of the border and to overcome sometimes strongly diverging perceptions regarding the co-operation issues at stake. The complexity of the EU-funding provisions (i.e. combination of INTERREG and PHARE/TACIS support) in many cases lowered the overall level of co-operation within projects and favoured implementation of so-called “one-sided” projects (e.g. *Karelia, Italy-Slovenia*).

Inter-cultural learning effects among the wider public

An important feature of Strand-A programmes was that projects often generated inter-cultural learning among the wider public living in the cross-border areas. These effects were mainly generated by projects involving co-operation in fields such as culture and social integration and specific “umbrella initiatives” (e.g. small project funds) providing support to “micro-projects” which directly brought together inhabitants from both sides of a border in joint cultural or sports events and school exchanges. Many of the case study programmes supported such projects (e.g. *Austria-Slovakia, Øresund, Vlaanderen-Nederland, Latvia-Lithuania-Belarus*) and in the case of *PAMINA* and *Poland-Czech Republic* umbrella initiatives were established to encourage people-to-people activities (see: **Box 2.10**). The inter-personal contacts and the experiences within such grassroots-level activities generated wide-ranging individual learning processes which in the long-term should contribute to enhancing understanding between different communities and cultures within Europe.

Box 2.10: People-to-people activities, evidence from the PAMINA programme

The up-dated mid-term evaluation of **PAMINA** highlighted that the people-to-people framework initiative was an innovative funding approach which generated a clear cross-border added value and allowed with little financial support generating broad and tangible outcomes at the grassroots level.

2.2.3 Exploring the impact of Strand-A programmes - case study evidence

The Strand-A programmes' monitoring systems demonstrated considerable weaknesses, especially at the level of impact indicators. In some cases such indicators simply did not exist or in the case of many other programmes the existing ones were simply not comparable (i.e. partly of a qualitative nature or mixed up with output and result indicators). To obtain an impression concerning the overall impact achieved on territorial development, we therefore carried out a survey asking INTERREG IIIA programme managers to estimate and describe the wider impact achieved by their programmes. The survey results suggest that:

- The impact was perceived to be strongest in relation to the main co-operation topics and themes addressed by the respective programme intervention strategies. Around 13% of the programme managers thought there had been a very high impact (i.e. *Slovakia-Czech Republic, Kvarken-Mittskandia, Oresund, Spain-Portugal, Sonderjylland-North Schleswig, Germany-Netherlands, Italy-Malta*), while the majority of Strand-A programme managers believed that they had a high impact (62%).
- Around 22% of the programme managers indicated that there had been some impact (*Lithuania-Poland-Russia, Slovenia-Hungary-Croatia, Gibraltar-Morocco, Karelia, Spain-Morocco, Saarland-Moselle-Westpfalz, Greece-Albania, Poland-Slovakia*) and only a few others believed that they had a small impact (*Italy-Slovenia, Finland-Estonia*).
- The impact on the overall social and economic cohesion of the programme areas (i.e. the wider aim of INTERREG III) was also perceived to be positive but with a lower and more variable level of significance. Only two programmes claimed that they had a very high impact (*Germany-Netherlands, Spain-Portugal*). 82% of the Strand-A programmes believed that their programmes had a high or some impact. Around 15% of the programmes indicated that there was hardly any impact (*Karelia, Austria-Slovenia, France-Suisse, Ireland-Wales, Italy-Slovenia, Finland-Estonia, Oresund*).

Most of the programme authorities contacted by us had difficulties in identifying and describing more concretely the wider impact achieved. This might have been due to the fact that the often very small financial volume of programme funding did not make it possible to achieve any visible wider impact on major cohesion indicators such as GDP per head and growth or employment. But also the broad programme strategies might have contributed to this lack of visible impacts as funding was often spent across too many different priorities.

A working concept for assessing the impact of Strand-A programmes

The previous sections suggest that Strand-A interventions created direct effects on the socio-economic and sustainable development of the concerned cross-border areas. The nature and territorial scope of the Strand-A impact is now explored further by making use of the findings from our case study analysis. To help with the analysis, a framework was developed which distinguished between two inter-related but different intervention perspectives by which a lasting improvement in a given programme area could be achieved.

Lasting improvements achieved through "one-off co-operation"

The first intervention perspective relates to a situation where one or more co-operation initiatives of a time-limited nature (i.e. "one-off co-operation") can definitively remove an existing border problem or exploit in a satisfactory manner a jointly addressed development opportunity of cross-border relevance. Here, the outcome is in itself durable and co-operation initiatives do not necessarily have to maintain partnership-working as the desired development effect has been achieved.

The previous sections have shown that quite a number of problems were tackled through time-limited initiatives (e.g. infrastructure investments in the field of transport, environment, R&D). One-off projects often also achieved lasting improvements with respect to development challenges (e.g. cross-border co-ordination of public transport systems, launching of new cross-border public transport services, establishment of environmental management systems, small-scale tourism infrastructures). The overall effect generated by the aggregated outcome of such one-off actions in relation to the issues addressed can thus be considered the impact which was achieved in a given Strand-A programme area.

A very important question is, however, whether these aggregated outcomes generated a “real cross-border impact” or not. This can be confirmed for most of the outcomes which have by their very nature a cross-border dimension (i.e. a cross-border bridge, a border-crossing road connection, a sewage water treatment plant serving both sides of the border, etc.). It also holds true for the establishment of joint management systems and cross-border services. In the case of “one-sided” investments, however, the cross-border impact was much more questionable and thus must be assessed more carefully.

Bearing this in mind, it can be assumed that a more wide-ranging impact across the eligible area would have emerged particularly in the case of the financially larger and medium-sized Strand-A programmes which were also strongly investment-driven (e.g. *Spain-Portugal, Ireland-Northern Ireland*). In the case of the financially smaller Strand-A programmes with less investment, the impact was in general not so significant and in the overall scope also more thematically and/or geographically focussed. Noteworthy exceptions were, however, strategic one-off initiatives which led to significant improvements in a relatively small programme area (e.g. area-wide co-ordination of cross-border transport, establishment of cross-border nature parks, etc).

Lasting improvements achieved through “sustained co-operation”

The second intervention perspective relates to a situation where significant and lasting improvements in relation to a jointly-addressed border problem or development opportunity with cross-border relevance could only be achieved through a continuing effort involving one or more co-operation initiatives. In this case, a permanent co-operation and thus also a continuation of established partnerships was required to achieve the desired development effect (i.e. “sustained co-operation”). This situation was clearly quite common during the period 2000-2006 as many of the day-to-day border problems could not be tackled by the regional/local actors involved in co-operation.

The potential wider impact achieved under the various Strand-A programmes can be estimated through assessing the respective share of all projects continuing to operate after the end of INTERREG funding. Quantitative data on this is available for some two-thirds of the 64 Strand-A programmes¹⁶ but the explanatory benefit is somewhat limited as many INTERREG IIIA programmes implemented quite a large proportion of projects that were deliberately conceived as one-off actions.

The data on sustained co-operation are therefore mainly used to obtain an impression about the extent to which the informal or more formal project networks created by the Strand-A interventions were also able to establish a wider and durable problem-solving capacity in a cross-border programme area. In this respect, however, existing cross-border co-operation structures must be taken into consideration in the case of Strand-A. Under many programmes, these permanent structures already acted as a joint facilitator for long-term co-operation and were frequently important drivers for initiating project initiatives or even directly involved in the management of programmes.

¹⁶ Across the 41 programmes, the overall average proportion of projects still operating two or more years after the end of funding was at around 50%. A total of 25 programmes indicate a proportion of sustainable projects within their entire project portfolio which is equal or higher than 50%, while the other 16 programmes show proportions ranging from 43% down to 3%.

The impact of Strand-A programmes in relation to cross-border problems or development challenges requiring a continuing effort to be tackled was thus evident in establishing a “joint and durable problem solving capacity” involving public stakeholders and also private / non-governmental actors.

Re-examining the case study evidence on ground of the working concept

The evidence from all the 12 case study programmes with respect to both dimensions provides a clearer picture on the nature and territorial scope of the overall programme-level impacts. The outcome of this exercise allows three different groups of programmes to be distinguished (see: **Table 2.1**).

Firstly, programmes with a clearly visible and also strong physical impact on territorial development which was linked to an impact in terms of overall problem-solving capacity that was either high (*Ireland-Northern Ireland*) or medium (*Spain-Portugal*). The example presented below is the programme *Ireland-Northern Ireland* which through a combination of investments in infrastructure and soft co-operation achieved a substantial physical impact on territorial development. The programme was managed by a dedicated cross-border body and could rely on already existing cross-border structures which also favoured a co-operation-focussed approach at the project level.

Secondly, programmes with a visible but mostly non-physical impact on territorial development, which was coupled to an impact in terms of overall problem solving capacity established that is either high (*PAMINA, Øresund, Vlaanderen Nederland*) or medium-high (*Alpenrhein-Bodensee-Hochrhein*). Good examples from this group were the programmes *PAMINA* and *Øresund* which both belonged to the financially smaller programmes. The territorial development impact was achieved under both programmes primarily by soft co-operation outcomes and a few small-scale investments. The programmes were, however, thematically more wide-ranging and substantial in the case of *Øresund*, whereas for *PAMINA* it was of a more localised and topic-focussed nature. In both cases, existing cross-border structures played an important role in the programme which also led to a co-operation-focussed approach at the project level.

Thirdly, programmes with a modest or low and thematically/geographically-focussed physical impact on territorial development which was coupled with a generally medium-low impact in terms of overall problem-solving capacity established (*Czech Republic-Poland, Italy-Slovenia, Austria-Slovakia, Karelia, Finland-Estonia, Lithuania-Latvia-Belarus*). Good examples from this group were the programmes *Austria-Slovakia* and *Lithuania-Latvia-Belarus*, which both had in general terms achieved low territorial development impact. In the case of *Austria-Slovakia*, the more physical impact was area-focussed and limited in its significance due to the existence of pronounced regional differences in prosperity and urban-rural disparities. In the case of *Lithuania-Latvia-Belarus*, the impact was mostly non-physical and limited in its significance due to the large size of the programme area and the relatively modest funding available. Both programmes could only establish an embryonic problem-solving capacity. In the case of *Austria-Slovakia* this was due to a general lack of co-operation and considerable weaknesses as regards the durability of projects, whereas for *Lithuania-Latvia-Belarus* the short implementation period (only three years) hampered a further intensification of the otherwise well-developed co-operation efforts.

Table 2.1: Main impact achieved by selected case study programmes	
Impact on territorial development	Impact on establishing a joint & durable problem solving capacity
Internal EU-border programme "Ireland-Northern Ireland" (Total cost of app. € 183 million)	
<p>Improved competitiveness of local SMEs through developing and strengthening of clusters in new knowledge-based sectors, improving the skills base and supporting entrepreneurship. Also the endogenous R&D/innovation capacity of the cross-border region was considerably strengthened.</p> <p>Development of rural border areas through strengthening rural businesses, developing rural cross-border partnerships and networks, promoting greater understanding of common issues and problems especially in the area of environment and natural resources and to identify opportunities for more integrated strategies to tackle them.</p> <p>Improved cross-border transport networks and contribution to the upgrading of the telecommunications infrastructure. This contributed to reducing the time and costs of cross-border transportation and communications particularly in the case of the network connection of the northwest region of Ireland with Northern-Ireland.</p> <p>Contribution to greater social integration and community cohesion: Improved health outcomes through investment in social infrastructure, through joint planning and commissioning of services, by improving access to local health services and by contributing to the removal of barriers to cross-border mobility for health professionals.</p>	<p>Strategic level: Extension of pre-existing cross-border co-operation structures, thus providing the means and the framework to shape and implement integrated regional development strategies. The role and participation of pre-existing cross-border co-operation structures / networks was strengthened at the level of the programme. In addition, further collaboration among the programme partners was strengthened (among the Implementing Bodies). The use of the experience and learning acquired tends to have a long-term impact in terms of co-operation.</p> <p>Project level: Nearly all projects were joint cross-border operations. The programme has further intensified joint work among public authorities at national & local level (in some cases for the first time) to tackle cross-border problems. Further extension of thematic co-operation cross-border networks. Most projects outcomes and networks appear to have a lasting effect and use and most of the partnerships are expected to develop further making use of own funds or INTERREG IVA and other programmes.</p>
Internal EU-border programme "Øresund" (Total cost of app. € 62.5 million)	
<p>Mainly soft interventions contributed to enhancing entrepreneurship and fostering co-operation among businesses. Intensified co-operation among existing research-intensive / knowledge-based growth sectors and scientific potentials, strengthening the competitiveness of the area.</p> <p>Successful elimination of a number of existing barriers hampering the achievement of a common and more flexible cross-border labour market or hindering young trainees in the region to seek their work experience placement on the other side of the border.</p>	<p>Strategic level: A clear trend towards further intensifying and/or thematically widening cross-border co-operation on a number of more sophisticated issues can be observed. This process was also pro-actively supported through analysing the evolution of the cross-border integration process in the Øresund Region to pin-point needs for new political initiatives. Beyond a pre-existing cross-border co-operation which is directly involved in the programme management & implementation process, new strategic support structures and services were set up for stimulating public / political debates on future cross-border development (e.g. The Øresund Institute) and for increasing knowledge about development trends in the cross-border area (e.g. ØRESTAT II – Øresund statistics).</p>

<p>Creation of a real cross-border reality in the field of various public utilities services (i.e. increased efficiency & inter-connection of existing public transport services, improved cross-border handling of civil safety and emergency problems; improved competencies & technical capacities in cross-border health care and specialised medico-clinical fields of surgery).</p> <p>Increased cross-border socio-cultural integration & development of a "corporate identity": Through promoting & marketing the common cultural heritage and environmental potentials of the region and by creating a sense of community in the cross-border area (i.e. more opportunities for inhabitants to exert bottom-up democratic influence; proactive cross-border citizenship).</p>	<p>Project level: All projects were joint cross-border operations. Establishment of cross-border initiatives and platforms in newly addressed issues (e.g. cross-border civil safety & emergency problem handling; cross-border health-care & medical surgery, cross-border citizenship & citizens involvement). A total of 26 different institutional collaborations or networks were formalised which has contributed to further improve the quality / maturity of the wider cross-border partnership.</p>
<p>Internal EU-border programme "PAMINA" (Total cost of app. € 28 million)</p>	
<p>The most visible and significant impact has been achieved with respect to further enhancing the overall socio-cultural integration of the cross-border area (i.e. education, culture, sports, youth and bi-lingual education.), especially through the "people-to-people framework programme".</p> <p>A geographically focussed impact within the PAMINA area resulted from the large number of projects addressing the protection & development of natural resources, to which also many of the projects on sustainable tourism made a complementary contribution (esp. PAMINA-Rheinpark).</p>	<p>Strategic level: Successful establishment of a new public-law based cross border body with a range of different tasks and an own financial capacity (i.e. REGIO PAMINA GLCT), creating a strategic and also durable problem solving capacity in the PAMINA area. This cross-allows sustaining co-operation after the end of INTERREG, provides free of charge information & advice on cross-border questions / problems to individuals or enterprises and established on-going networking contacts with other important strategic actors involved in cross-border co-operation.</p> <p>Project level: All projects were joint cross-border operations. The programme has further strengthened a larger number of existing and already durable cross-border networks / initiatives and contributed to establish new ones which are more or less successfully sustained.</p>
<p>Old external EU-border programme "Austria-Slovakia" (Total cost of app. € 65 million)</p>	
<p>The soft co-operation and networking measures did hardly produce tangible impacts in terms of economic development, but they have positively influenced the mobilisation of cross-border economic potentials and increased significantly the level of economic information and communication from which in particular SMEs have benefited.</p> <p>In case of some tourism projects (e.g. establishment of cycle paths and of other tourist infrastructure), some immediate but localised cross-border impacts have become visible.</p>	<p>Strategic level: Successful in initialising and establishing a co-operation platform for creating the basic conditions which will enable a successful operation and implementation of cross-border interventions in the future. The programme was supported in this by unexpected "external" developments (i.e. creation of the new local government bodies at the regional level in Slovakia).</p> <p>Project level: Only limited success in developing an initial problem solving capacity at project level. Until 2004, most operations were implemented as "one-sided projects" which</p>

<p>Lasting (physical) improvements in the programme area can mostly be observed in the Slovak part of the programme area, as here a clear preference was given to an implementation of "one-sided" infrastructure projects (mostly up to 2004). Most of the so-called "independent projects" implemented their planned activities and achieved results, but they had most often no or a very limited cross-border effect (i.e. immediate project benefits were provided to the main applicant only).</p>	<p>prevented the programme from achieving higher degrees of co-operation and partnership. Co-operation did not take place under most of the so-called "independent projects" and others often failed in continuing co-operation. Projects were often also prevented from continuing their activities after the end of funding due to a number of adverse internal and external factors (e.g. general lack of bi-lateral co-operation tradition; changing structures for territorial governance in Slovakia etc.).</p>
<p>New internal/external EU-border programme "Latvia-Lithuania-Belarus" (Total cost of app. € 10 million)</p>	
<p>Projects were too small in size and scope and created only local micro-impacts through the existing tangible and durable outcomes (e.g. creation of 5 enterprises, 13 projects have made small-scale investments into around 100 infrastructure objects, development of new cross-border tourism products).</p> <p>Also many soft co-operation outcomes show clear elements of durability (e.g. many of the jointly elaborated strategies / action plans or technical plans for future infrastructure development have been actively used and further developed by the beneficiaries beyond the timeframe of the initial project). Good examples are the reviewed projects "Urban Renaissance" and "Cross-Border Initiative for Creation of Emergency Management System of Disasters between Latvia & Lithuania".</p>	<p>Strategic level: Much stronger level of co-operation between neighbouring border regions than was previously the case at all levels of governance (esp. with Belarus). The creation of new and the reinforcement of existing cross-border structures had a considerable impact on the ability of public authorities to implement projects and to develop integrated strategies on a cross-border basis. Also an impact on administrative capacity building and on promoting joint working between public authorities in the 3 participant countries can be observed.</p> <p>Project level: As all projects were joint cross-border operations, success in developing an initial problem solving capacity at project level. A large number of new cross-border partnerships / networks were created among actors that had not previously co-operated and already existing co-operation initiatives established between local authorities, other types of public sector organisations and NGOs were strengthened. Many of the partnerships formed or strengthened were pro-actively sustained with a view of using them as a "vehicle" for future and more ambitious activities).</p>

2.3 The impact on furthering the depth and intensity of cross-border co-operation

This section examines the extent to which the policy expectations of the INTERREG III Guidelines with respect to the development of programme- and project-level cross-border co-operation were met by the end of the 2000-2006 period. The overall level co-operation performance achieved by Strand A by the end of the period 2000-2006 is assessed and factors influencing overall co-operation performance are identified (2.3.1 and 2.3.2). This section then reviews how Strand-A programmes ensured complementarity and co-ordination with other Structural Funds programmes, identifies a number of important leverage effects generated by cross-border co-operation and finally examines the overall added value generated by Strand A (2.3.3 - 2.3.5).

2.3.1 The overall co-operation performance of Strand A

The academic and policy-oriented literature on cross-border co-operation suggests that the existence of appropriate legal framework conditions, high quality partnership and a certain degree of institutionalisation is crucial for the development of successful and effective cross-border co-operation between territorial authorities (see: **Box 2.11**). These general factors apply in principle also to EU-funded cross-border co-operation under INTERREG IIIA.

Box 2.11:
Factors generally favouring successful and effective cross-border co-operation

Existence of appropriate legal framework conditions: Regional and local authorities need specific legal provisions allowing them to directly engage in cross-border co-operation. These can be laid down in national legislation or specific bilateral inter-state agreements and multilateral agreements. Appropriate legal framework conditions are required in particular if regional/local authorities intend to set up specific co-operation structures or if they envisage upgrading and further formalising already existing informal co-operation structures.

Quality of the partnership: Cross-border co-operation primarily means inter-linking various actors and organisations existing at regional/local levels on either side of a common border, but sometimes might also require the involvement of national-level actors. Cross-border co-operation strongly depends on the commitment and mutual trust of the actors directly involved and in a wider sense also of the people concerned. To be successful, co-operation at whatever level (i.e. strategic co-operation or project-based co-operation) thus requires relations based on partnership and subsidiarity which are established "inwards" and "outwards".

Degree of institutionalisation: The factor institutionalisation is of crucial importance especially for long-term and strategic cross-border co-operation, which sooner or later demands the setting up of permanent and binding cross-border organisational relations. Even if different legal framework conditions may require (or allow for) specific co-operation structures, it is vital to recognise that developing cross-border structures does not mean creating new layers of government. Cross-border structures are also not an "end in themselves", as they are mainly a tool for creating a permanent co-operation capacity (i.e. in political, technical, administrative terms) and for further deepening the internal functioning of co-operation (i.e. the setting up of transparent & democratic processes) as well as for establishing a more solid external legitimacy with respect to their direct environment (e.g. citizens, other political or administrative structures).

Source: Committee of the Regions (CoR, 2002)

Overall co-operation performance of Strand A programmes

The synthetic indicator on territorial co-operation (see: **Annex 2**) provides an aggregated overview of the level of depth and intensity of co-operation achieved by the various INTERREG IIIA programmes at the end of the period 2000-2006. No assessment of the co-operation performance could be undertaken for a number of Strand-A programmes as they did not provide project-level baseline data even after several requests (*Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy, Greece-Turkey*). In the view of the evaluators, this repeated reluctance to provide data on the quality of project-level co-operation suggests that considerable weaknesses existed with respect to a number of crucial issues (i.e. realisation of joint projects as opposed to one-sided projects; low depth of co-operation).

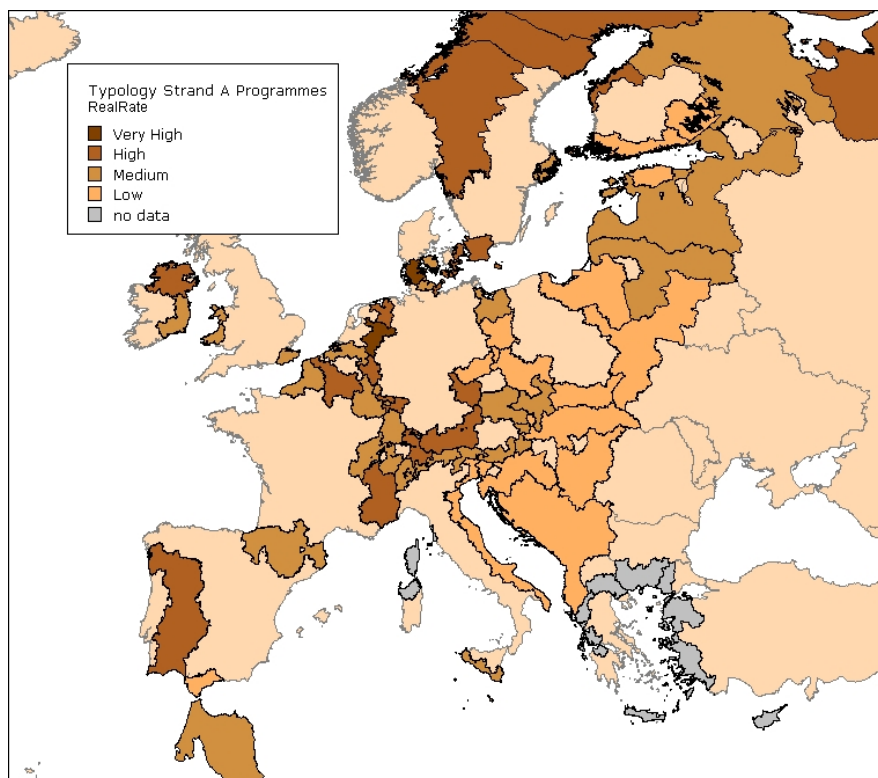
The overall co-operation performance of Strand-A by the end of the 2000-2006 period was "good" as 61% of the 57 Strand-A programmes assessed achieved a level of co-operation performance which was above the average level calculated across all INTERREG III programmes (i.e. including those of Strands B and C). Our map-based visualisation of the co-operation performance achieved by the individual Strand-A programmes (see: **Map 2.1**) shows the following overall pattern:

- A very high or high level of co-operation performance was achieved by 18 Strand-A programmes which covered in the majority of internal EU-borders (including Switzerland and Norway).¹⁷ In these programme areas, structured and visible cross-border co-operation had existed for 14 or more years before the start of INTERREG III. Only in the case of the programmes *PAMINA, Sonderjylland-North Schleswig, Storstrom-Schleswig-Holstein, Spain-Portugal* was the co-operation tradition slightly more recent (between 10-12 years).
- A medium level of co-operation performance was achieved by 24 Strand-A programmes which covered a broad range of borders (old and new internal or external EU-borders). Also here, structured cross-border co-operation existed before the start of INTERREG III in most cases for 14 or more years (15 programmes).
- A low level of co-operation performance existed in the case of 15 Strand-A programmes which all covered old and new external EU-borders. Here, the duration of structured cross-border co-operation existing before the start of INTERREG III was in nearly all cases very low (between 0 and 9 years) and only in two cases more long-standing (i.e. *Slovenia-Hungary-Croatia, Italy-Slovenia*).
- The seven programmes for which no Real Rate assessment could be realised belonged most likely to the group of programmes with a low level of co-operation performance. This is mainly due to the fact that they covered programme areas characterised by unfavourable framework conditions, but also because the duration of structured cross-border co-operation before the start of INTERREG III was in all cases very low (between 0 and 10 years).

Bearing in mind this overall pattern, it is interesting to examine whether such a pre-existing co-operation experience was able to act as a catalyst which stimulated the overall co-operation performance of INTERREG IIIA programmes by the end of the period 2000-2006.

¹⁷ I.e. "old" external border in case of *Bavaria-Czech Republic* and mixed border in case of *S-FIN-N-RUS - Nord*.

Map 2.1: Depth & intensity of co-operation achieved by Strand-A programmes



The influence of previous co-operation tradition

The synthetic indicator statistically examined this potential influence on the level of depth and intensity of co-operation achieved by the various INTERREG IIIA programmes (see: **Annex 2**) while taking into account not only the length of co-operation prior to the start of INTERREG III but also the degree of maturity reached (i.e. existence and quality of legal framework conditions; capacity of existing co-operation structures).

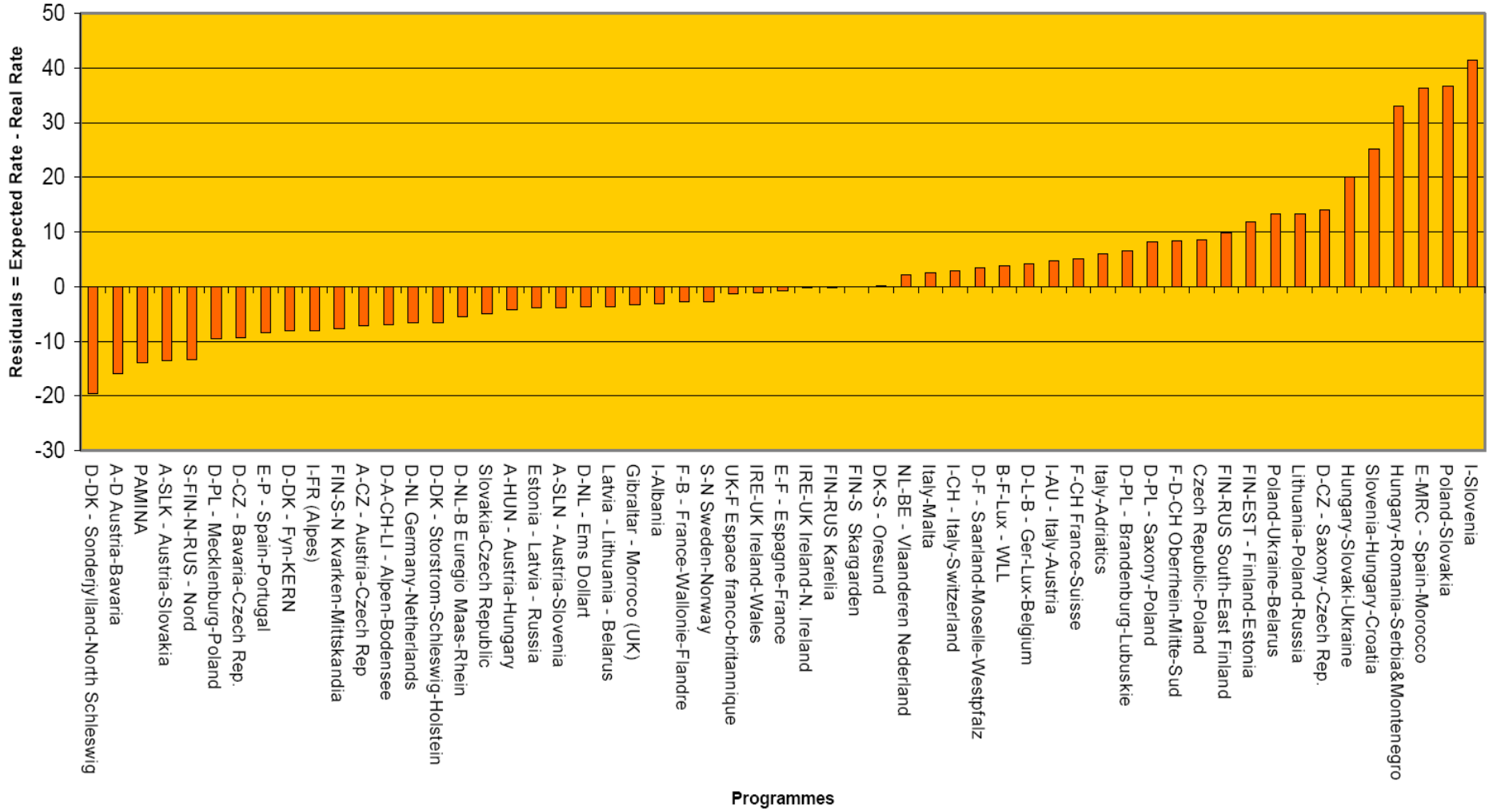
The overall result achieved shows that the direct influence of a previous cross-border co-operation tradition on the overall co-operation performance achieved by the end of the period 2000-2006 was in general low. Taking the 57 INTERREG IIIA programmes for which this influence could be statistically determined,¹⁸ the following pattern can be observed (see: **Figure 2.4**):

- The large majority of the Strand-A programmes (i.e. 42 out of 57) achieved a level of depth and intensity of co-operation which was close to a level which could be expected if the previous co-operation tradition was taken into account. This does not mean that an existing and frequently even long-standing co-operation experience¹⁹ was irrelevant; it simply did not act as a catalyst to significantly enhance the overall co-operation performance achieved during the INTERREG III period.

¹⁸ Missing data for "Real Rates": Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy and Greece-Turkey.

¹⁹ This group includes a large number of programme areas with a long-standing co-operation tradition, coupled to a previous INTERREG I / INTERREG IIA experience and a relatively high degree of maturity achieved in their cross-border relations. Exceptions to the afore-said are however the programmes Italy-Adriatics, Czech Republic-Poland, Slovakia-Czech Republic, Italy-Malta, Estonia-Latvia-Russia and Latvia-Lithuania-Belarus.

Figure 2.4: The influence of previous co-operation tradition on the overall co-operation performance of Strand-A programmes



- Another 10 Strand-A programmes,²⁰ all covering external EU-borders and/or new internal EU-borders, showed a depth and intensity of co-operation by the end of the period 2000-2006 which was clearly below the level which could have been expected if the previous co-operation tradition had been taken into account. Here, a probably pre-existing but in most cases relatively short-lived cross-border co-operation history did not influence the depth and intensity of co-operation achieved. It is likely that other aspects had a negative influence which led to a co-operation performance that was below the expected level (i.e. restrictive effects of the combination of INTERREG & PHARE / TACIS / MEDA instruments; recent EU-accession, etc.).
- Only in case of 5 Strand-A programmes (*Austria-Bavaria; Austria-Slovakia; PAMINA; Sonderjylland-North Schleswig; S-FIN-N-RUS – Nord*), can it be reasonably assumed that previous co-operation tradition really mattered and also had a strong catalytic influence on the level of depth and intensity of co-operation achieved during the 2000-2006 programming period.

To shed light on the above analysis, we compared some of our case study programmes which were included in one of the main groups above (i.e. *Øresund, PAMINA, Italia-Slovenia*). A comparison of the historical profiles of these three programmes reveals first of all that the duration of previous co-operation had in no case a decisive influence on the wider co-operation performance of Strand A programmes during the period 2000-2006.

The *PAMINA* programme achieved a high level of depth and intensity of co-operation which was close to that of the *Øresund* programme, although the overall duration of structured cross-border co-operation existing prior to INTERREG III was significantly different in both cases (12 years for *PAMINA*²¹; 36 years for *Øresund*²²). The weak influence of the overall duration of co-operation is also evident in the case of the programme *Italy-Slovenia*. Despite a relatively long-lasting tradition of decentralised cross-border co-operation before the start of INTERREG III (22 years²³), the programme achieved one of the lowest Real Rates within Strand A by the end of the period 2000-2006.

An aspect with much greater influence on Strand A co-operation intensity was the level of maturity reached by previous co-operation which was described as being a combination of the quality of existing legal framework conditions for co-operation and of the capacity of existing cross-border structures. This maturity was, however, only a strong catalyst for co-operation within Strand-A programmes during the period 2000-2006 if favourable legal framework conditions allowed existing cross-border structures to dynamically evolve and to increase their overall role within a given programme.

This was clearly the case for *PAMINA*, where the entry into force of the "Karlsruhe inter-state agreement" on cross border co-operation shortly before the start of INTERREG III (1997) was a decisive factor. The far-reaching legal instruments provided for by this agreement allowed further up-grading the capacity of a pre-existing informal cross-border structure. The establishment of a permanent cross-border body with its own legal personality based on public law (i.e. the "REGIO PAMINA GLCT") allowed the establishment of a durable and strategic capacity for cross-border co-operation outside of INTERREG.

²⁰ Saxony-Czech Republic, Italy-Slovenia, Spain-Morocco, Finland-Estonia, Poland-Slovakia, Poland-Ukraine-Belarus, Lithuania-Poland-Russia, Hungary-Slovakia-Ukraine, Hungary-Romania-Serbia & Montenegro and Slovenia-Hungary-Croatia.

²¹ Structured, visible and decentralised cross-border co-operation in the PAMINA area started with the "Wissembourg Declaration of Intent on a Cross-border Development Concept", which was signed in December 1988 by the German Länder Rheinland-Pfalz and Baden-Württemberg (represented by the regional planning bodies existing in the concerned sub-areas) and the Département du Bas-Rhin.

²² Structured, visible and decentralised cross-border co-operation in the Øresund area started in 1964 with the founding of the Øresund Council (Øresundsrådet). The programme area has in fact the second longest cross-border co-operation tradition among all Strand-A programmes after Germany-Netherlands.

²³ Structured, visible and decentralised cross-border co-operation started in 1978, when the Working Community Alpen-Adria was created.

From 2004 onwards, this new cross-border body was also entrusted with all the main management functions of the INTERREG IIIA programme *PAMINA* (Managing Authority/Paying Authority/Joint Technical Secretariat). This latter aspect was in fact the key issue which had a decisive direct influence on the overall co-operation performance during the period 2000-2006 which fully met the original policy expectations of the INTERREG III Guidelines (i.e. creation or development of truly joint structures for an implementation of the Community Initiative programmes).

Under the two other programmes, however, the factor of maturity was not a decisive catalyst capable of influencing the overall co-operation performance during the period 2000-2006. In the case of the programme *Øresund*, the provisions of the existing inter-state agreements promoting cross-border co-operation among local/regional authorities in Scandinavia (Treaty of Helsinki of 1962, Nordic Convention of 1977) were rather restrictive with respect to the further legal capacity endowment of existing co-operation structures. These limitations did not make it possible to further up-grade the already strong role of Øresund Committee in the management of the INTERREG IIIA programme (i.e. by endowing it with an own legal personality based on public-law) and to entrust it directly with all important programme management functions. Such a development was also not possible in the case of the programme *Italy-Slovenia*, as the bi-lateral agreements between Italy and the former Yugoslavia regarding cross-border relations (i.e. the Osimo Agreements of 1977) provided territorial authorities with only very limited legal solutions or legal instruments for further structuring their co-operation.

2.3.2 Factors influencing on the overall co-operation performance

If the age and maturity of previous co-operation were only in a few cases influencing the co-operation performance achieved by Strand-A programmes during the period 2000-2006, then the question arises which were the factors that have had a favourable (or less favourable) influence on cross-border co-operation under INTERREG III.

2.3.2.1 Factors with a favourable influence

The high quality of the strategic partnerships established by the programmes was a clear strength of Strand-A, and these contributed to the achievement of the policy expectations for INTERREG III. The factors which had the most favourable influence on the overall co-operation performance of Strand A were:

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

It is also interesting to note that no overall "line of division" can be drawn between more experienced and mature programmes which covered old internal EU-borders and the less experienced and mature ones which covered mostly external or new internal EU-borders.

A joint and participatory preparation & elaboration of the programmes

The overall intensity of co-operation during the entire preparation phase of Strand A programmes was in general high and thus met the expectations of the INTERREG III Guidelines. To identify their initial needs/problems, the large majority of Strand-A programmes (i.e. 49 out of 57 programmes examined) undertook a joint SWOT-analysis²⁴ which involved a broad range of public/semi-public and non-public stakeholders from the programme areas.

²⁴ I.e. Analysis of strengths, weaknesses, opportunities and threats (SWOT-analysis).

These programmes either used a pre-existing and jointly elaborated cross-border spatial development concept covering the entire programme area (20 programmes) or consulted at least existing national/regional development plans covering parts of the programme area (29 programmes). The remaining Strand-A programmes (8 programmes) only undertook a joint SWOT-analysis by involving a broad range of stakeholders from the programme area (4 programmes) or a more reduced number (3 programmes). Only *Spain-Morocco* identified the initial needs/challenges through a centralised elaboration of the territorial diagnosis while taking into account comments from the neighbouring area involved in the programme. A full take-up of the initial needs-assessment in the final programme intervention strategies (i.e. priorities and measures, financial allocations) was not automatically the case as potentially diverging strategic interests between the main programme partners and the other stakeholders involved sometimes existed.

Our horizontal evaluation findings confirm that in the case of 48 Strand-A programmes the adopted strategy showed a high level of correspondence with the initial needs-assessment. They either fully reflected all of the identified problems/needs through the priorities and measures adopted as well as through the respective initial financial allocations (13 programmes) or did so at least for the most important factors while fully reflecting these in the initial financial allocations (35 programmes).

In the remaining nine Strand-A programmes, all or most of the important needs/problems identified were addressed under the priorities and measures but the allocations failed to reflect their relative importance (*Oberrhein-Mitte-Süd, Austria-Slovakia, Poland-Slovakia, Gibraltar-Morocco, Espace franco-britannique, Hungary-Romania-Serbia & Montenegro*). The others did so only for a few of the most relevant identified needs/priorities, but their importance was well reflected through the financial allocations (*Austria-Czech Republic, Spain-Morocco, Italy-Slovenia*).

A closer look at the case study programmes suggests that the level of correspondence was highest in those programmes that carried out a well-informed and intense / participatory diagnosis (e.g. *Alpenrhein-Bodensee-Hochrhein*) that often also involved existing cross-border structures (e.g. *PAMINA, Øresund, Ireland-Northern Ireland, Spain-Portugal, Karelia*). In a number of both experienced and also less experienced Strand A programmes, however, this link between the initial diagnosis and the finally adopted programme strategy was often not fully developed and/or did not provide a strong basis for the envisaged interventions (e.g. *Finland-Estonia, Czech Republic-Poland, Italy-Slovenia, Vlaanderen-Nederland*).

Joint and participatory decision-making processes at the programme level

If the basic features of the decision-making systems established by all Strand-A programmes are considered (see: **Annex 6**), it is possible to conclude that the overall quality of strategic decision-making partnership and processes was in general high and thus met the policy expectations of the INTERREG III Guidelines. Most of the programmes only established the decision-making structures formally required by the Structural Funds regulations, i.e. the Monitoring Committee and the Steering Committee. Certain others such as the case study programmes *PAMINA, Øresund* and *Ireland-Northern Ireland* set up additional structures for preparing the final selection and approval of projects in the Steering Committee (i.e. "working groups" or "assessment panels").

Another example is *Spain-Portugal*, which established a complex overall decision-making structure that was significantly different from other Strand-A programmes.²⁵ The Monitoring and Steering Committee partnerships generally comprised representatives of public authorities (i.e. state-level, regional and local authorities) but also to a varying extent representatives from existing cross-border structures, economic and social partners or other professional/sector-specific organisations and NGOs. A majority of Strand-A programmes covering all kinds of EU-borders established a wide

²⁵ The programme was divided into six sub-programmes (i.e. five of them focussing on specific sub-areas of the common border & one addressing the entire border area for projects affecting more than one of the individual sub-areas), for each of which a specific "Sub-committee for joint management" was set up. In addition to these operational decision making structures, also an overall Monitoring Committee was set up for strategic matters which was complemented by a Joint Management Committee.

or well developed partnership (i.e. 43 programmes out of 57 examined). Only 14 programmes set up a narrow or limited decision-making partnership. Among the latter were also several programmes covering internal EU-borders, where this limitation was certainly a deliberate choice. In programmes covering external or new internal borders, however, the combined application of INTERREG and external funding schemes (PHARE/TACIS, MEDA) did not in most cases allowed a broader representation.

Decisions within these structures were generally taken by consensus (or unanimity). An interesting case is *Alpenrhein-Bodensee-Hochrhein*, which adopted majority voting. This was done to avoid the risk of delays in the decision-making process and to ensure smooth overall management. The extent to which the partners represented on the established programme-level structures had a direct influence on decision-making (i.e. allocation of voting rights) differed, however, considerably among the programmes.

Most programmes allocated voting rights to a larger range of representatives beyond the primary administrative programme partners (39 programmes) which sometimes also included existing cross-border structures. Examples illustrating a direct involvement of existing cross-border structures in the decision-making process of this later sub-group are the programmes PAMINA and Øresund. In the remainder cases (18 programmes), voting rights were only allocated to the primary administrative programme partners (i.e. national and regional authorities).

A largely joint & decentralised management of the Strand-A programmes

The joint operational management of Strand A programmes was in general carried out by the Managing Authority (MA), Paying Authority (PA) and the Joint Technical Secretariat (JTS) which carried out a wide range of primary and ancillary programme management tasks.²⁶

The establishment of the joint management structures as prescribed by the INTERREG III Guidelines was in practice often demanding even for experienced Strand-A programmes. This was due to the heterogeneous legal framework conditions governing cross-border co-operation throughout Europe at the outset of INTERREG III and the often very different administrative and regulatory systems meeting at a common border. But INTERREG IIIA programmes generally succeeded in coping with this complex challenge through pragmatically searching for legally solid and workable solutions which were tailor-made to their respective context.

Taking the overall features of the management systems established by all Strand-A programmes (see: **Annex 7**), one can conclude that progress was made with respect to the period 1994-1999 in terms of a further decentralisation of programme management but not so much in terms of its full cross-border integration. Due to their highly context-dependent nature, it is extremely difficult to identify "golden rules" or systems-blueprints which worked better than others.

Strand-A was mostly delivered through joint and largely decentralised management arrangements (46 out of 64 programmes). These programmes were found along new and old internal and external EU-borders. Decentralisation often meant that programme management tasks were delegated to different organisations, thus requiring good co-ordination and co-operation among the actors involved to operate efficiently.

The highest levels of task delegation can be observed in many of the German programmes covering internal EU-borders and "old" external borders where between 10 and 15 different specialised organisations were involved in the delivery process. The case study programmes *Spain-Portugal* and *Flanders-Netherlands* were also good examples as in each case a total of 12 different actors were involved. In the latter case, the Belgian province of Antwerp was the Managing Authority. The Euregio Middengebied was formally the JTS but fulfilled in practice all tasks jointly with another existing Euregio (i.e. the Euregio Scheldemond). Aspects related to

²⁶ E.g. guidance, information or local contact point for project promoters; support for project generation; co-ordination of the relations between project and/or programme partners; support in completing the dossiers/application forms; participation in the assessment of dossiers or opinion in the selection process; participation in the monitoring of projects during their implementation (help in preparing balance sheets and in the submission of financial claims, support for the technical monitoring of projects, etc.); management of initiatives such as 'People-to-People' actions or a 'Small Projects Fund'; participation in 1st and 2nd level control.

technical financial management were delegated to a private bank in Belgium (DEXIA-bank), although the Province of Oost-Vlaanderen was formally the Paying Authority.

Only 7 of the 64 Strand-A programmes were delivered through fully cross-border integrated management arrangements. Here, existing permanent cross-border co-operation structures either directly ensured all of the main management functions (4 programmes) or at least larger parts of those (3 programmes). The programmes *PAMINA* and *Northern Ireland-Ireland* show that the way such cross-border arrangements had been put into place was different (see: **Box 2.12**).

Box 2.12: Cross-border integrated management arrangements - the example of the PAMINA & Northern Ireland-Ireland programmes

In the **PAMINA programme**, a genuine “bottom-up driven process” was observed during which the regional/local authorities had made use of provisions in a far-reaching inter-state agreement promoting cross-border co-operation (i.e. the Karlsruhe Agreement) to provide their pre-existing informal cross-border co-operation structure with its own legal personality based on public law. This up-grading process was backed up by the joint political will of the decentralised actors and undertaken through a specific project which received funding under INTERREG IIIA. The integration and organisational concentration of the MA & JTS functions proved to be beneficial, as it improved the efficiency of the day-to-day programme management and led to a more client-oriented provision of advice and assistance services.

In the **Ireland-Northern Ireland programme**, the establishment of genuine cross-border management structures was more the result of a “top-down driven process” which built upon the wider peace process since 1999. Central governments significantly pushed the establishment of new cross-border co-operation structures over which the concerned regional/local authorities progressively took ownership. By virtue of the “Good Friday Agreement” (i.e. the Belfast Agreement, signed between the UK and Ireland in 1999), a “Special European Union Programmes Body” (SEUPB) was established which is financed by the Finance Ministries of the two Member States. It had direct responsibility for the administration of EU cross-border programmes (incl. INTERREG IIIA & PEACE II) and was also involved in the cross-border elements of other Community Initiatives such as Leader+, URBAN II and EQUAL. For the INTERREG IIIA programme, the SEUPB ensured the roles of MA and JTS and was also delegated the function of the PA. SEUPB was explicitly delegated all necessary powers for the exercise of its functions, vested in the Chief Executive, giving SEUPB practical authority over the running of these programmes.

A strong cross-border integration of the primary management functions was in general only possible because the co-operation structure had a sufficiently solid legal capacity which allowed it to take over formal responsibility against the Community level. This was most often ensured through an own legal personality which was either based on public law (e.g. *Germany-Netherlands; Ems Dollart; PAMINA; Saarland–Moselle–Western Palatinate*) or on national private law with a public-equivalent status (*Euregio Meuse-Rhine*). Another solution was that a legal backing was provided through an international treaty (*Ireland-Northern Ireland*).

Only the *Øresund* programme management arrangement is an exception in this respect as the co-operation structure “Øresund Committee” did not have an own legal personality but was entrusted with a very wide range of tasks.²⁷ A small group of Strand A programmes established highly centralised management arrangements in which national authorities continued to play a dominant

²⁷ The Committee acted as the JTS which was responsible for contacts with potential applicants, programme guidance, the internal handling of applications and the provision of recommendations to the “Interreg IIIA Working Group” and the Steering Committee. In addition, the Committee also carried out on a delegation basis almost all tasks of the Managing Authority (i.e. the Greater Copenhagen Authority).

role (11 out of 64 Strand-A programmes). With the exception of programme *Greece-Italy*, they all covered external borders and new internal borders. Here, progress in terms of decentralisation was difficult to achieve as the provisions especially of the external EU-funding schemes favoured more centralised joint management arrangements (i.e. the PHARE and TACIS/MEDA).

Smooth management achieved through further formalising co-operation

Whatever arrangement were chosen, Strand-A programmes performed efficiently in terms of management. To ensure this from the outset, the overwhelming majority of the Strand-A programmes (49 programmes) opted to further formalise their strategic co-operation either by concluding one or more comprehensive programme management agreements or by adopting at least a basic agreement. Such agreements were, on the one hand, concluded among the main partners of a programme (i.e. the involved Member States, regions, local authorities). They determined the institutional allocation of the main management functions (MA/PA/JTS), defined the operational relations and procedures among these institutions or further specified other aspects relating to the operational programme management and implementation process. On the other hand, the strategic programme partners frequently also concluded additional agreements with an existing cross-border structure or another specialised intermediate body. This was the case if they were directly entrusted with one or more of the main management functions (e.g. MA, PA, JTS) or if they delivered on a delegation basis certain management tasks (e.g. a public or private bank executing PA-tasks) for which the formal responsibility was with another structure acting as MA or PA.

Evidence from the survey work confirms that in all cases where such agreements were concluded, they also facilitated considerably the subsequent joint programme management process (19 programmes) or at least contributed to achieving a more efficient programme management process (30 programmes). But also in cases where such agreements were not concluded (8 programmes) the strategic programme partners could still achieve a relatively efficient joint programme management process. Only in the case of the programme *Spain-Morocco* did the lack of such an agreement result in a highly cumbersome or even conflictive joint programme management process.

2.3.2.2 Factors with a less favourable influence

The main factor which prevented Strand-A from reaching a higher overall co-operation performance during the period 2000-2006 was the variable depth and intensity of project-level co-operation. This means that in overall terms the policy expectation as stated in the INTERREG III Guidelines were only achieved by some of the Strand-A programmes at the end of the period 2000-2006. The data gathered for the evaluation on the project-based implementation of 57 Strand-A programmes (see: **Annex 2**)²⁸ shows that the more experienced and mature programmes covering old internal EU-borders in general achieved a higher co-operation performance at project-level than the less experienced or mature ones which covered external or new internal EU-borders. An important factor explaining this situation was the variable quality and performance of project assistance and appraisal/selection procedures. However, only the evidence from our case studies can shed further light on this crucial aspect as it was impossible to gather information on this issue for all Strand A programmes.

The variable significance of "joint projects" in the project-portfolio

Improving the intensity of project-level co-operation was one of the explicit expectations of the INTERREG III Guidelines to overcome shortcomings observed during the INTERREG IIA period (i.e. existence of "one-sided projects and difficulties in establishing joint cross-border projects). The Guidelines did not contain a clear definition of 'joint projects'. Our analysis has therefore

²⁸ Missing data for the programmes Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy and Greece-Turkey.

examined the significance of joint projects within the overall project portfolio of Strand-A programmes on the basis of the definition applied for the period 2007-2013.²⁹

Only 39 out of the 57 examined Strand-A programmes indicated a share of truly joint cross-border projects among all approved projects higher than 90% (36 programmes indicate a share of 100%). The aggregated data also show that these programmes are usually those having acquired a high level of co-operation experience and maturity which favoured the strategic programme partners being sufficiently aware of and committed to joint projects. This is confirmed by the evidence from the case study programmes belonging to this group (i.e. *PAMINA*, *Vlaanderen-Nederland*, *Øresund*, *Alpenrhein-Bodensee-Hochrhein*, *Latvia-Lithuania-Belarus*, *Ireland-Northern Ireland*).

These programmes had from the outset defined a larger number of joint and demanding selection criteria which aimed to clearly verify the cross-border nature and effects of projects (see: **Box 2.13**). The criteria were rigorously applied. The pre-assessment of submitted proposals was normally done by the JTS which was in most cases a cross-border body (*PAMINA*, *Ireland-Northern Ireland*, *Øresund*, *Vlaanderen-Nederland*) or a single administration working together with other contact points (*Alpenrhein-Bodensee-Hochrhein*). Once the pre-assessment was finalised, the Steering Committee took the ultimate decision on the approval or rejection of an application. The overall performance of these processes was mostly smooth and time-efficient (*Alpenrhein-Bodensee-Hochrhein*, *Øresund*), but in some cases also cumbersome and lengthy (*PAMINA*, *Ireland-Northern Ireland*).

Box 2.13: Selection criteria for joint projects – the example of PAMINA

The **PAMINA programme** defined a large number of eligibility and content-related selection criteria. Two of those explicitly required that a project had

- to be jointly planned, financed and implemented from partners on both sides of the border,
- to be additional, i.e. creating something new going beyond the currently practised co-operation.

The other 18 programmes examined reached a share of joint projects in their project portfolio which was sometimes slightly below the Strand-A average,³⁰ but most often significantly below the average (61% to only 3%). With the exception of *France-Suisse* and *Italy-Austria*, all other programmes covered "old" external or persisting external borders and new internal EU-borders.³¹ In case of the latter, several only allocated a small proportion of their total programme funding to joint projects (< 50% of ERDF & national funding).³² An extreme case was *Italy-Slovenia* where the proportion of joint projects and the share of funding allocated to such projects was among the lowest of all Strand-A programmes (6% and 11% respectively).

Evidence from several case study programmes covering external borders and new internal EU-borders shows that a combination of various aspects often had a negative effect (e.g. complex funding conditions prevailing at external borders; very recent co-operation tradition; lacking awareness about the utility of common actions). At the same time, however, the case study evidence also indicates that the poor quality of project appraisal and selection procedures played a major role. Some procedures were joint but formal in just checking the basic eligibility and

²⁹ Joint cross-border projects are those which fully meet at least three out of the following four conditions: (1) A joint development of the project from the outset, (2) a joint staffing of the project, (3) a joint financing of the entire project and (4) a joint implementation of the envisaged project activities.

³⁰ e.g. Saxony-Poland, Slovakia-Czech Republic, France-Suisse, South-East Finland have shares between 81-82% (Strand-A average: 86%).

³¹ Slovakia-Czech Republic, Saxony-Poland, South-East Finland, Poland-Ukraine-Belarus, Lithuania-Poland-Russia, Czech Republic-Poland, Hungary-Slovakia-Ukraine, Slovenia-Hungary-Croatia, Spain-Morocco, Brandenburg-Lubuskie, Finland-Estonia, Karelia, Hungary-Romania-Serbia & Montenegro, Poland-Slovakia, Italy-Slovenia, Saxony-Czech Republic

³² i.e. Poland-Ukraine-Belarus, Hungary-Slovakia-Ukraine, Spain-Morocco, Poland-Slovakia, Saxony-Poland, Hungary-Romania-Serbia & Montenegro, Italy-Slovenia, Saxony-Czech Republic.

thematic adequacy of the applications submitted (*Finland-Estonia, Italia-Slovenia*), while others were largely separate as project applications had to be submitted to different administrations on either side of the border (e.g. *Czech-Republic-Poland*).

The *Karelia* programme demonstrates, however, that even in a generally difficult context a strong commitment to promoting genuine cross-border co-operation in the project selection process could be beneficial (see: **Box 2.14**). Here, the moderate share of joint projects (19%) accounted for 84% of the total project cost of all projects approved under the programme.

Box 2.14: Selection criteria for projects – the example of the Karelia programme

The **Karelia programme** applied centralised ENPI-proceedings for project selection. The programme contained a larger number of criteria assessing the level of cross-border co-operation achieved by a project. They checked the

- project's influence on both sides of the border (visibility of cross-border co-operation in planning, preparation and implementation of the project),
- cross-border nature of the partnership and the level of partner commitment to the project (i.e. in terms of own funding),
- manifestation of project benefits on both sides of the border,
- project's contribution to develop co-operation/connections between both countries,
- co-operation related innovativeness of the project and finally the project's impacts on increasing the know-how of co-operation partners and/or of other parties.

Although not directly involved in the approval process of projects, the Euregio Karelia could make recommendations regarding the projects to be financed.

The variable degree of sophistication & experimentation at project-level

The depth of project-level co-operation under Strand-A was examined by taking a closer look at the overall level of sophistication and experimentation of the approved operations. It was considered 'high' if projects combined a cross-border exchange of experience, the joint development of strategies and instruments as well as an application of those strategies / instruments in a joint or individual manner.

Among the 57 programmes which were assessed in this way, only 20 programmes show a share of sophisticated/experimental projects in their overall project portfolio which was above 50%. With the others, the shares ranged between 10-50% (11 programmes) or were below 10% (26 programmes). The highest shares of sophisticated and experimental projects (70-100%) were achieved by the more experienced and mature programmes covering internal EU-borders.³³ Their programme strategies often also addressed a range of new or complex issues which required a high degree of sophistication and experimentation at project level. Examples included the development of cross-border business zones, the setting-up of cross-border clusters in R&D/innovation, the establishment of cross-border healthcare and rescue services or joint police-co-operation and the establishment of cross-border social integration schemes or new models for cross-border governance (i.e. cross-border citizenship & democracy, etc).

The case study evidence shows that Strand A programmes encouraged such processes. For example *Alpenrhein-Bodensee-Hochrhein* put a lot of emphasis on experimentation across the strategy. Sophistication and experimentation within projects was enhanced through a pro-active management of a programme's project portfolio. This meant that the strategic programme

³³ i.e. Belgium-France-Luxembourg, Germany-Luxembourg-Belgium, France-Wallonie-Flandre, Espagne-France, S-FIN-N-RUS – Nord, Sonderjylland-North Schleswig, Euregio Maas-Rhein, Germany-Netherlands, Oberrhein-Mitte-Sud, Oresund, Sweden-Norway, PAMINA, Saarland-Moselle-Westpfalz, Alpenrhein-Bodensee-Hochrhein.

partners achieved a deliberate and anticipatory steering of bottom-up demand by applying different approaches (see: **Box 2.15**).

Box 2.15: Pro-active management of the project portfolio – case study evidence

In **Alpenrhein-Bodensee-Hochrhein**, project selection was from the outset based upon an approach which strictly favoured a high quality of contents and which gave preference to experimental and innovative projects, avoiding any replication of activities already existing in the region.

During the second half of the programme, the JTS of the **PAMINA programme** systematically assessed on an ex-ante basis the potential of emerging project initiatives and new applications submitted. The motive was to initiate competition among applicants for decreasing ERDF-funds and through this to stimulate a submission of qualitatively more sophisticated applications.

The **Øresund programme** adopted small-scale “start-up projects”, which allowed a targeted steering and gradual widening of the main project portfolio. These projects made it possible for less experienced project partnerships to seek for / test new ways of co-operating and in case of success or demonstrated further opportunities to submit a follow-up application.

In other cases, the low overall degree of sophistication and experimentation can be explained by the fact that programmes were strongly focussed on producing tangible results and generally favoured the approval of projects bearing little risk for their successful completion. This was confirmed by most of the case study programmes which show low project-level experimentation (*Ireland-Northern Ireland, Poland-Czech Republic, Spain-Portugal*). Here, the focus on physical infrastructure (e.g. transport and communication, environment) or “traditional” interventions such as tourism development did not involve much experimentation. This observation holds also true for many external border programmes where, in addition, the negative effects resulting from the necessary combination of different EU-funding schemes were often important factors further reinforcing this trend (*Latvia-Lithuania-Belarus, Finland-Estonia, Italia-Slovenia, Karelia, Austria-Slovakia*).

2.3.3 Complementarity & co-ordination with other Structural Funds programmes

Although Strand-A programmes were often relatively small in their territorial size compared with programmes implemented under the other INTERREG III-Strands, they frequently covered in part or total by Structural Funds mainstream programmes (Objective 1-3) and other Community Initiative programmes (i.e. LEADER, EQUAL, URBAN, other INTERREG III programmes) as well as by country-specific development programmes or funding schemes.

The INTERREG III Guidelines required Strand-A programmes to be complementary with these other programmes and effectively co-ordinated with the Community’s external policy instruments (PHARE, ISPA, TACIS, MEDA, CARDS, EDF etc.). Our case study evidence confirms that the reviewed programmes generally complied with the regulatory provisions set out for the period 2000-2006 (i.e. the EC-regulations 1260/1999, 438/2000, 1783/1999 and the INTERREG Communications from 2000 and 2004). Ensuring external coherence of Strand-A programmes with other EU-interventions intervening in the eligible areas was not, however, only a matter of including the appropriate provisions in the programme document. To be effective, an on-going activity needed to be developed throughout the lifetime of a programme. This presupposed that in particular the programme-level actors involved in the management process were sufficiently aware of this necessity. Our case studies highlight that among the examined Strand-A programmes considerable differences, however, existed in this respect.

Ensuring external coherence in a “pro-active” manner

Many of the INTERREG IIIA programmes adopted a pro-active approach to ensure their external coherence with Structural Funds mainstream programmes / other EU-interventions and with

neighbouring INTERREG IIIA programmes (i.e. *Ireland-Northern Ireland, PAMINA, Finland-Estonia, Alpenrhein-Bodensee-Hochrhein, Vlaanderen-Nederland, Karelia, Spain-Portugal, Lithuania-Latvia-Belarus, Øresund*). Issues related to co-ordination, complementarity and synergy were developed through references in these Strand-A programme documents and also actively maintained and deepened during the subsequent implementation process. In relation to the mainstream programmes, this was mostly done by making sure double-funding was avoided and establishing regular inter-personal contacts among key stakeholders from the MAs/MCs of different programmes, but also through the development of comprehensive co-ordination mechanisms and synchronised assessment of mainstream and INTERREG applications (e.g. *Finland-Estonia*).

In relation to other neighbouring INTERREG IIIA programmes, co-operation and co-ordination was also intensive in most cases (*Alpenrhein-Bodensee-Hochrhein, Finland-Estonia, Karelia, PAMINA, Lithuania-Latvia-Belarus*). Programmes achieved this frequently as a result of the fact that similar persons were sitting on various MCs/SCs of INTERREG programmes and through specific actions taken by JTSs (e.g. ad-hoc co-operation and/or regular meetings among various JTS). In one case, a comprehensive cross-programme co-operation and co-ordinated agreement was concluded between the respective MCs (*PAMINA*).

Ensuring external coherence in a "passive" way

Other programmes found it difficult to ensure their external coherence and with soundly co-ordinating their interventions in relation to those of other Structural Funds programmes (*Austria-Slovakia, Czech Republic-Poland, Italy-Slovenia*). Although the programming documents contained in all cases chapters relating to the issue of external coherence, in practice little if any emphasis was given to a more pro-active approach.

In *Italy-Slovenia*, for example, there was no interaction or co-ordination at all with other INTERREG programmes or other EU initiatives. For *Czech Republic-Poland*, on-going co-ordination between INTERREG and other national mainstream programmes was a critical issue. Here, INTERREG funding was in many cases the only chance for project applicants to obtain EU funding if they did not succeed under other support schemes (e.g. Objective 1). In the case of such "converted" projects, real co-operation between partners from both sides of the border or the generation of cross-border effects did most often not exist.

For the programme *Austria-Slovakia*, however, this general observation is only partly valid. A clear commitment to pro-actively searching for policy co-ordination, complementarity and synergy with other programmes could be observed on the Austrian side,³⁴ but not in Slovakia. Also here, a large number of one-sided projects were implemented which did not lead to real cross-border co-operation.

A provisional conclusion: More exchange would have been desirable!

The case study evidence shows that a more generalised mutual exchange between Strand-A programmes and those of the Structural Funds mainstream and a transfer of knowledge/good practices with respect to territorial development should have taken place during the period 2000-2006. This was, however, neither an explicit expectation for nor an objective of the INTERREG IIIA programmes.

The absence of such an exchange especially with mainstream programmes intervening in the cross-border areas is regrettable as the multi-topical approach adopted by Strand-A programmes for territorial development is quite similar to the intervention logic of some Objective 1 and Objective 2 programmes. This is shown in a number of case studies where one-sided development projects not involving any kind of co-operation were implemented (e.g. *Austria-Slovakia, Italy-Slovenia, Czech Republic-Poland*) or where unsuccessful mainstream project applications were

³⁴ In Austria, there has been a well-organised consultation process at Länder level where every project application - regardless the kind of policy intervention - was subject to a closely co-ordinated consultation process at different levels, which also included preparatory meetings of administrative stakeholders prior to every meeting of the different monitoring committees (INTERREG, Objective 1, 2 and 3, LEADER, EAGGF etc.).

“converted” into cross-border project applications in order to finally receive Community funding (e.g. *Spain-Portugal, Czech Republic-Poland*).

Bearing this in mind, it can therefore be concluded that Strand-A programmes should have made more use of the thematic and conceptual framework set out by Strand C of the INTERREG III Community Initiative (see: Chapter 4). The interregional co-operation topics would have offered good opportunities for thematic exchanges with parallel mainstream interventions. A possible outcome of such an exchange could have been the elaboration of “policy co-ordination schemes” to bundle or better focus the respective interventions in a complementary manner to maximise synergies and territorial development effects.

2.3.4 Leverage effects generated by EU-funded cross-border co-operation

The leverage effects generated by cross-border co-operation under INTERREG IIIA programmes were basically twofold: financial leverage effects as regards the mobilisation of private capital and soft leverage effects in terms of actor mobilisation and an improved socio-cultural understanding.

Direct & indirect financial leverage effects

The aggregated budget figures on the total Strand-A expenditure show that approximately € 6.232 billion of public funding (ERDF and national) leveraged around € 236 million of private funding, which represented approximately 3.8% of the public Strand-A expenditure.³⁵ A review of the direct mobilisation effects achieved by individual programmes reveals that especially some of the smaller and medium-sized programmes covering certain borders in the larger Alpine space and Western Europe were most successful in this respect. Good examples with shares above 10% are programmes such as *Italy-Switzerland* (37.7%), *Austria-Bavaria* (17%), *Austria-Hungary* (14.7%), *Vlaanderen-Nederland* (14.4%), *Alpenrhein-Bodensee-Hochrhein* (13.7%), *France-Switzerland* (11%) and *Euregio-Maas-Rhein* (10.7%). The financially larger Strand-A programmes were less successful in this respect, most often because they focussed the bulk of their interventions on establishing physical infrastructures. The largest INTERREG IIIA programme *Spain-Portugal*, with a total € 1098.5 million of public funding (ERDF & national), attracted only € 100,000 of private match funding. This represents only 6% of the private sector funding which was mobilised by the small *PAMINA* programme (i.e. € 1.68 million).

Soft leverage effects

The evaluation evidence confirms that cross-border co-operation generated significant soft leverage effects in terms of mobilisation and socio-cultural understanding. These soft leverage effects were particularly important in Strand-A programmes which had a high share of joint co-operation projects and sophisticated projects which involved intensive exchanges and experimentation. For programmes implementing a larger number of one-sided projects not involving co-operation or traditional activities such as infrastructure projects not leading to intense topical exchanges, the significance of soft leverage effects was comparatively low.

The approved cross-border projects involved a very high number of public/public-equivalent, private sector and also non-governmental partners. This established an increasingly dense inter-organisational and inter-personal co-operation culture in the cross-border areas. The direct working relationships between project partners also favoured a better inter-cultural and cross-sector understanding.

For many of the projects reviewed in depth, strategic and project-level co-operation increased the level of internationalisation within public administrations / organisations. This helped remove or at least reduce barriers for further intensification and deepening of cross-border administrative relations in the future. Another noteworthy factor was the often strong mobilisation of the wider civil society in the concerned programme areas. Direct involvement of citizens and in particular of

³⁵ Halfway through 2008, on average 18% of the total budget for Strand A programmes was still not spent (23% of the ERDF budget, 8% of the national budget and 31% of the private funding).

young people was achieved through micro-projects enhancing cross-border people-to-people relations or exchanges in issues of a day-to-day relevance (i.e. sports, culture, school-exchanges). Inter-personal contacts at grassroots-level helped to remove existing prejudices and furthered inter-cultural understanding and learning at the level of individuals.

The large number of Strand-A programmes (i.e. 31) directly involving private sector funding indicates that the mobilisation of private sector actors in the context of cross-border co-operation was also significant. This was to some extent a pre-requisite for success if programmes were to stimulate economic development and the integration of their co-operation areas. The case study evidence supports that most of the 60 reviewed projects directly or indirectly involved actors from the private sector, especially those developing cross-border business links and establishing clusters in fields of R&D/innovation. Private sector involvement was not limited to economic development themes, as demonstrated well by the *PAMINA* programme. Here, around 39% of the final private match funding of the programme was mobilized under the priorities "protection & utilisation of natural resources" and "socio-cultural integration".

2.3.5 The added value of EU-funded cross-border co-operation

The Community added value of Strand-A lay in having provided an additional source of funding which allowed many projects and sometimes also more strategic cross-border initiatives to be supported which would in most cases not have been implemented otherwise, at least with respect to the same timing, scope and depth. Strand-A supported further widening and deepening of the cross-border co-operation which already existed before the start of INTERREG III, but it also helped to progressively develop co-operation along borders where such activities had been recent in nature or did not yet exist.³⁶ The added value generated was evident in a political-institutional, socio-economic and socio-cultural dimension. The evidence from the case study programmes suggests that the added value was more wide-ranging in the case of the experienced and mature Strand-A programmes, whereas in the case of the less experienced ones this was less so.

A wider added value under experienced & mature programmes

In the programmes with a longer history of co-operation or a well-developed maturity, support from INTERREG III was decisive in generating a strong socio-cultural and often also a socio-economic added value (esp. *Vlaanderen-Nederland, Øresund, Alpenrhein-Bodensee-Hochrhein, PAMINA, Ireland-Northern Ireland* and to a certain extent also *Spain-Portugal*). Socio-cultural and socio-economic added value was generated by the support to a variety of activities "bridging" border obstacles resulting from cultural (linguistic) and regulatory differences. This helped to further develop cross-border economic relations or market transparency and improved the daily life of individual citizens. The smaller programmes more frequently experimented in tackling particularly complex issues or challenging problems (e.g. cross-border healthcare, cross-border emergency services and police co-operation). These programmes thus played a kind of "pioneering role" for cross-border co-operation in general, which opened up perspectives for transferring experiences and knowledge to other cross-border areas where programmes did not yet address such issues due to their strong focus on physical development.³⁷

Political-institutional added value was generated as INTERREG funding helped to further develop an already existing cross-border problem-solving capacity by establishing new or deepening already existing networks and by strengthening permanent cross-border-structures in the context of the programme implementation process (where they did exist).

³⁶ The survey addressed Strand-A programme managers and shows the following result: The majority of the programmes believed that they had a high impact (57%) or even a very high impact (30%) on strengthening the co-operation culture between relevant stakeholders in their area. The other programmes perceived some impact (*Italy-Slovenia, Poland-Slovakia, Poland-Ukraine-Belarus, PAMINA, Estonia-Latvia-Russia, Latvia-Lithuania-Belarus*) or only a small impact (*Finland-Estonia*).

³⁷ Such exchanges among cross-border programmes have been supported by Strand C of INTERREG III and were also carried out by many cross-border areas outside the framework of INTERREG on ground of existing bi-lateral partnerships with other cross-border areas in Europe (esp. in Central & Eastern Europe).

Significant progress towards stronger institutional and political integration of the cross-border area was only observed in a few of the case study programmes (*Ireland-Northern Ireland, PAMINA*). In *Ireland-Northern Ireland*, INTERREG III made it possible to move away from the top-down programme management approach which was dominant under previous funding periods by establishing bottom-up partnerships and building up awareness of subsidiarity and partnership issues among administrative structures. In the *PAMINA* programme, the bottom-up driven establishment of a durable cross-border body with its own legal personality based on public law (REGIO PAMINA GLCT) considerably changed the regional and local-level political and administrative processes on both sides of the border. Co-operation became legally and politically binding as joint decisions adopted within the established decision-making structures were either directly implemented by the (joint) administration of the cross-border body or by the GLCT-members individually. This initiative also intends to create an alternative political model for cross-border governance in Europe ("Eurodistricts")³⁸ which differs from the widely known "Euroregions-model" (or Euregio-model).

A more focussed added value under less experienced & mature programmes

The programmes covering external borders and new internal borders (i.e. *Austria-Slovakia, Czech Republic-Poland, Italy-Slovenia, Karelia, Latvia-Lithuania-Belarus, Finland-Estonia*) were in general characterised by a less-developed maturity or a more recent history of co-operation. Here, INTERREG III generated a noticeable socio-cultural added value whereas the wider socio-economic and political-institutional added value was limited. INTERREG III support often generated a visible socio-cultural added value which would not have emerged without Community funding or only much later. Cultural projects and in particular the many micro-projects supporting people-to-people activities made a strong contribution. They increase the mutual knowledge/awareness about shared historical roots and cultural assets or favoured direct interpersonal contacts which helped both sides get to know each other and build up mutual trust (e.g. *Czech Republic-Poland, Austria-Slovakia, Latvia-Lithuania-Belarus*). The increased direct exchanges of project-level actors from both sides of a border and the inter-cultural learning processes taking place within the few joint projects implemented have made a contribution (e.g. *Karelia, Czech Republic-Poland, Latvia-Lithuania-Belarus*).

The socio-economic added value generated by INTERREG III support was relatively small. It consisted mainly in the mobilisation of national/regional financial resources for implementing specific and often one-sided development initiatives. Substantial improvements in the field of cross-border business-development and cross-border labour market development cannot be observed. This was either due to the fact that such projects were rare (e.g. *Czech Republic-Poland*) or because they were spread over relatively a large co-operation area (e.g. *Latvia-Lithuania-Belarus*). The emergence of a wider socio-economic added value was also hampered by the existence of legal/administrative barriers³⁹ which were more substantial if compared to the internal EU-borders and a poor knowledge of the opportunities or a lack of necessary language skills (*Italy-Slovenia*). Noticeable achievements could only be observed in the field of cross-border tourism development (*Czech Republic-Poland, Karelia*).

Considered from a more strategic viewpoint, the wider political-institutional added value generated by INTERREG III support was weak during the period 2000-2006. Existing cross-border structures were only in a few cases directly linked to strategic programme-level processes (*Karelia*: informal consideration of project applications; *Czech Republic-Poland*: management of small project funds).

In other cases, a direct involvement did not take place due to the overly complex Community-level funding schemes (i.e. INTERREG III / PHARE-CBC) or because an establishment of cross-border structures had only started very recently (*Latvia-Lithuania-Belarus*). INTERREG III support had, however, created in most cases at least a broader awareness of cross-border co-operation

³⁸ Eurodistricts understand themselves as a specific model of cross-border governance which has a more localised focus. The aim of Eurodistricts is in particular to put into place more binding forms of cross-border co-operation at local level (i.e. stronger integration of cross-border decision-making & implementation processes) and to ensure that cross-border co-operation is closer to the citizens.

³⁹ e.g. restricted labour market access, acknowledgement of degrees, specific job profiles etc.

both as an opportunity and as a joint (political) responsibility. It sometimes also contributed to increase the visibility of / awareness about Community policies and principles (*Italy-Slovenia*) and helped to overcome domestic institutional inertia and at a certain extent also administrative and institutional barriers in the bilateral co-operation (*Austria-Slovakia*).

At project-level, however, INTERREG III across all these programmes contributed significantly to the establishment of cross-border networks and long-term partnership frameworks. These networks constituted together with the existing but often still weak cross-border structures an embryonic starting point for building up a more joint and durable problem-solving capacity in the future.

2.4 A typology of Strand-A programmes

The present evaluation has made an attempt to develop an overall picture of Strand-A programmes at the end of the funding period 2000-2006. For this purpose, we have refined the typology of Strand-A programmes which was originally set out during previous steps of the evaluation (see: **Annex 3**). This typology was established through a cluster analysis which related data describing the specific context of the eligible areas to data describing main features of the overall programme implementation process of Strand-A programmes (i.e. level of concentration on priority topics; effectiveness and efficiency of programmes; overall depth and intensity of co-operation achieved).

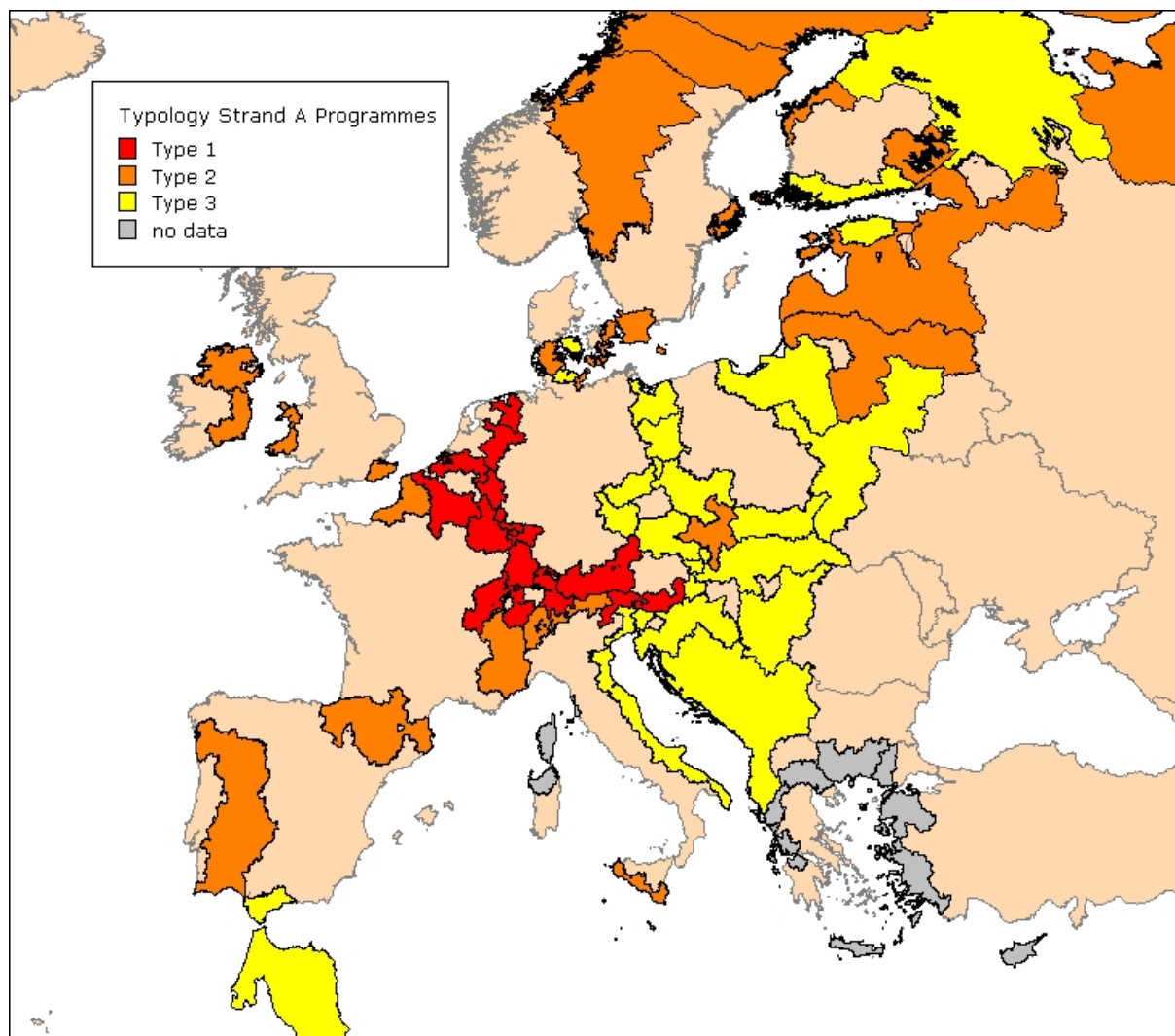
In the statistical processing of data it appeared, however, that the "context indicators" were the most important variables which determined the allocation of programmes to the respective clusters. The typology is therefore rather a grouping of programmes with shared similarities and not an overall "performance ranking". The aggregated Strand-A typology covers the 57 INTERREG IIIA programmes for which a satisfactory level of data was available⁴⁰ and allocates them to three main groups (types) which are now briefly presented below (see: **Map 2.2**).

- **Programmes making progress towards cross-border integration (Type 1):** This group of 15 programmes covered cross-border areas characterised by favourable framework conditions and implemented either unfocussed or focussed intervention strategies. The levels of concentration of ERDF-support on a limited number of "priority topics" were mostly medium-low (10 programmes), but sometimes also high (i.e. *Italy-Austria; PAMINA; Germany-Luxembourg-Belgium; Saarland-Moselle-Westpfalz; France-Wallonie-Flandre*). By the end of the period 2000-2006, these programmes had achieved an overall level of depth and intensity of co-operation which was partly very high or high (*Germany-Netherlands* very high and 7 other programmes high) and partly also medium (7 programmes).
- **Programmes that were candidates for cross-border integration (Type 2):** This group of 19 programmes covered cross-border areas characterised by less favourable framework conditions at the outset of INTERREG and implemented either unfocussed or focussed intervention strategies. The level of concentration of ERDF-support on a limited number of "priority topics" was partly high (9 programmes) and in the other cases medium (3 programmes) or low (7 programmes). At the end of the period 2000-2006, the programmes had achieved an overall depth and intensity of co-operation which was either very high/high (*Sonderjylland-North Schleswig* very high and 8 other programmes high) or medium (9 programmes) and only in one case relatively low (*South-East Finland*).
- **Programmes working hard for cross-border integration (Type 3):** This group of 23 programmes covered cross-border areas characterised by unfavourable framework conditions at the outset of INTERREG and implemented either unfocussed or focussed intervention strategies.

⁴⁰ The cluster analysis had to exclude 7 Strand-A programmes for which sufficient data were not available / provided (i.e. *Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy and Greece-Turkey*).

The level of concentration of ERDF-support on a limited number of "priority topics" was either high (13 programmes) or medium-low (11 programmes). At the end of the period 2000-2006, the programmes had achieved an overall depth and intensity of co-operation which was in general medium-low and only in one case high (*Bavaria-Czech Republic*).

Map 2.2: Typology of Strand-A programmes



3 The overall impact of “Strand B”

3.1 Initial policy expectations of the INTERREG III Guidelines

Transnational co-operation between national, regional and local authorities was expected to promote a higher degree of territorial integration across large groupings of European regions, with a view to achieving sustainable, harmonious and balanced development in the Community and better territorial integration with candidate and other neighbouring countries. The original policy expectations set out in the Guidelines in relation to both territorial development and co-operation are used in the following sections as a baseline orientation for concluding on the overall impact achieved by Strand B.

Territorial development objectives

Transnational co-operation during the period 2000-2006 should have built on the experience of INTERREG IIC (1997-1999) and taken into account Community policy priorities as well as the policy recommendations for territorial development of the “European Spatial Development Perspective” (ESDP). The Guidelines set out a list of “priority topics” for measures by which Strand B was expected to contribute to economic and social integration and to the development of the co-operation areas concerned (see: **Box 3.1**). These topics had been sufficiently broadly-defined to allow for an adaptation to the particular circumstances of the different transnational co-operation areas. Given the vastness of the territories involved and the limited financial resources available, future programmes were requested to focus on a limited number of these topics to avoid a dispersal of efforts.

Emphasis was also placed on promoting an integrated territorial approach that responded to common problems and opportunities and would lead to genuine benefits for the transnational areas. The operations to be selected were expected to demonstrate concrete, visible and innovative results, while infrastructure investments were only eligible if they demonstrated a transnational impact or dealt with problems related to water resources management caused by flooding or drought.

Box 3.1: Strand-B priority topics

- (1) Spatial development strategies including co-operation among cities and between rural and urban areas with a view to promoting polycentric and sustainable development
- (2) Development of efficient and sustainable transport systems and improved access to information society.
- (3) Promotion of the environment and good management cultural heritage and of natural resources, in particular water resources.
- (4) Specific priorities
 - Promotion of integrated co-operation of maritime regions and of insular regions. The co-operation may include bilateral co-operation actions.
 - Promotion of integrated co-operation of ultra-peripheral regions.
 - Neighbourhood Programme priority topics.

Co-operation objectives

Strand B was also expected to upgrade the quality and intensity of transnational co-operation during the 2000-2006 programming period. A "significant advance" should be achieved on the previous but relatively short INTERREG IIC funding period (1997-1999) which allowed the acquisition of experience regarding co-operation over larger transnational territories, however with a variable extent of co-operation.

To achieve this, transnational co-operation had to follow the same horizontal principles as applied to Strand A (i.e. development of a joint transnational strategy; development of a wide partnership and a "bottom up" approach; ensuring complementarity with the "mainstream" Structural Funds interventions; improvement in the coordination and integration of measures and operations which benefited from Community assistance; ensuring effective co-ordination between INTERREG III and external Community policy instruments especially taking account of EU enlargement).

The implementation of Strand-B on the basis of these principles would also require the establishment of transnational partnerships and the creation or development of truly joint structures for an implementation of the co-operation programmes. Transnational partnerships were expected to cover a wide range of tasks throughout the programme lifecycle such as the preparation of the programmes and the selection of projects as well as the overall management, co-ordination and monitoring of Strand B programme implementation.

For the introduction and operation of joint programme structures, the partners had to state the precise conditions, arrangements and resources whose operational costs could be financed by the programmes. In establishing joint structures with a sufficient legal capacity (i.e. an own legal personality), the competent authorities were also recommended to consider whether it would be possible to establish "European Economic Interest Groupings" (EEIGs) on the basis of the EC-Regulation 2137/85.

3.2 The impact on promoting territorial integration of transnational co-operation areas

This section examines to what extent Strand-B was able to promote the territorial integration of transnational co-operation areas and thus to meet the policy expectations of the INTERREG III Guidelines. Against this background, the general context and intervention rationale of Strand-B programmes as well as the thematic focus and significance of the aggregated Strand-B outcome is assessed (3.2.1). The various effects resulting from Strand-B interventions and the impact generated by those within the respective programme areas are then explored by making use of the case study evidence (3.2.2 and 3.2.3).

3.2.1 General context, intervention rationale and overall outcome of Strand-B programmes

The thirteen INTERREG IIIB programmes covered vast co-operation areas which were heterogeneous with respect to their main geographical and socio-economic features. The diversity of the co-operation areas can be illustrated by examining their overall levels of "potential multimodal accessibility" and their "pattern of urban-rural relations" (see: **Annex 8**). The combination of both features allows three main programme groups to be identified:

- Programmes covering the central zones located in the continental area of the EU 27 Member States (*North West Europe, Alpine Space, North Sea, Cadses*). Their overall level of multimodal accessibility was either very high or high level and their pattern of urban-rural relations was rather uniform (i.e. an above-European average population density, existence of many Metropolitan European Growth Areas, above-European average share of artificial and agricultural surfaces).

- Programmes covering the more peripheral zones located on the continental part of the EU 27 Member States, (*Baltic Sea, Western Mediterranean, South West Europe, Northern Periphery*). Their overall level of multimodal accessibility was either medium or low and their pattern of urban-rural relations was variable (i.e. equal or below-European average population density; existence of a few Metropolitan European Growth Areas; very different combinations of land use).
- Programmes covering either peripheral and continental zones (*Espace Atlantique, Archimed*) or ultra-peripheral and non-continental zones of the EU27 (*Indian Ocean-Reunion, Caribbean; Canarias-Madeira-Acores*). Their overall level of multimodal accessibility was mostly low and only in one case at a medium level (*Espace Atlantique*), but their overall pattern of urban-rural relations was rather uniform (equal or below-European average population density; existence of only a few or no Metropolitan European Growth Areas; relatively similar combinations of land use).

Each of these large transnational areas was also characterised by highly diverse context settings and territorial problems/challenges which conditioned co-operation and also the thematic focus of the programme strategies for the period 2000-2006.

Potentials of & limitations for transnational co-operation

Transnational co-operation had an important role to play in furthering the integration and socio-economic development of the Strand B programme areas. The extent to which this could be achieved was conditioned by the very nature of this type of co-operation and in particular by how co-operation addressed and tackled the related issues in a given programme area.

Due to the vastness of the programme areas, transnational co-operation implied a spatially more distant interaction (if compared to cross-border co-operation), especially at the project level which was similar to inter-regional co-operation. The widely accepted definition of "transnationality" also implied that co-operation was predominantly multilateral and thus involved at least three but most often even more areas and partners (an exception under INTERREG IIIB was the possibility of bilateral co-operation between maritime and insular regions).

Transnational co-operation programmes could thus initiate wide-ranging operations which addressed and tackled: (1) issues for which a common interest existed among the partners; and (2) issues which were of a transnational importance. Both perspectives were relevant under Strand B, but the potential for co-operation to achieve more strategic outcomes were different under each of them.

- "Common issues" are aspects of more local, regional or national relevance in relation to which co-operation allowed the stakeholders to achieve an exchange of experience and knowledge or a transfer of know-how for furthering their own territorial development. Co-operation led only to a further integration and development of a transnational programme area if a wider transnational policy response in relation to a given problem or territorial development challenge was jointly designed and implemented (e.g. in an individual or joint manner).
- "Issues of transnational importance" were strategic problems or challenges which could by their very nature not be properly addressed and tackled without co-operation. They arose from macro-phenomena (e.g. climate change, Europeanisation and globalisation processes) or as the consequence of a functional cross-country interdependence between regions of a given transnational area. Tackling such issues through co-operative interventions launched by one or more countries/regions had a clear impact on the development in other countries/regions and thus directly furthered the integration and development of a transnational co-operation area (see: **Box 3.2**).

Bearing the territorial diversity and especially the significance of existing challenges/problems in mind, it becomes obvious that EU-funded transnational co-operation was not the only driver and domain of action by which an increased integration and development of the programme areas could be achieved during the period 2000-2006.

A limitation was the relatively modest financial means allocated to Strand-B as the total budget of all thirteen programmes was around € 2.368 billion (€ 1.368 billion of ERDF). But also the financial capacity of each programme was variable, ranging from € 656 million in the case of *North West Europe* to roughly € 6 million in the case of *Indian-Ocean-Reunion*. But also other Community-, national- and regional-level policies implemented in parallel to Strand-B interventions need to be considered as their territorial effects also considerably shaped the macro-economic, social and environmental situation of the concerned transnational areas.

Box 3.2: Tackling “issues of a transnational importance”

(1) Provision of an increased geographical scale for functional interactions to better cope with the Europanisation and globalisation process (e.g. clustering of R&D and business related activities, wider market access for enterprises to purchase and sell products & services, intensification of maritime transport and feeding services through increased short-sea shipping, agriculture & rural development etc.).

(2) The joint solving of transnational environmental problems and the enhancement/protection of the transnational natural / cultural heritage assets or the joint prevention of major risks & disasters (e.g. transnational water resource management or flooding prevention in transnational river basins, maritime safety).

(3) The joint preparation of major transnational infrastructure projects (e.g. consensus building, feasibility studies etc.) and the concretisation of small-scale infrastructure projects or services of a transnational significance to establish pre-conditions for a further development & integration of the transnational area (transport, telecom, water provision etc.).

(4) The joint and pro-active tackling of territorial effects resulting from EU-legislation (e.g. liberalisation of economic functions and transport services in the EU; environmental legislation).

(5) The joint development of a strategic knowledge base for territorial development, mainly through jointly elaborating informal and anticipatory transnational spatial development visions and/or similar concepts (e.g. integrative sector-specific schemes).

(6) The progressive development of a transnational problem solving capacity (e.g. through creating durable transnational networks/organisations between public/private stakeholders or through further developing already existing initiatives).

Programme strategies lacked focus when addressing Strand-B priority topics

Bearing these factors in mind, it is understandable that the Commission emphasised from the outset that Strand-B programmes should seek to focus on a limited number of “priority topics” in preparing their programme intervention strategies. However, the evaluation evidence shows that Strand-B programmes adopted broad intervention strategies (i.e. thematic priorities and measures; range of eligible actions), thus meaning that this policy expectation of the Guidelines was not fully met.

- The topics most relevant for an elaboration of Strand-B programme strategies were the “development of efficient and sustainable transport systems” and “the management of natural resources” (for respectively 82% and 73% of the programmes) as well as the “promotion of the environment” (for 55% percent of the programmes).
- The strategies adopted by the thirteen Strand-B programmes addressed either all four priority topics (i.e. *MEDOCC*, *Canarias-Madeira-Acores*, *Baltic Sea*, *North Sea*, *Espace Atlantique*, *Caribbean*, *Archimed*) or three of them (i.e. *South West Europe*, *Northern Periphery*, *Alpine Space*, *North West Europe*, *CADSES*, *Indian Ocean-Reunion*).

- The Strand-B programmes did not achieve a strong focus of their financial support to avoid a dispersal of efforts. Only the three programmes covering the non-continental and ultra-peripheral parts of the EU27 (*Caribbean, Indian Ocean-Reunion, Canarias-Madeira-Acores*) showed a high concentration of ERDF-support on a limited number of priority topics (between 75%-90%). The other Strand-B programmes covering the central or more peripheral and continental parts of the EU27 showed concentration levels ranging between 38% and 68%.

One reason potentially explaining this pattern was the highly diverse context of the continental co-operation areas which justified the adoption of broad strategies. But also more pragmatic operational considerations influenced the choice of the strategic programme partners, as they aimed to create a wide bottom-up demand (i.e. project applicants) for avoiding the risk of automatic de-commitment of funds due to the newly applied "N+2 rule".

These broad and demand-oriented strategies contrasted with a more focussed approach directing projects towards a limited set of objectives and were also problematic (see: **Box 3.3**). Although it remains an open question if focused strategies would have been a more suitable approach, two important and inter-related consequences of this situation need to be highlighted:

- The "bottom-up" demand-orientated approach to programme implementation strongly determined which issues would be addressed (and tackled) and to what extent the programme objectives would be achieved. The strategic programme partners could therefore only "steer" this external dynamic by defining and strictly applying a set of selective eligibility and content-related assessment criteria during the project appraisal and approval process.
- This lack of focus was also not conducive to achieving a clearly identifiable impact in the transnational programme areas with the limited financial resources allocated to Strand B of the INTERREG III Community Initiative.

Box 3.3: Problems associated to broad strategies – case study evidence

In the case of the **MEDOCC programme**, the definition of eligible activities under the various measures looked like some sort of "shopping list" which was framed by a high number of specific objectives (45 in all). Considering that a total of 136 projects were approved, this meant that in average three projects should have addressed each of these specific objectives in order to achieve a full coverage and also a result and impact at the level of the programme.

In case of the **Baltic Sea programme**, the mid term-evaluation concluded that the initially chosen strategy approach was unfocused and inefficient: Unfocused, because the strategy measures selected were mainly driven by national preferences and not systematically deduced from the SWOT-analysis and because the strategy framework allowed projects to develop in different directions without being necessarily aligned to exactly the same objective. Inefficient, because from the broad definition of objectives it was hard to deduce clear orientations on where the budget could be used most efficiently.

Programme strategies met the "bottom-up demand"

The evaluation evidence shows, however, that these broad programme strategies met in most cases the bottom-up demand. The difference between ERDF-expenditure and the initial priority-level funding-supply was across all priorities less than 25% in the majority of the Strand-B programmes. In the other cases, these variations were either slightly below 30% (*MEDOCC, CADSES*) or exceeded a level of 50%. (*Caribbean, Archimed*). The large majority of Strand-B programmes (77%) did not experience any difficulties in achieving their targets and only a few of them reported that they experienced some difficulties (*MEDOCC, Caribbean, CADSES*).

Factors which had a positive influence in this respect were mainly those relating to programme-internal aspects such as an inclusive approach to preparation of a programme, a relevant programme strategy and an effective and efficient joint programme management and implementation process.

A negative influence resulted from the general complexity of the Structural Funds regime and problems in combining different EU-funding schemes or complicated joint programme management structures and a poor performance of the programme management/implementation processes.

Thematic focus & significance of the Strand-B programme outcome

A comparison between the profiles of the total Strand B expenditure and of the overall average ratios for output/result/impact achievement at the level of the individual priority topics (see: **Figures 3.1 and 3.2**) provides a first indication of the thematic focus and significance of the aggregated outcome achieved by INTERREG IIIB programmes during the period 2000-2006.

The three priority topics which were most often addressed by the programmes in financial terms (topics 1-3) also showed the highest average ratios of output/result/impact achievement, whereas the specific priority promoting co-operation among maritime and insular regions (topic 4) remained in both perspectives at the lowest level.

Figure 3.1: Division of Strand-B expenditure amongst the priority topics

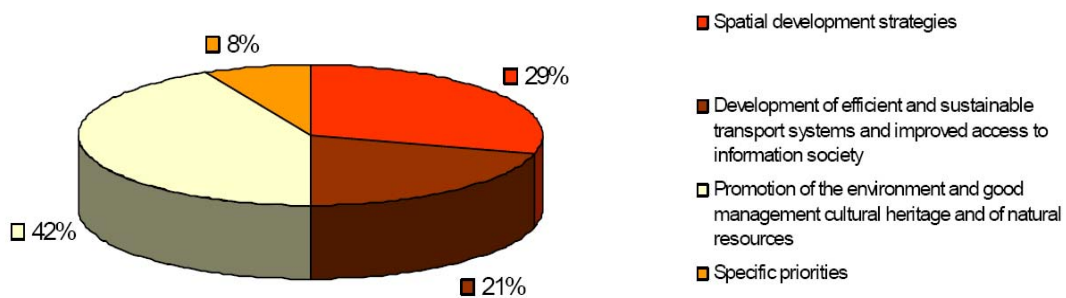
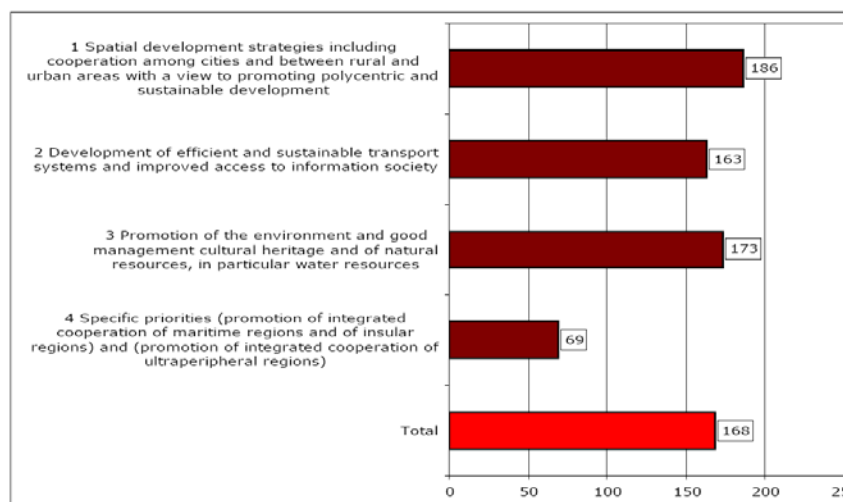


Figure 3.2: Average achievement ratios for the individual Strand-B priority topics



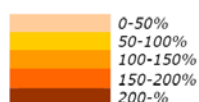
As in the case of Strand-A, the figures on the average achievement ratios do not represent sufficiently robust evidence leading to a general conclusion on the effectiveness and the overall impact achieved by Strand-B. The main reason is again the variable quality of the established programme monitoring systems and especially the often largely inappropriate definition of indicators and target values. This led to a large difference between the average achievement ratios of individual Strand-B programmes (45% - 321%) which is, however, slightly narrower than the difference that can be observed in case of Strand A. The variations between the individual monitoring indicators within the individual programmes were, however, as pronounced as under Strand A. In the most extreme cases (*North-West Europe, Canarias-Madeira-Acores*), they ranged from 0% to over 980% (see: **Table 3.1**).

The weaknesses of programme monitoring indicator systems and the low explanatory value in particular of the aggregated output/result/impact achievement ratios requires also in case of Strand B that the nature and scope of the effects and impacts associated with the immediate outcomes is more closely examined in the following sections by drawing upon the evidence from our case study programmes.

Table 3.1: Average achievement ratios of individual Strand-B programmes

Programme name	Average	Minimum	Maximum	N
French Ultra-peripheral regions	45	0	250	30
MEDOCC	64	0	400	161
Atlantic Area	72	0	233	37
Baltic Sea Region	111	0	510	14
South Western Europe	113	0	954	239
ARCHIMED	134	0	907	62
North Sea Region	171	0	962	39
CADSES	244	0	600	33
North West Europe	255	0	983	215
Azores/Madeira/Canarias	321	0	984	123
Total	168	0	984	956

Source: Calculations based on data from the latest Annual Reports 2007



3.2.2 Exploring effects of Strand-B interventions - case study evidence

The evidence from our in-depth analysis of case study programmes suggests that effects in terms of socio-economic change in transnational areas were mainly induced by the outcome of soft co-operation⁴¹ and only in exceptional cases also by physical investments. The observed effects resulted mainly from the tangible outcome of operations approved by Strand-B programmes (i.e. direct effects) and from the less tangible outcomes achieved by transnational co-operation in general (i.e. individual and organisational learning effects).

Direct effects on territorial development are now examined for a limited number of Community policy fields (i.e. environment, transport and innovation), while individual and organisational learning effects are assessed in more general terms at the end of this section.

⁴¹ By the term soft co-operation outcomes, we refer to a variety of non-physical but still tangible outcomes associated to the establishment of topical cross-border networks, information platforms or clusters, to the design or application of specific policy tools and new techniques or processes and to the joint elaboration of studies, policy concepts or development plans.

3.2.2.1 Environmental protection and a wise management of natural resources

The 13 Strand-B programmes devoted nearly € 1 billion of their total expenditure to promoting the environment and an effective management of cultural and natural resources. These issues were in general addressed and tackled through soft co-operation and only in a few cases also through more substantial physical investments.

Direct effects of soft co-operation outcomes

Especially in case of transnational areas with a terrestrial and maritime dimension, co-operation often addressed a very broad range of different issues due to the much more complex environmental characteristics. An example illustrating this extreme thematic diversity is the *Baltic Sea* programme where one of the five over-arching strategic programme objectives was to promote sustainable development in the whole Baltic Sea Region. Accordingly, sustainable development was integrated in all programme measures as a horizontal goal and during the assessment of project applications, the contribution to sustainable development was one of the criteria that had to be met in order to pass the quality check. Due to this transversal goal, a large number of projects were approved under the various programme priorities which addressed and tackled a variety of different issues (see: **Box 3.4**). The projects implemented produced a variety of outputs (e.g. workshops and seminars, studies and databases, policy papers and planning strategies) and some of them involved small-scale infrastructure investments.

Several projects also successfully integrated their outcomes into wider transnational policy processes existing in the Baltic Sea Region such as the intergovernmental "VASAB" co-operation ("Vision and Strategies around the Baltic Sea") or the Baltic 21 process as in case of the pilot initiative "BaltCoast" on Integrated Coastal Zone Management.

Box 3.4: Scope of issues addressed by projects of the Baltic Sea programme

The projects of the **Baltic Sea programme** focussed on a wide array of issues relating to sustainable development, environmental protection and a wise management of natural resources:

- Sustainable forest management ("BalicForest", "Advantge Hartwood").
- Comprehensive multi-sectoral planning for the sustainable management of river basins and fresh water resources ("Trabant", "Watersketch", "Bernet-Catch").
- Improved management of solid or hazardous waste ("Joccov", "BSR-HazControl") or of waste water (e.g. "Bernet").
- Energy management and the use of biomass for energy production (e.g. "ET-Bioenergy" "BBN", "BEEN", "MunEM", "EastWind", "BEE", "Escobalt", "BTN") and sustainable city management ("Matryoshka", "Matruschka", "Sustainment").
- Regional impacts of climate change ("Astra", "Seareg") or the management of natural or other man-caused/technical disasters (e.g. "Eurobaltic" & "Eurobaltic II").
- Integrated management of the Baltic Sea costal zones, a more sustainable use of the Baltic Sea's marine resources (e.g. "S-Man2000", "Balance" "CoastSust" "BaltCoast) and a tackling of marine pollution originating from off-shore/on-shore sources ("Baltic Master", "BSB", "Coastman", "BERAS").

Soft co-operation outcomes such as the development and application of environmental management tools or monitoring systems and the elaboration of planning schemes, studies and databases or the realisation of awareness raising campaigns generate direct effects (e.g. changes in policy making or in the behaviour of individuals) which contributed to a sustainable development of the concerned transnational co-operation areas.

A good example illustrating the above is the *MEDOCC* programme, where 46% of the 136 projects implemented were approved under priority 4 ("Valorisation of heritage & risk prevention").

- The projects focussing on the protection and management of natural and cultural heritage or the management of biodiversity and landscapes covered more than 1,000 protected areas in the programme zone and reached a population of nearly 2 million persons through targeted campaigns.
- Projects in the field of environment and a prevention/management of natural risks covered 380,000 protected areas and affected more than 1,100 communities through actions creating awareness of the issue at stake. Altogether 8 joint plans were developed by the projects for the prevention and management of natural risks while nearby 250 of the institutions/communities involved in the projects adopted the jointly-developed models and 21 of them also adopted joint procedures to evaluate natural risks.
- Projects addressing water management, drought and desertification in the Mediterranean regions were carried out on 20 sites and led to the development of 8 joint plans/concepts that were adopted by 27 of the concerned institutions/communities, while 26 among those have even adopted joint procedures for drought risk evaluation and combating desertification. Among those were the projects "MEDCYPRE" and "SADMO" which addressed particularly important problems of a transnational nature in the co-operation area (see: **Box 3.5**).

Another noteworthy direct effect was that transnational projects frequently contributed to making the implementation of EU-wide environmental legislation more effective at regional and local levels. In the case of the programme *North-West Europe*, for example, a recent survey carried out among the approved projects revealed that the projects have helped local/regional authorities in a substantial way to implement complex and environmentally focused EU-legislation⁴² or other European / international mechanisms (e.g. Natura 2000, Integrated Coastal Zone Management, International Ships and Port Facility Security Code) and to adapt them to their specific context.

Box 3.5: Combating de-forestation and desertification in the Mediterranean

The project "**MEDCYPRE**" enabled the EU partners and those of third countries to work together on emerging transnational problems in the Mediterranean (de-forestation, forest fires, aridity progression, soil protection) and on possible solutions to those through the introduction of genetically modified cypress trees. Beyond the direct outputs/results associated to mutual co-operation (improved scientific research activities on the matter, raised awareness etc.), one can also note that the sole discussion and policy debate initiated has improved the market for the specific type of cypress targeted by the project (plus 10% in the sales of such cypress trees in local markets). The successful development of cypress trees suitable for timber production, for the protection of soil and to slow the progression of aridity and fires, is likely to lead nurseries to develop an interest to participate in the development of these clones with their own funding to further develop this initiative of applied research.

The project "**SADMO**" developed an innovative evaluation and control system to obtain necessary information on desertification processes in the Western Mediterranean. The project integrated technology and methodologies relating to the acquisition of information with different tele-sensors (satellite images, aeroplane photos, terrestrial photogram and terrestrial laser systems) on the field measures and computerised observation techniques of particular importance. The major common advantages ("win-wins") from the project were at the level of technology and knowledge transfer, resulting in the creation of a proto-network for desertification monitoring and control, benefiting all the partners involved.

⁴² Mostly the "Habitats Directive", the "Water Framework Directive", the "Birds Directive", the "Habitats Directive", the "Directive on renewable energy sources", the "Flood risk management Directive", the directives on waste prevention, recycling, reuse and reduce of ultimate waste, the Marine Directive and integrated planning of the seas.

The high standard and the complementary nature of the scientific and technological background of the partnership were the main success factors that helped to sustain co-operation also after the end of INTERREG co-financing.

Combining soft co-operation outcomes & investments: the case of North West Europe

Under the financially largest Strand-B programme *North West Europe*, interventions combining soft co-operation outcomes with physical investments were able to achieve wide-ranging direct effects in the programme area. The priority “water-resource management and flooding prevention” (Priority 3) received 26% of the overall funding, the highest single proportion of programme funding. The approved projects addressed or tackled strategic issues/problems which were of a critical importance for sustainability in the co-operation area.

- The projects focussing on water systems and water quality affected 36 million square meters of river basins/ground water tables/aquifers and involved considerable investments in fixed capital (around € 62 million) which led to modifying 1,000 square kilometres of land in river basins and improved the quality of 9 million cubic metres of water. These projects also reached nearby 5 million people through awareness-raising campaigns on sound water management and led to a change in water consumption at a level of 200,000 cubic metres.
- The projects focussing on a prevention of flood damage affected around 70,000 square kilometres of river basins. The investments in these projects (around € 26 million) allowed reclaiming/recreating around 3,400 square kilometres of flood plains, increasing as a result the water retention capacity by 33 billion cubic metres and improving water retention capacity at a level of 583 million cubic metres. Flooding risks were reduced across around 68,000 square kilometres which led to a better protection of more than 41 million persons living in the river basin/flood areas.

More wide-ranging direct effects from these water-resource management and flooding prevention projects were most visible in the River Rhine-catchment area where 50 million people live along river banks and where also refineries and factories in the field of textile, metal works or chemical production are often closely located to the riverside (see: **Box 3.6**).

Under the measure “establishment of a stronger ecological infrastructure” (Priority 4, measure 4.1), the approved projects generated soft co-operation outcomes and also realised investments in fixed capital of around € 6.8 million to reduce negative environmental impacts. As a whole, the projects extended the land surface of protected and ecologically-rich green spaces/areas by nearly 4,200 square kilometres. They directly decontaminated a total of 850 square kilometres of soil and increased the surface of safeguarded open spaces by 128,000 square kilometres. They also led to a reduction in the quantity of waste (by 1,000 cubic metres) and to an increase in re-used and recycled materials (by 2,700 cubic metres).

Box 3.6: Water management & flooding prevention in the River Rhine-catchment area

A group of nine projects built up long-term partnerships to address and tackle aspects related to water management and flooding prevention in the River Rhine-catchment area.

Some projects established a uniform high quality transnational flood forecasting service, provided information on flood hazards, developed a common set of flood indicators and used data from flooding maps/disaster scenarios and high water prediction systems to develop an innovative risk-management tool (“SAFER”, “TIMIS”, “NOAH”, “NOFDP”).

Other projects realised investments for preventing flooding to protect downstream cities through increasing water retention volumes, creating new dikes, widening the flood plain or lowering / deviating the riverbed (“SAND”, “SDF”, “FOWARA”, “NOFDP”, “FAR”).

The project "SDF" has alone established two new dikes with a total length of 1,300 metres and an inlet structure with two big weirs with a retention area of 160 hectares and a water retention volume of 4.5 million cubic metres.

In addition, several projects also improved the ecological quality of various rivers, deltas and tributaries through sustainable methods of river management, including ecological flooding, agriculture and adapted forestry ("SAND", "SDF", "RHINENET", "NOFDP").

3.2.2.2 The development of efficient and sustainable transport systems

The programmes *Baltic Sea*, *North-West Europe* and *MEDOCC* were active in the priority topic "transport systems and an access to the information society", as they spent respectively 35%, 25% and 20% of their total budget in this field. However, the financial size of the programmes strongly determined the nature of the interventions and also the scope of the direct effects achieved.

Direct effects of soft co-operation outcomes

The *Baltic Sea* programme supported many projects addressing transport and access to information society which very often also addressed and tackled issues of a strategic importance for the transnational area through large-scale co-operation.

A large number of projects developed multimodal solutions in transnational transport corridors (e.g. "SEBTrans-Link", "North East Cargo Link", "COINCO", "Rail Baltica", "East-West") and prepared macro-scale strategies for transport investments to sustain socio-economic growth in areas characterised by a situation of limited accessibility (e.g. "STBR-sustainable transport in the Barents Region" & "STBR II", "Baltic Gateway" & "Baltic Gateway+", "InterBaltic", "Baltic Tangent").⁴³ Other projects elaborated strategies for maritime transport (e.g. "Intrasea", "Baltic Master", "NEW HANSA") and developed a standardised ICT architecture for transport/logistics (e.g. "BaSIM") or specific logistics solutions to be included in site planning and regional development schemes (e.g. "NeLoC-Networking Logistics Centres", "InLoC", "LogVAS", "LogOn Baltic"). These transport-focussed projects produced predominantly soft outcomes, but some of them also involved limited volumes of investment (e.g. rail, airport, ports, waterways, multimodal transport, intelligent traffic management systems).⁴⁴

In the field of transport, the *MEDOCC* programme aimed to improve access to the transnational area and to promote more environmentally-friendly transport methods (i.e. inter-modal transportation) as well as transport overseas and along rivers. The transport-related projects involved more than 600 private or public sector transport operators from the co-operation area and achieved soft outcomes such as the establishment of new services or networks and the completion of studies (e.g. feasibility studies on transport investments, environmental impact assessments, etc.). Within this context, a number of strategic transport issues were also addressed such as the railway axis Barcelona-Genoa (project "ARCOMED") as well as maritime transport and maritime safety in the Western Mediterranean (projects "SECURMED" and "AEM-MED").

Direct effects associated with the overall outcome of these projects were most noticeable in terms of an improved accessibility (i.e. creation of ten new connections with the islands), an improved operation of maritime transport (i.e. creation of two new maritime information systems) and also

⁴³ Among those are three projects laying the ground for large scale investments in transport infrastructure (> € 10 million each).

⁴⁴ Existing figures are not very reliable and only related to ERDF-funding (app. € 12 million or 9.5% of certified ERDF-programme expenditure). The average level of investment per project is in general below € 1 million.

improved maritime safety in the Western Mediterranean (i.e. adoption of four new rules for maritime safety, realisation of minor investments for improving the security on sea at a level of € 900,000).

Combining soft co-operation outcomes & investments: the case of North West Europe

The programme *North-West Europe* aimed at securing fair access to transport, information and communication and knowledge infrastructure mainly through the projects approved under the priority "External & Internal Accessibility". They were complemented by some transport-related projects approved under the priority "Seas & Ports" (Improvement of maritime functions). Around € 64 million of ERDF funding was allocated to the 17 projects aimed at improving the external and internal accessibility of the co-operation area. Beyond the numerous soft co-operation outputs,⁴⁵ the approved projects also involved considerable volumes of mostly small-scale investments in fixed capital. These investments were dedicated to promoting transport accessibility (nearly € 52 million) and to improving access to the information society (€ 1 million).

The combined outcome of the 17 transport projects generated substantial direct effects. A total of 11 transport links were created/enhanced which improved external accessibility and 64 links were established which improved internal accessibility throughout the co-operation area. In terms of traffic shifts for different modes of transport, the volume of goods transported by road decreased by 25.000 tonnes and the volume of goods transported by water increased to the same amount. An even stronger modal shift can be observed in the context of passenger transport, as the volumes of persons using road traffic were reduced by 30.000 while at the same time there was an increase of passengers travelling by train.

The projects approved under the priority "Seas & Ports" focussed on the development of port-related hinterland transport ("FINESSE") and port-related maritime safety ("EPOS") or on modal shift in freight transport by making a stronger use of inland waterway transport ("ECSWA", "IPPN"). Also here, significant soft co-operation outputs were produced and quite important investments made. Some of these investments were dedicated to business support as direct aid (€ 630,000) and to an increase of physical production or of operational/service capacity (€ 6.5 million). Other investments helped to improve port-hinterland transport connections (€ 730,000) and the development of short sea shipping lines (€ 225,000).

The combined direct effects of these maritime transport projects ("FINESSE", "EPOS", "ECSWA", "IPPN" "MAYA II") were significant. They established six new short-sea shipping lines and led to an annual increase in port-hinterland traffic through better connections for some 50.000 vehicles. The direct effect on job creation was most significant as 900 long-term jobs were created in the field of maritime transport.

3.2.2.3 The development of transnational R&D/innovation potentials

If compared with the other themes reviewed above, the significance of transnational co-operation in the field of research & development and innovation appears to be more limited. The available evidence suggests that programmes covering the continental economic core areas of the EU (e.g. *CADSES, North-West Europe, North Sea, Baltic Sea, Alpine Space*) supported a large number of projects in different fields⁴⁶ which involved also innovation-relevant aspects. Primarily R&D and innovation-focussed transnational projects were however rare.

If they were carried out, as in the case study programmes *Baltic Sea* and *North West Europe*, they aimed at further developing polycentric and urban development in the transnational areas or improving access to the information society. The operations were in general soft co-operation projects. They involved the organisation of exchanges of experience, an elaboration and/or

⁴⁵ E.g. workshops & seminars, studies & databases, strategy papers, planning documents, reports directly influence policy development etc.

⁴⁶ E.g. transnational business co-operation, SME development and inwards investment promotion; co-operation in the field of education & training; innovative transport solutions; environment & use of alternative energy sources; access to the information society etc.

application of new policy strategies or support tools for stimulating innovation and/or the use of ICT in businesses and the establishment of new (durable) networks involving knowledge intensive and growth-oriented sectors/clusters. The direct effects associated with such outcomes were most often an upgrading of the organisational or business-related R&D/innovation capacities and the establishment of new ways of working together in a transnational perspective which in some cases also allowed generating wider transnational synergies. The case study evidence suggests that the significance of these effects is more wide-ranging in the case of large-scale co-operations, whereas a narrow co-operation tends to lead to more localised effects.

Wide-ranging direct effects: the case of Baltic Sea

Projects under the *Baltic Sea* programme promoting R&D/innovation as their main focus established most often large-scale transnational partnerships spanning across the entire co-operation area. The project "BaltMet Inno", initiated by the Baltic Metropolises Network (BaltMet), which represents capital cities and large metropolitan cities around the Baltic Sea, aimed at fostering the role of cities as developers of innovation environments at local, regional, national and international levels. The project produced a common innovation policy framework for the Baltic Sea Region and created platforms and tools for developing transnational clusters.

The outcomes also served as a guideline for the development of the new Baltic Metropolises Action Plan 2008-2010, re-emphasising innovation as cornerstone for competitiveness of the Baltic Sea Region. Also the projects "CBSR" and "CBSR+" involved a large number of partners from the Baltic Sea Region. They aimed to stimulate the creation of new firms and jobs in knowledge intensive sectors through the establishment of specific organisations and networks (in Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania and Germany) and by linking entrepreneurs and innovators with R&D, service providers and venture capitalists.

The project "VBN InnoReg" involved 10 partner regions from the Via Baltica Nordica (VBN) zone and promoted co-operation/networking between regional authorities, universities, technology centres and enterprises to foster competitiveness. The project analysed existing knowledge potentials and good practices, identified joint interests and development needs in innovation promotion and developed a joint approach to innovation promotion for the VBN macro-region. Transnational co-operation between regional authorities, universities, technology centres and enterprises in the context of "SPbInnoReg" further developed the regional innovation system in St. Petersburg, mainly with the aim of achieving a better understanding of the respective notions on innovation systems and to ensure better co-operation possibilities between Russia and the EU in the field of innovation.

A final example is the case study project "ScanBalt-Campus" which involved 31 partners from ten different countries in the Baltic Sea Region. It generated substantial direct effects across the co-operation area and was also successful in triggering additional funding in excess of the level of financing formally required (see: **Box 3.7**).

Box 3.7: Pan-Baltic co-operation in the field of life science & biotechnology

The project **ScanBalt Campus** was initiated by the umbrella co-ordination unit of the life science and biotechnology network ScanBalt to establish co-operation between universities, research centres, companies and hospitals within the Baltic Sea Region. The main target was to deliver a framework for joint activities within ScanBalt Bioregion in knowledge formation and innovation.

Overall, eight "Knowledge Networks" were created which involved each a minimum of three countries and five partners and which were led by one of the project partners (i.e. molecular diagnostics, regenerative medicine, environmental biotechnology, informational biology, process analytical technology, intellectual property and bio-entrepreneurship, Baltic entrepreneurship training, education & training of leaders for the life science industry). In the context of the co-operation, shared curricula were developed and common master programmes have been planned. The main result of the project was the set-up of an enlarged co-operation between universities and companies in the Baltic Sea BioRegion, which can also be considered a good practice model for transnational and cross-sector

organisation based on education, research and development.

Additional funding was triggered by the sub-project "Lignin as raw material for chemicals". It was initiated by the Environmental Biotechnology Knowledge Network and received separate funding from the Nordisk Innovation Centre (NICE).

Also the ScanBalt Campus office established at the university of Rostock received until 2010 yearly additional funding from the region Mecklenburg-Western Pomerania at € 200,000.

Localised direct effects: the case of North West Europe

The *North West Europe* programme supported a few projects involving innovation and knowledge transfer focussing on the culture-related creative sector ("ECCE") and on the field of medical services/surgery ("HOSPITALS"). The cluster of projects geared towards R&D/innovation was very small and also the partnerships were less wide-ranging (6-10 partners involved) compared with the projects implemented under the Baltic Sea programme. The project "ELAT" developed and implemented a joint innovation strategy for the technology triangle Eindhoven, Leuven and Aachen to make this area an internationally recognized top region for technology.⁴⁷ The project focussed on technology clusters such as ICT and healthcare and applied a "triple helix approach" for linking together the business world, research institutes and actors from the local governments. ELAT encouraged research institutes and businesses to work together to apply the combined knowledge they had developed in prototypes, 0-series and production equipment in the context of 37 different technologies. The project created new trilateral linkages, networks and organisations among the three helices for stimulating organisational creativity and the competitiveness of the technology triangle. The two other existing R&D/innovation projects also established geographically less wide-ranging co-operations and focussed on supporting SMEs from selected regions in the field of technology and innovation (see: **Box 3.8**).

Box 3.8: Supporting R&D/innovation in small and medium enterprises

The project "TESIS" (Technology supported innovation & e-business in the Information Society) developed e-business strategies for ICT-supported market expansion and implemented individualised ICT and innovation strategies in existing SMEs as a complement of and support to existing business plans. Among the rural SMEs invited to work with the project, 40 companies were selected for undergoing an individual ICT and innovation audit. In twenty out of those, extensive ICT & innovation plans were subsequently developed and existing business strategies had been revised. To implement these ICT & innovation plans, the project finally offered grants to the twelve most promising SMEs for investing in essential ICTs (50% of the net cost of the agreed system) and for making them more responsive to market demand. The project was successful in realising its direct project objectives and results and thus contributed to the important horizontal EU-policy objective of introducing innovating technologies and ICT approaches in SMEs and of improve the regional competitiveness. The project "STIMUTRAN-SME" stimulated transnational SME-interactions to boost innovation and knowledge transfer between SMEs through establishing Transnational Matching Centres (TMCs) and by involving existing Euro Info Centres which were responsible for partnering businesses and helping them "from contact to contract".

⁴⁷ This transnational triangle is situated away from the larger centres Brussels, Utrecht and Cologne, but has top competence in the IT, biotechnology, life sciences, nanotechnology and car manufacturing sectors. The region hosts the R&D centres of global players (Philips, Ford, Ericsson and Microsoft) as well as various research institutes and universities.

3.2.2.4 Individual and organisational learning effects

During recent years, academic and policy-related literature has increasingly pointed to individual and organisational learning effects which are associated with transnational co-operation processes as being significant. Some studies have also begun to investigate organisational learning effects generated through policy transfer⁴⁸ between co-operating partners.

As most Strand-B programmes focussed on developing soft co-operation rather than on physical interventions connecting and integrating transnational territories directly, it can be assumed that individual and organisational learning processes were particularly important outcomes of transnational co-operation. Although often observable, it is important to bear in mind that these effects were neither considered nor measured and reported on by the established project- and programme-level monitoring systems.

Learning processes at a strategic level

Organisational learning at a strategic level was particularly evident where Strand-B programmes developed new transnational spatial development strategies (*Espace Atlantique*) or successfully up-dated/up-graded previously-existing spatial visions into more operational development strategies (*North West Europe, North Sea*) with support from INTERREG IIIB.⁴⁹

The participatory and bottom-up processes of preparing new or up-dating existing strategies involved in all cases intensive discussion with a wide range of stakeholders from the respective co-operation areas. In addition, intensive co-operation and exchanges between the national and regional authorities involved in the Strand-B programmes took place to reach agreement on the objectives and main fields of action for transnational territorial development (see: **Box 3.9**). Although the finalised documents did not develop any legally binding framework for national and regional planning, they played a very important role in starting or continuing a process of joint policy-oriented learning about the transnational co-operation area and also made significant inputs to preparing the new generation of transnational co-operation programmes (*North West Europe, North Sea*).

Beyond these examples, several other INTERREG IIIB programme not having previously elaborated transnational spatial development visions also launched first prospective works in this direction during the period 2000-2006 but did not finalise such a strategic document (*Alpine Space, Western Mediterranean*). Strategic organisational learning was also evident in the "Maritime Safety Umbrella Operation" (MSUO) which was a specific initiative launched across selected Strand-B programmes. It aimed to co-ordinate co-operation between INTERREG IIIB-funded maritime safety projects, related other initiatives and maritime stakeholders. This co-operation between the programmes *North West Europe, North Sea, Baltic Sea* and *Northern Periphery* became a collective driver for maritime safety on the European and international agenda and the benefits of this co-operation were also acknowledged at the level of European administrations.

⁴⁸ The concept of policy transfer denotes the process whereby knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting.

⁴⁹ Such a continuous upgrading process of a transnational spatial development strategy took also place in the Baltic Sea Region, however mostly outside of INTERREG within the intergovernmental VASAB co-operation process.

Box 3.9: Policy-oriented learning through spatial visioning processes

For the spatial vision up-dating process under the **programme North-West Europe**, a "Spatial Vision Working Group" was set up in 2003 made up of representatives from the NWE-Member States and regions. Three thematic studies had been launched, which were summarised by a fourth study. Between March and May 2005 a series of workshops were held with key stakeholders from the Member States involved in the programme where interim results have been discussed. These stakeholder events, together with targeted interviews, helped shaping the "Framework for Action" which all four studies have set up.

For the spatial vision up-dating process under the **programme North Sea**, 18 workshops with 229 participants from all seven countries were organised by the experts elaborating the thematic background studies and discussion papers were presented to the nearly 400 participants at the Annual Conference of the programme in June 2005.

Under the **programme Atlantic Area**, the study project on the "Atlantic Spatial Development Perspective" (ASDP) was realised with an active participation of around twenty regions and other socio-economic key stakeholders actors located in the Atlantic Area. This participation was made operational in the context of the ASDP-project's steering committee and through the organisation of "national workshops" (one or more workshops realised in each country). In addition, also a close co-ordination with other networks and study projects existing in the Atlantic area has been established.

Learning processes at project level

The in-depth analysis of 15 projects from the programmes *MEDOCC*, *North-West Europe* and *Baltic Sea* confirmed the significance of individual and organisational learning processes. The vertical and horizontal exchanges of experience and of issue-focussed knowledge stimulated in most cases an improved inter-cultural understanding among the partners and also upgraded individual or institutional capacities to address local problems or shared development challenges.

A good example showing that transnational learning processes also generated direct benefits is the "BALTCOAST" project. It was carried out in the context of the *Baltic Sea* programme and focussed on the management and planning of off-shore and coastal areas. The project partners learnt through co-operation and the application of new conflict management techniques how to reconcile conflicts between economic activities and natural protection in sensitive lagoon/wetland areas and between urban expansion and environmental protection in coastal areas.

Organisational and individual learning was strong especially when partners with different educational and professional backgrounds shared their competencies and skills as a team in an experimental transnational working process. This is demonstrated by some *MEDOCC* projects focussing on transport ("WERMED") and on fighting against desertification and soil erosion ("SADMO", "MEDCYPRE"). The latter also showed that individual and organisational learning processes can be pro-actively enhanced through structured and joint working processes (see: **Box 3.10**).

The projects from the *North West Europe* programme indicated, however, that organisational learning processes were sometimes hampered by cultural aspects and problems emerging from co-operation in much wider geographical frames such as transnational programmes. Most of the difficulties were caused by language problems or differences in administrative cultures and by the involvement of partners with various competences and responsibilities or partners who were not familiar with common work in a transnational project (especially in the initial phase).

Although co-operation between governmental and non-governmental organisations was generally seen as being positive, partner involvement in the project was often variable due to different aspirations (e.g. serving public versus commercial interests). Overall it can be said that project-level learning processes required well-designed and intelligent working processes. If these existed, projects were then also able to generate beneficial effects, especially if the aspects learned were also concretely applied.

Box 3.10: Project-level learning processes

The project “**WERMED**” involved administrative and scientific organisations as well as private shipping service providers for tackling a key issue related to the quality improvement of Mediterranean sea transport (i.e. creating a “distributive capacity” in the management of weather routing). A cross-sector spread of technical and generalist knowledge could emerge which was not known before the project and which had positive effects on the capacity of each partner.

The project “**MEDCYPRE**” brought together organisations which have developed innovative methodologies and other partners with a strong interest in putting these new methodologies directly into practice. This combination proved to be one of the strongest assets of the project and facilitated a cross-fertilisation process between the partners, also generating custom-like support and an extensive spread of technical and generalist knowledge serving the partners’ specific local needs. This process was systematically pursued by each of the quarterly project meetings which were always organised at different locations and structured in a similar way:

- Direct sharing of local experiences and advancement (i.e. 1 day dedicated to visiting experimental sites & debating on problems).
- Up-grading of technical knowledge and skills (i.e. 1 day dedicated to training course for local technicians involved in the management of cypress trees and plants at nurseries).
- Sharing issues, knowledge and policy-relevant recommendations (i.e. 1 day dedicated to an in-depth debate with local authorities and political representatives, private institutions and concerned socio-economic and environmental organisations / associations from the area where the meeting was held).

3.2.3 Exploring the impact of Strand-B programmes - case study evidence

The previous sections have showed that Strand-B interventions created direct effects in the transnational co-operation areas. However, it can also be observed that the frequent weaknesses of the programme monitoring systems did not allow an aggregation of the multitude of project-, measure- and priority-level outcomes into a wider picture which permits conclusions to be drawn on the overall programme-level impacts achieved.

Because of this, a survey was carried out of INTERREG IIIB programme managers which asked - among other things - for qualitative feedback on the wider impacts achieved by their programmes. The results show that a pronounced dual picture exists which also clearly differs from the one observed for Strand A:

- The impact in terms of territorial development and integration was seen as strongest with respect to the main co-operation topics / themes addressed by the respective programme strategies. A strong or very strong impact on the main co-operation topics was confirmed by the majority of programmes (*South Western Europe, Azores/Madeira/Canarias, Baltic Sea, Northern Periphery, North West Europe, CADSES, Caribbean, North Sea, Alpine Space, Archimed*), while only a few indicated that they had some impact (*MEDOCC, Océan Indien, Alpine Space*).
- In relation to social and economic cohesion (i.e. the wider aim of INTERREG III), however, the impact was perceived to be low. Most of the programme managers believed that they had some (*MEDOCC, Archimed, South Western Europe, Azores/Madeira/Canarias, North West*

Europe, CADSES, Caribbean, Océan Indien) or only a very small impact (*Alpine Space*). Only a few stated that there had been a high impact (*North Sea, Northern Periphery, Baltic Sea*).

Identification of the nature of this impact was again difficult for the programme authorities as in most cases they only quoted specific initiatives or projects but not the more wide-ranging and lasting improvements achieved. This tends to be primarily a consequence of the broad intervention strategies adopted by most programmes and the wide-ranging spread of the approved operations across the very large co-operation areas.

A working concept for assessing the impact of Strand-B programmes

Bearing in mind this general lack of visibility and the non-availability of aggregated impact data across all programmes, an intuitive assessment of the nature and territorial scope of the overall Strand-B programme impact is now undertaken by drawing on the findings of our three in-depth case study programmes.

To ensure consistency and comparability with the analysis of impacts carried out for Strand-A, the same working concept is applied for Strand B which distinguishes between two main perspectives. Due to the different nature of transnational co-operation and of the type of issues to be addressed and tackled by Strand B interventions (i.e. common issues and issues of transnational importance), the analytical focus is however different in also examining the likelihood and/or plausibility of impact achievement for each perspective.

Lasting improvements achieved through "one-off co-operation"

The first perspective relates to a situation where a jointly-addressed problem and/or development potential of transnational importance is definitively removed/fully exploited by the combined outcome of one or more time-limited co-operation initiatives (i.e. "one-off co-operation"). Here, the combined outcome achieved by such one-off initiatives is durable in itself and also of a transnational nature. A continuation of project partnerships is comparatively less important as it might just serve as a means for rendering possible further transnational activities on new issues or problems of common interest.

A good example illustrating such a durable transnational outcome is the increased efficiency of traffic flows in a formerly congested transnational transport axis, which resulted from a joint investment establishing a transnational traffic management system operating on a permanent basis across various countries/regions. A different case would be an increased efficiency of traffic flows in individual regions or towns that are distant from each other, which resulted from a one-off co-operation project having supported the implementation of separate regional/local traffic management systems. The project outcome was also durable, but its transnational relevance was questionable.

Due to the relatively modest financial resources allocated to Strand-B programmes during the period 2000-2006, it was not very likely that many problems and/or development challenges of transnational importance could be definitively removed or fully exploited through one or more time-limited co-operation projects. As a consequence, it is also not very plausible that programmes could have achieved more widespread impacts in their co-operation area through the aggregated outcomes of one-off actions.

The case study programmes demonstrated, however, that the aggregated outcome of "project clusters" (i.e. combination of several one-off operations) which addressed and tackled issues of transnational importance could lead to significant and lasting improvements in relation to a given situation. If this was done in a co-ordinated and complementary manner within a particular sub-area of wider importance for the programme zone or with respect to a similar topic (e.g. water management and flooding prevention, transnational transport corridors & transport modes), also geographically or thematically focussed impacts were achieved.

Lasting improvements achieved through "sustained co-operation"

The second perspective relates to a situation where significant and lasting improvements in relation to a jointly addressed problem or development potential of transnational importance could only be achieved in a long-term perspective through the outcomes of one or more ongoing co-operation initiatives. Here, a permanent co-operation and thus also a continuation of project partnerships was required (i.e. "sustained co-operation") as the desired effects could not be achieved by the combined outcome of time-limited one-off initiatives. A good example illustrating the first part of this proposition was a co-operation project establishing a transnational business advice/support network which continued operating after the end of EU funding across various countries and regions and helped SMEs from the co-operation area to obtain long-term access to wider transnational and European markets. An example illustrating the second part of the statement was a transnational business advice/support network established through a one-off initiative which provided services to SMEs during the operational period of the project, but stopped operating after the end of funding and thus left the SMEs again to deal with their transnational market access problems on their own.

This second perspective was undeniably the predominant baseline situation prevailing in Strand-B programme areas during the period 2000-2006 and is likely to remain so in the future. As a consequence, the overall level of project durability can be assessed to estimate the plausibility and significance of the impact achieved by Strand-B programmes. Quantitative evidence on this has been gathered in the context of the evaluation for most of the programmes (but there is no data for *Espace Atlantique & Archimed*).

The overall situation can be summarised as follows:

- The level of sustained co-operation was high in case of the programmes *Baltic Sea, Indian Ocean-Reunion, Caribbean* and *Canarias-Madeira-Acores* as here more than 50% of the approved projects continued operating two or more years after the end of ERDF-support. Within this group, the programmes *Baltic Sea* and *Caribbean* with shares of 75% and 70% were clearly in a leading position.
- In the other Strand-B programmes, the overall level of sustained co-operation was either medium (i.e. 30% of projects still operate two or more years after the end of funding in case of *North West Europe, South West Europe, Northern Periphery*) or low (shares ranging between 25% down to 12% in case of *MEDOCC, Alpine Space, North Sea, CADSES*).

This overview suggests the conclusion that the plausibility of having achieved a wider transnational impact was highest in the first group of programmes, whereas in case of the second group the plausibility was low. But also here, our case study evidence shows that this preliminary conclusion must be accompanied by a note of caution. The overall project portfolio of programmes often included projects which were deliberately conceived as one-off actions (e.g. co-operation on "common issues" of local/regional interest; investment in flooding prevention measures etc.). They allowed the partners to fulfil their expectations in a limited time range and thus did not offer an incentive to continue co-operation. Moreover, there were also manifold reasons which led to an end of co-operation in the case of many projects. They ranged from the failure of a project to achieve the expected outcomes, major difficulties in the partnership preventing a continuation of the project to an unsuccessful submission of a follow-up project application in the case of partnerships necessitating a second phase of funding.

The programme data on the level of sustained project co-operation are therefore again used to estimate the extent to which a "joint and durable problem solving capacity" was established in a transnational area. If this was the case, then we assume that problems or challenges of transnational importance were addressed and tackled through a continuous effort and that also a more wide-ranging impact was achieved in a Strand-B programme area.

Re-examining the case study evidence on ground of the working concept

By re-examining the evidence of the three case study programmes *North-West Europe*, *Baltic Sea* and *MEDOCC* with respect to both dimensions, a clearer picture on the nature and territorial scope of the overall programme-level impact can be obtained (see: **Table 3.2**).

The outcome of this exercise suggests that:

- Firstly, the programme *North-West Europe* had a clearly visible and also strong physical impact on a few strategic sub-zones within the wider transnational co-operation area. This impact was created by the large number of projects concentrating on these sub-zones and through a combination of soft co-operation outcomes and physical investments. The programme's overall impact on developing a durable and also thematically wide-ranging transnational problem-solving capacity across the entire co-operation area was, however, moderate. This is mostly due to the fact that many projects addressing problems/issues requiring a more long-term oriented action to be tackled had evident difficulties in transforming themselves into a more sustained co-operation.
- Secondly, the programme *Baltic-Sea* had a visible and non-physical impact on the territorial integration and development of the transnational co-operation area. This was achieved through soft co-operation outcomes (i.e. establishment of networks, development of concepts and strategies, transnational learning and experimentation) which most often also had a lasting benefit. This was due to the programme's high impact achieved on the development of a durable and also thematically wide-ranging transnational problem-solving capacity across the entire co-operation area. The level of sustained project co-operation was in general very high and many of the project outcomes were also directly linked to / enhancing macro-level political concepts or processes existing in the Baltic Sea Region.
- Thirdly, the programme *MEDOCC* had a thematically/geographically limited and also non-physical impact which promoted only to some extent the development of the transnational co-operation area. The contribution to further integration of the Mediterranean Basin (i.e. "Barcelona Process") was, however, weak as most projects addressed issues of a more local/regional relevance. The programme's impact on developing a durable and thematically wide-ranging transnational problem solving-capacity across the entire co-operation area was low as neither a strategic policy framework (i.e. a spatial vision) nor a sufficiently high degree of sustained project-level co-operation existed.

Table 3.2: Main impact achieved by selected case study programmes	
Impact on territorial integration & development	Impact on establishing a joint & durable problem solving capacity
Programme "North West Europe" (Total cost of app. € 656 million)	
<p>Relatively significant and lasting improvements can be observed in a few strategic sub-zones within the wider co-operation area:</p> <p>(1) The central part of North West Europe (south/south-east of England, the north-west of France, Belgium, the western part of the Netherlands, the more densely populated areas in north and south-west Germany): Most of the projects approved under the various programme priorities are concentrated here. They addressed and tackled a wide array of local/regional or transnational issues related to a polycentric development, a better external & internal accessibility, a wise management of the natural/cultural heritage or a development of maritime functions/regions. They have generated lasting improvements through a combination of soft co-operation outcomes and investments, thus furthering a development and progressive integration of this sub-zone.</p> <p>(2) The wider River Rhine catchment area: The water management and flooding damage prevention projects implemented in this area have addressed and tackled issues of a strategic transnational relevance (i.e. deterioration of water quality, irregular levels of water flow due to geographical & climatic conditions) through the establishment of integrated transnational water management approaches and the realisation of quite substantial physical investments.</p> <p>In the other parts of North-West Europe, representing often the more peripheral zones of the programme, an existence of significant and lasting improvements can be largely excluded. Here, mostly very localised improvements had been achieved.</p>	<p>The programme was only partly successful in developing a durable and thematically wide-ranging transnational problem solving capacity across the entire co-operation area.</p> <p>Strategic level: A structured and institutionalised inter-governmental co-operation processes on issues related to transnational spatial development across the entire programme area do not exist (e.g. as in the Baltic Sea region). A spatial vision for NWE has been elaborated and further up-graded during the 2000-2006 period by the strategic partners of the NWE programme.</p> <p>Project level: The programme shows a low proportion of sustained projects within its overall project-portfolio, as only 30% of all approved projects continued operating two or more years after the end of funding. This low share can however not only be explained by the certainly frequent "one-off projects" which realised investments and activities for tackling transnational and local issues (esp. urban development, flooding prevention, environment etc.) and which stopped operating once the expected outcomes and improvements had been achieved.</p>
Programme "Baltic Sea" (Total cost of app. € 215 million)	
<p>Lasting improvements furthering an integration and development of the co-operation area were created through the combined effects of durable soft co-operation outcomes.</p> <p>Establishment of formal and informal networks/structures in the field of environment and energy, addressing more strategic issues where transnational co-ordination and co-operation is</p>	<p>The programme had a high impact on developing a durable and thematically wide-ranging transnational problem solving capacity in the Baltic Sea Region:</p> <p>Strategic level: Various structured and institutionalised inter-governmental and Community-level co-operation processes exist in the area (e.g. "VASAB" process,</p>

<p>required to meet problems efficiently. Many of the networks/structures are wide-ranging partnerships focussing either on the entire Baltic Area or on strategic sub-areas of the Baltic Sea Region.</p> <p>Improvement of the Baltic Sea Region’s transport system through a strong cluster of projects focussing on various related issues. The preparation and implementation of transport corridors across the Baltic Sea region was another major strategic outcome which facilitated also the establishment of links with the new EU Member States and neighbouring countries.</p> <p>Improvement of the Baltic Sea Region’s R&D/innovation potentials through a cluster of projects having established large-scale transnational partnerships often spanning across the entire co-operation area.</p> <p>Wide-ranging physical improvements in the programme area were insignificant. A total of 659 small-scale investments were realised (367 alone under measure 1.2 “Promoting sustainable spatial development of specific sectors”), mainly by projects addressing issues of a more local relevance (e.g. tourism development & cultural heritage restoration, urban development & regeneration etc.).</p>	<p>Baltic 21 process, HELCOM, EU-Northern Dimension Policy etc.). A spatial vision has been elaborated in an inter-governmental process (VASAB) which was also further up-graded/developed during the period 2000-2006 (VASAB Plus).</p> <p>Project level: The programme shows a high proportion of sustained projects within its overall project-portfolio, as 75% of all approved projects continued operating two or more years after the end of funding (i.e. highest value under Strand B). Especially the creation of a variety pan-Baltic, sub-area centred or thematically focussed networks and co-operation structures was one of the most important outcomes of the programme. These networks/structures have established a problem-solving capacity on more strategic issues where transnational co-ordination and co-operation is required to meet problems efficiently (environment, energy, transport) and further a progressive integration of the transnational area.</p> <p>Available quantitative evidence shows that around 40% of the projects were enhancing the intergovernmental “VASAB Plus” process and nearly as many showed a relation to the ESDP, while around 20% contributed to Baltic 21 process and some 9% to the Northern Dimension Policies.</p>
<p>Programme “MEDOCC” (Total cost of app. € 215 million)</p>	
<p>A thematically and geographically limited impact has been generated by the soft co-operation outcomes of the many projects focussing on issues related to a “protection & enhancement of natural & cultural heritage potentials” as well as to the field of “risk prevention” (drought, desertification, forest fires).</p> <p>A small impact on developing transport systems & improving access to the information society can be assumed, as only a few projects tackled issues having a real transnational relevance (maritime safety & efficiency of maritime transport).</p> <p>The large majority of the approved projects has concentrated on specialised issues of a more local / regional relevance, wherefore their aggregated outcome has certainly not matched the ambitious expectations of the programme strategy objectives (i.e. furthering an integration of the Mediterranean Basin & contribution to the “Barcelona process”; implementation of the policy aims put forward by the ESDP).</p>	<p>Strategic level: A structured and institutionalised inter-governmental and Community-level co-operation process does exist in the area (Barcelona Process), but the MEDOCC programme is weakly linked and contributing to this process through its outcome. No spatial vision for the MEDOCC area has been elaborated during the 2000-2006 period by the strategic programme partners.</p> <p>Project level: The programme shows a low proportion of sustained projects within its overall project-portfolio, as only 20% of all approved projects continued operating two or more years after the end of funding. The contribution of the projects to enhance a better cross-cultural mutual understanding and also to stimulate individual/organisational learning effects should however not be underestimated.</p>

<p>Some projects addressing issues of a more strategic nature were approved to identify so-called "structuring projects" for the successor programme "MED", but they did not generate any impact during the period 2000-2006 (e.g. "PIC RM" - Projet d'initiative commune des régions méditerranéennes & "I2C" - Innovation, compétitivité et connectivité des métropoles européennes)".</p>	
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3.3 The impact on furthering the depth & intensity of transnational co-operation

This section examines the question of whether the policy expectations of the INTERREG III Guidelines with respect to a further upgrading of programme- and project-level transnational co-operation were met by the end of the period 2000-2006. The overall level co-operation performance achieved by Strand B during the period 2000-2006 is assessed and factors influencing overall co-operation performance are identified (3.3.1 and 3.3.2). The section then reviews how Strand-B programmes ensured complementarity and co-ordination with other Structural Funds programmes, identifies a number of important leverage effects generated by transnational co-operation and finally concludes on the overall added value generated by Strand B (3.3.3 - 3.3.5).

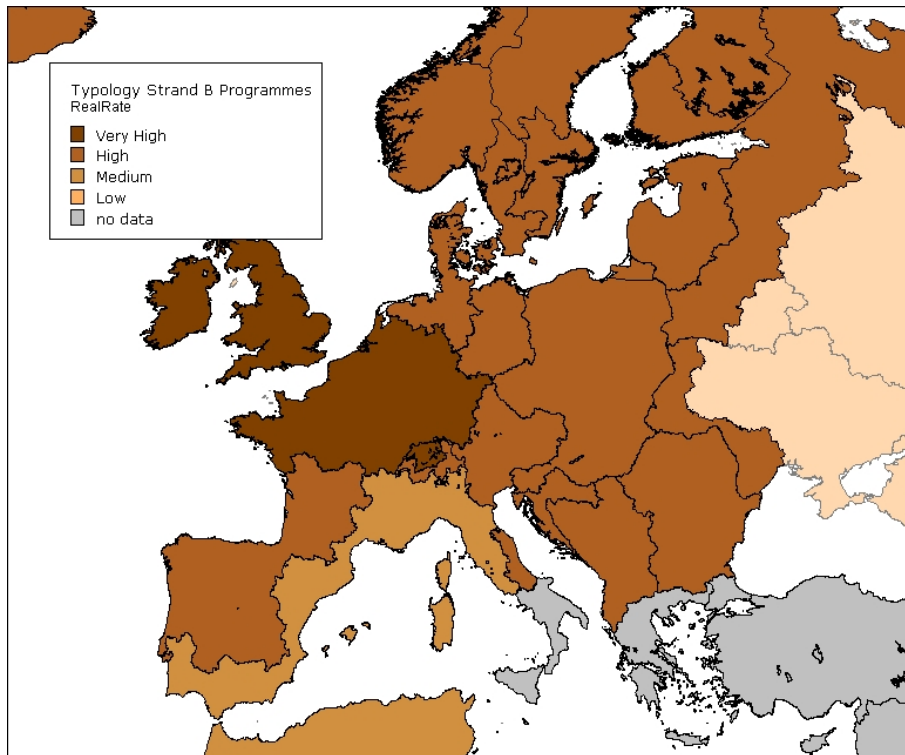
3.3.1 The overall co-operation performance of Strand B

The synthetic indicator on territorial co-operation (see: **Annex 2**) provides an aggregated overview on the level of depth and intensity of co-operation achieved by the various INTERREG IIIB programmes at the end of the period 2000-2006 (i.e. the "Real Rate"). The overall co-operation performance of Strand-B by the end of the period 2000-2006 is very good as all Strand-B programmes achieved a Real Rate which was often significantly above the average rate calculated across all INTERREG III programmes (i.e. including those of Strand A & C).

Our map-based visualisation of the co-operation performance achieved by the individual programmes (see: **Map 3.1**) suggests the following overall pattern:

- A very high or high depth and intensity of co-operation was achieved by 10 INTERREG IIIB programmes. These were programmes covering the central and continental parts of the EU27 (*North West Europe, Alpine Space, North Sea, CADSES, South West Europe, Espace Atlantique*) as well as a number of other programmes covering more peripheral (*Baltic Sea, Northern Periphery*) or even ultra-peripheral/non-continental parts of the EU (*Caribbean, Canarias-Madeira-Acores*).
- Only the two programmes *MEDOCC* and *Indian Ocean - Reunion* achieved a medium depth and intensity of transnational co-operation at the end of the programming period.
- No assessment of the co-operation performance could be made for the programme *Archimed*, as it did not provide project-level baseline data even after several requests. It is most likely that the programme belongs to the second group of programmes having achieved a medium level of co-operation performance.

This overall picture for Strand B is positive bearing in mind the short-lived tradition of transnational co-operation and the fact that territorial co-operation generally needs time to build up trust between partners and to create appropriate legal framework conditions for co-operation at an international scale. Reflecting these considerations, the evaluation examined how far a pre-existing co-operation experience influenced the overall co-operation performance achieved by INTERREG IIIB programmes by the end of the period 2000-2006.

Map 3.1: Depth & intensity of co-operation achieved by Strand-B programmes

The influence of previous co-operation tradition

The synthetic indicator statistically examined the potential influence of previous co-operation tradition on the level of depth and intensity of co-operation achieved by the various INTERREG IIIB programmes (see: **Annex 2**). This assessment not only took into account the duration of co-operation prior to the start of INTERREG III, but also the degree of maturity reached (i.e. existence and quality of legal framework conditions; capacity of existing co-operation structures).

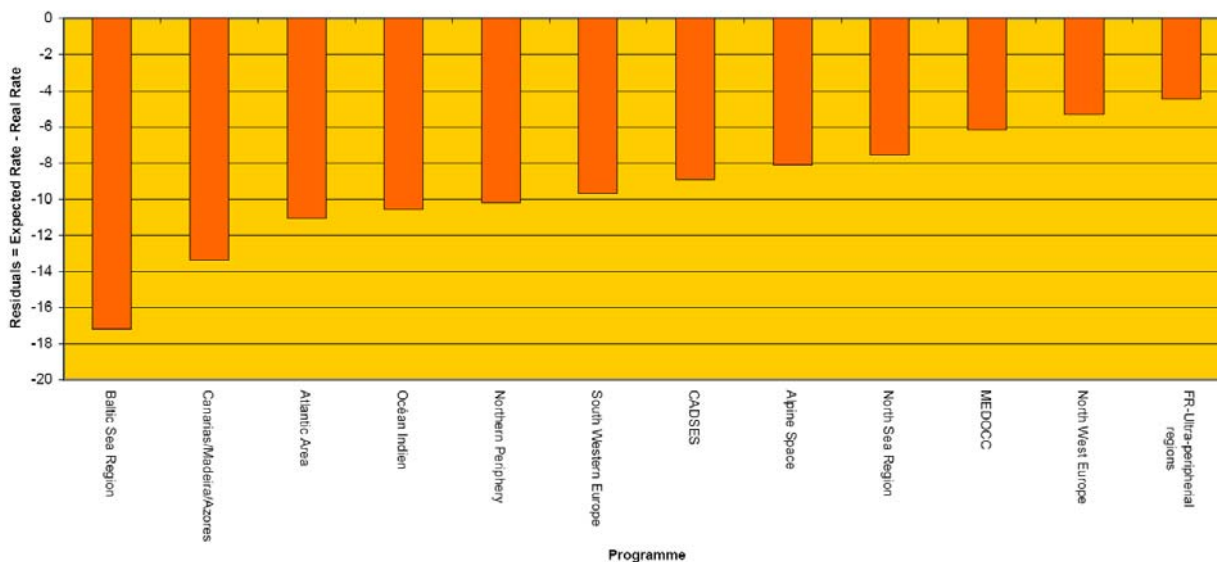
As transnational co-operation was introduced throughout the EU only in 1997 by the former INTERREG IIC / Article 10 programmes, the duration of co-operation was in nearly all cases very low at the outset of INTERREG III. Most programmes covering the central and continental parts of the EU had only operated for a period of three years and in the case of the "newcomer" programmes covering the ultra-peripheral parts of the EU (*Indian Ocean-Reunion, Caribbean and Canarias-Madeira-Acores*) such experience did not exist at all. Noteworthy exceptions were, however, the programmes *North West Europe* and *Baltic Sea Region*, where transnational co-operation started respectively in 1955 and 1992.

A common feature characterising the maturity of transnational co-operation under Strand-B is that no directly applicable legal instrument specifically designed for this type of co-operation existed before and during the period 2000-2006. Neither the use of domestic private law-based solutions (e.g. creation of an associative structure) nor of the establishment of "European Economic Interest Groupings" (EEIG) proved to be adequate solutions for establishing more formalised transnational co-operation structures with a sufficiently solid capacity (i.e. an own legal personality) that would allow an "uploading" of the full responsibility for an operational management of Strand-B programmes.

The result of the statistical assessment shows (see: **Figure 3.3**) that the influence of a previous co-operation tradition on the overall co-operation performance achieved by most programmes at the end of the period 2000-2006 was low in overall terms. This does not mean that previous experience did not matter. It simply did not act as a catalyst capable of increasing the overall transnational co-operation performance beyond a level which could have anyway been expected. Only in the case of

the programme *Baltic Sea*, but probably also in the case of *Canarias-Madeira-Acores*, does it seem that a tradition of previous co-operation had some influence on the level of depth and intensity of co-operation.

Figure 3.3: The influence of previous co-operation tradition on the overall co-operation performance of Strand-B programmes



An interesting aspect is that the influence of a previous tradition on the actual co-operation performance achieved was different especially in the case of the most experienced Strand-B programmes *North West Europe* and *Baltic Sea*. A brief comparison of the “historical profiles” of both case study programmes (see: **Table 3.3**) suggests the following explanation:

- The comparatively shorter but much more structured and also durable transnational co-operation experience of the programme *Baltic Sea* had a noticeable influence on enhancing the programme’s overall co-operation performance beyond a level that could be expected for the period 2000-2006.
- The more long-standing but non-formalised and also non-durable co-operation tradition of the programme *North West Europe* had - as in the case of most other Strand-B programmes - only supported the achievement of a co-operation performance at a level that could be expected.

These observations also confirm the findings of current academic research which suggests that a number of factors need to be present for a favourable climate for transnational co-operation to develop. These are, on the one hand, a clear agenda for co-operation related to spatial development issues as well as strong political support which helps generate a common will for finding joint solutions to shared problems or challenges; and on the other hand, also a certain “institutional stability” in the sense of established co-operation structures that are endowed with sufficient capacity.

Table 3.3: Comparing previous co-operation tradition of the North West Europe and Baltic Sea programmes	
North West Europe	Baltic Sea
<p>The programme has the most long-standing tradition of transnational co-operation under Strand-B. It started in 1955, when the "Conference of the Regions of North-West Europe" (CRONWE) was established. CRONWE stopped operating at the beginning of the INTERREG IIC period.</p> <p>CRONWE was a scientific association of planning officials which played a pioneering role in promoting a co-ordinated approach for transnational spatial development planning. There was no further formalisation of this co-operation.</p> <p>During its period of operation, CRONWE covered only a smaller part of the INTERREG programme area (i.e. BENELUX countries, parts of Germany, northern France and the south-west of the UK).</p>	<p>Inter-state co-operation among ministers responsible for spatial planning and development of countries around the Baltic Sea Region has begun in 1992 (i.e. the VASAB-process) and is continued up to the present time.</p> <p>A degree of (non-legal) formalisation and organisation was created for the VASAB-process through the organisation of regular ministerial conferences as well as through the establishment of a "Committee on Spatial Development of the Baltic Sea Region" and of a permanent secretariat.</p> <p>The territorial scope covered by the VASAB-process and the INTERREG co-operation is largely identical. Due to this, close and ongoing links did exist between both processes (i.e. identity of actors involved in the inter-state co-operation & the INTERREG IIIB programme-level co-operation).</p>

3.3.2 Factors influencing on the overall co-operation performance

As a previous co-operation tradition only in one case clearly influenced the co-operation performance during the period 2000-2006, the question arises which were the factors that had a favourable (or less favourable) influence on transnational co-operation under the Strand-B programmes.

3.3.2.1 Factors with a favourable influence

The factor with had the most positive influence on the overall co-operation performance achieved by Strand B was the high depth and intensity of project-level transnational co-operation.

A very high significance of "joint projects" in the project-portfolio

The intensity of project-level co-operation in the 12 Strand-B programmes was very high (there is no information for *Archimed*) as all of the approved projects involved co-operation between partners from different countries. This means that projects were jointly developed from the outset and subsequently also jointly financed and implemented or even jointly staffed.

This was confirmed by our in-depth analyses of the programmes *North-West Europe*, *Baltic Sea* and *MEDOCC*, as all of the 15 projects reviewed were designed as common actions with a partnership approach that was in most cases evident from the outset. The project assessments revealed, however, also that the quality of the project-level preparation processes strongly differed which subsequently also influenced the implementation process.

Efficient implementation could be observed if projects were defined on the basis of a shared problem diagnosis and organised the operational partner inputs in a complementary manner (*North-West Europe*). The *Baltic Sea* project "Seagull" showed also that a previously existing partnership could from the outset strongly facilitate a common preparation process and subsequently also a smooth implementation. If less importance was given to a joint analysis of the needs and the required activities during the preparation phase, evidence from some of the *MEDOCC* projects shows that this led to a lack of homogeneous expectations among the project partners or even to problems in the subsequent implementation process.

High degree of sophistication & experimentation at project-level

The depth of project-level co-operation under Strand-B was examined by taking a closer look at the overall level of sophistication and experimentation achieved by the approved operations. It was considered high if projects realised at the same time a cross-border exchange of experience, a joint development of policy strategies and instruments as well as an application of those strategies and instruments in a joint or individual manner. The evaluation evidence shows that under nearly all Strand-B programmes, the overall share of sophisticated / experimental projects among all approved projects was considerable (more than 60%). Only in the case of the programme *North Sea*, the available data suggest that such projects represented a smaller proportion in the overall project-portfolio (23%).

The Strand B case study programmes all have a share of sophisticated / experimental projects higher than 70% and show that experimentation took place in all sorts of constellations. The five reviewed *North West Europe* projects tackled concrete problems to achieve long-term solutions and show in most cases also high levels of experimentation. In case of the *Baltic Sea* projects, the evidence shows that the level of experimentation was particularly high in those operations which pioneered, tested and/or transferred new planning and management approaches and methods for public policies (e.g. "BaltCoast", "TRABANT"). But also in cases where cross-sector project partnerships were set up through a direct involvement of private sector actors, very high levels of experimentation existed as the project "ScanBalt Campus" (*Baltic Sea*) and in particular the projects "THON.DOC" and "WERMED" from the *MEDOCC* programme demonstrated.

3.3.2.2 Factors with a less favourable influence

The main factor which prevented Strand-B from achieving a higher overall co-operation performance during the period 2000-2006 was the variable depth and intensity of strategic-level co-operation between the main programme partners. Strong differences can be observed with respect to the quality of the initial diagnosis of shared needs / problems and the governance systems established for overseeing and managing the transnational co-operation programmes.

A variable quality of the initial diagnosis of shared needs & problems

The Guidelines expected that the preparation of programmes would be carried out by a broadly-based partnership in a "bottom up" way, which should have led to intervention strategies having an integrated territorial approach and responding to common problems and opportunities. The evaluation evidence shows that the intensity of co-operation during the preparation phase of Strand-B programmes was in general high as a broad range of public and semi-public or non-public sector stakeholders originating from the programme areas were involved in these processes. The quality of the initial diagnosis differed, however, considerably between the programmes. This was mainly due to the different sources of information available to the programming partnerships.

Only four of the Strand-B programmes identified their initial challenges and problems by making use of a comprehensive joint spatial development vision covering the entire programme area which was elaborated under the INTERREG IIC programming period and by realising a joint SWOT analysis (i.e. *North West Europe*, *Baltic Sea*, *North Sea*, *CADSES*). The other nine programmes used only pre-existing national / regional development plans or spatial planning documents covering parts of the programme area and by undertaking a joint SWOT analysis.

The focus of the finally adopted priorities / measures and the related financial allocations under nearby all Strand-B programmes closely reflected the identified problems and needs, as only in the case of *CADSES* did the financial allocations fail to reflect the importance of these problems and needs.

Joint but narrow decision-making partnerships

Strand-B programmes generally involved a great variety of strategic-level partners (i.e. national, regional and local authorities, sector-specific organisations from various Member States and/or third countries, existing transnational organisations, etc). A broad representation of different actors from the entire programme area on the decision-making structures was thus not possible if an efficient decision-making process was to be ensured. The evaluation evidence confirms that the strategic decision-making partnership established at the level of the Monitoring and Steering Committees was in nearly all Strand-B programmes relatively narrowly-based and mostly limited to administrative actors (i.e. public national, regional and local authorities). Also, decision-making powers were only allocated to a limited range of actors (i.e. only to national and regional authorities).

The involvement of representative sector-specific or territorially focussed transnational co-operation structures independent of INTERREG was also rather unusual as they hardly existed. Evidence from our in-depth case studies reveals, however, that in those cases where Monitoring Committees did include representatives of civil society / non-governmental transnational organisations (*North West Europe, MEDOCC*), their active participation in the work process was relatively low and mostly limited to being "silent observers".

Joint management: Decentralised & less decentralised arrangements

As in the case of Strand-A, the INTERREG IIIB programmes adopted different management arrangements (see: **Annex 9**). They were pragmatic and tailor-made solutions for hosting the main management functions (i.e. Managing Authority, Paying Authority, Joint Technical Secretariat) and for effectively delivering the wide range of ancillary day-to-day management tasks.⁵⁰ A group of eight Strand-B programmes established fully decentralised management arrangements (*Alpine Space, Atlantic Area, Canarias-Madeira-Acores, Baltic Sea, Caribbean, North-West Europe, Northern Periphery*). Here, regional authorities assumed in most cases the roles of the Managing and Paying Authority and also hosted the JTS. Under several of these programmes, (regional) public banks acted as Paying Authority (*North West Europe, Atlantic Area*) or even assumed the most important aspects of the programme management functions (*Baltic Sea, MA/PA*). The remaining five Strand-B programmes adopted less decentralised management arrangements in which national authorities had to a varying extent performed the roles of the MA/PA and/or hosted the JTS. A partly decentralised management system was set up for the programmes *South West Europe* and *North Sea*, whereas other programmes set up fully centralised management arrangements (*MEDOCC, CADSES, Archimed*).

To ensure that these tailor-made arrangements operated efficiently, most of the strategic Strand-B programme partnerships opted to further formalise their co-operation through the conclusion of one or several comprehensive or less comprehensive management agreements. Evidence from our programme survey suggests that in most cases such agreements also facilitated considerably the subsequent management and implementation process or at least contributed to achieving a smoothening of the processes. Even in those cases where such agreements were not concluded, this did not negatively affect a smooth operation of the joint management processes (*Northern Periphery, Espace Atlantique, Indian Ocean-Reunion*).

⁵⁰ For example, provision of guidance & information for project promoters; support for project generation; co-ordination of the relations between project and/or programme partners; support in completing the dossiers/application forms; participation in the assessment of dossiers or opinion in the selection process; participation in the monitoring of projects during their implementation (help in preparing balance sheets and in the submission of financial claims, support for the technical monitoring of projects, etc.); participation in 1st and 2nd level control etc.

The case study evidence suggests, however, that considerable quality differences existed among the Strand-B programmes, especially with respect to a delivery of day-to-day programme management tasks. This becomes obvious from the case study programmes *North West Europe* and *MEDOCC*. The comparison between these two cases shows that a strong transnational leadership role played by a Joint Technical Secretariat was an important asset for ensuring effective management and also an objective-focussed implementation of the programme (*North West Europe*). In the opposite case, where a strong JTS did not exist and where it could also not play a proactive role in the project-generation process due to a dispersal of functions, pronounced management problems and also a more arbitrary project selection could be observed (*MEDOCC*).

No fully integrated transnational management arrangements

Fully integrated transnational management arrangements which are comparable to the cross-border integrated arrangements set up by a few Strand-A programmes (i.e. an existing cross-border structure ensuring the MA/PA/JTS functions)⁵¹ were not established under Strand B. The main reason for this was the previously mentioned lack of an adequate and far-reaching legal instrument for transnational co-operation. This prevented Strand-B programmes from setting-up co-operation structures which could be endowed with sufficiently strong legal capacity allowing them to take on most or all of the main programme management functions (i.e. an own legal personality preferably on ground of public law). Due to this, the expectations of the INTERREG III Guidelines were not met because they were clearly too ambitious in the case of Strand B (i.e. realisation of a "significant advance" on the period 1994-1999). Moreover, the suggested solution of using EEIGs proved to be largely inappropriate in practice (see: **Box 3.11**).

Box 3.11: Legally structuring transnational co-operation – an attempt made under the North West Europe programme

In the case of the **programme North West Europe**, a "European Grouping for Transnational and Interregional Co-operation" (Groupement européen de coopération transnationale et interrégionale, GECOTI) was established in 2003 based on the EEIG-Regulation. This partnership between the Nord-Pas-de-Calais Regional Council and the Walloon Region became in fact the new legal employer of the JTS staff and helped to improve the overall efficiency and stability of the programme management structure. The EU-legal personality did, however, not enable the EEIG-GECOTI to act as the joint transnational Managing Authority for the programme.

3.3.3 Complementarity & co-ordination with other Structural Funds programmes

Strand B programmes covered very large territorial spaces and were thus by nature interacting with many Structural Funds mainstream programmes (Objective 1-3) and other Community Initiative programmes (i.e. LEADER, EQUAL, URBAN, other INTERREG III programmes). Due to this, and in a similar way to Strand A, the Strand-B programmes were required by the INTERREG III Guidelines to ensure their complementarity and effective co-ordination with other programmes.

Ensuring external coherence in a "static" and "passive" way

Strand-B programmes in general ensured, in theory at least, their external coherence with other Community-level interventions through specific references in their programming documents. Programmes mostly focused on avoiding a risk of double funding, although this risk was relatively limited in case of the Objective 1, 2 or 3 programmes due to differences in the selection criteria for the activities to be funded.

⁵¹ E.g. cross-border structures taking over the MA/PA/JTS role under the PAMINA & Euregio Maas-Rhein programmes.

But also during the ongoing implementation process, the case study evidence from the programmes *North West Europe*, *Baltic Sea* and *MEDOCC* suggests that in general a passive approach was adopted in relation to the mainstream programmes. The absence of a more intensive exchange was mostly likely due to the specific focus and the co-operative nature of Strand-B interventions (i.e. territorial integration over a wider transnational area) which was very different to the non-co-operative interventions carried by the mainstream interventions of the Structural Funds. Despite these obvious differences, most of the Strand-B topics covered, however, issues which were also addressed by the regionalised interventions of the Objective 1 and Objective 2 programmes (e.g. "spatial development planning & polycentric urban development", "efficient / sustainable transport systems and access to the information society", a "wise management of cultural & natural resources"). Only in the case of the links with other INTERREG III programmes (mostly Strand A and C) did some "indirect co-ordination" exist. This was mainly due to the fact that some of the members of the Strand-B Monitoring and/or Steering Committees took part in the MC/SC meetings of other programme areas (e.g. *Baltic Sea*, *North West Europe*).

A provisional conclusion: More exchange would have been desirable!

Overall, it can be concluded that a more proactive exchange between transnational co-operation and mainstream programmes during the period 2000-2006 could have been established by making use of the thematic and conceptual framework of Strand C of the INTERREG III Community Initiative. Such exchanges could have resulted in the production of policy-focussed transfer concepts (e.g. compilation of good practices in the field of urban regeneration, brownfield rehabilitation, tourism development, environmental protection etc.) to raise the efficiency and effectiveness in particular of Objective 1 and 2 interventions. But also the elaboration of wider "policy orientation frameworks" could have been an option for increasing the coherence of all territorial interventions in a transnational area. The recently-developed "EU Baltic Sea Region Strategy" is certainly an example in this respect as it points to new ways of linking and even integrating transnational achievements into other EU-level activities or national-level policies.

3.3.4 Leverage effects generated by EU-funded transnational co-operation

The leverage effects generated by transnational co-operation under INTERREG IIIB programmes were twofold: financial leverage effects especially as regards the direct mobilisation of private sector capital and soft leverage effects in terms of actor mobilisation and improved socio-cultural understanding.

Direct & indirect financial leverage effects

Transnational co-operation only to a limited extent directly mobilised private sector funding in the context of the approved Strand B projects. The aggregated budget figures for Strand-B show that approximately € 2,355 billion of public funding (ERDF and national) leveraged around € 23 million of private sector funding (approximately 1% of the public Strand-B expenditure).⁵² The highest direct effects of public funding leveraging private sector contributions was achieved in the case of *Alpine Space* (5.3%), *Espace Atlantique* (5%) and *CADSES* (2.8%), which were then followed at much lower levels by *Northern Periphery* (1.8%) and *Canarias-Madeira-Acores* (1.4%). Beyond these modest overall levels of private sector funding, it is important to also consider whether transnational operations had the potential of mobilising extra public or private sector funding (i.e. "indirect financial leverage effects").

This interesting perspective was confirmed in the case of two of the programmes analysed in more in-depth:

- For the *North West Europe* programme, findings from a survey carried out among the 99 approved projects show that around 35% of the 66 projects had triggered additional investments.

⁵² Halfway through 2008, on average 20% of the total budget for Strand B programmes was still not spent (23% of the ERDF budget, 15% of the national budget and 71% of the private funding).

These were more often above € 1 million (21% of the projects) than below € 1 million (14% of the projects).

- Also in the *Baltic Sea* programme, an effort was made in the update of the mid-term evaluation to assess in how far projects expect a major investment as a result of their activities. According to this assessment, more than 80% of the projects responded positively in this respect while the evaluators saw for around 76% of the projects a probability to contribute to such follow up investments.

Transnational projects had thus indeed a definite potential to leverage extra investments. Their real influence on mobilising such investments needs, however, to be further assessed by exploring whether such investments were already planned by other national/regional/local interventions or whether they were really newly-induced.

Soft leverage effects

The case study evidence confirms that transnational co-operation generated very significant soft leverage effects in terms of actor mobilisation and socio-cultural understanding. Strand-B programmes, and in particular the approved projects, involved a significant number of public, public-equivalent and private sector partners in transnational co-operation. In the case of the *Baltic Sea* programme, for example, this mobilisation effect was very strong as a total of 2.213 partners were financially involved in one or more of the 129 approved projects.⁵³ These mobilisation effects were considerably lower in the two other programmes as the financially largest programme *North West Europe* involved 940 partners in the 99 approved projects and the programme *MEDOCC* a total of 729 partners in the 142 approved projects.

The direct links established between the predominantly public and public-equivalent project partners and their participation in joint working processes favoured a progressive development of an inter-administrative co-operation culture. This is an important long-term prerequisite for achieving a further integration and co-ordination of national/regional policies and administrative procedures in the field of transnational territorial development. The above figures on private sector capital mobilisation demonstrate also that a segment of actors normally difficult to reach by transnational co-operation could be directly involved in addressing and tackling territorial development issues. Difficulties in mobilising private sector partners can mostly be explained by the fact that these actors often tend to focus on generating positive short-term commercial outcomes / benefits or simply because they consider the formal requirements and complex processes of transnational co-operation is too cumbersome compared with their normal routines.

Another aspect explaining the low mobilisation of private sector actors might also be the specific thematic focus of certain programme measures favouring primarily public-level interventions (e.g. water resources management, flooding and disaster prevention/management). The evaluation evidence shows, however, that private sector mobilisation was strong in the case of a number of specific issues (e.g. polycentric and urban development, transport, management of natural and cultural heritage assets) and that also programmes with a very low level of direct private sector capital mobilisation were successful in involving private partners. A good example is the *Baltic Sea* programme where more than two-thirds of the projects reported a direct involvement of private sector organisations in their partnership.

Private sector involvement in transnational co-operation was thus at the same time a beneficial and also challenging matter. The projects "THON.DOC" and "WERMED" (*MEDOCC*) show well that private sector involvement was often important in achieving valuable outcomes and could even generate direct benefits for the private sector actors themselves. The projects "TESIS" and "ECSWA" (*North West Europe*) highlight some of the limitations that can emerge within transnational co-operation and illustrate that private sector involvement needs to be carefully planned for creating "win-win situations" (see: **Box 3.12**).

⁵³ They came mostly from Sweden (589), Germany (376) and Finland (304), but also from new Eastern European Member States (i.e. Latvia, Poland, Lithuania and Estonia) as well as from Russia and Belarus (in total 635 partners).

Box 3.12: Private sector involvement – a beneficial and also challenging matter

The project **“WERMED”** (Weather Routing in the Western Mediterranean) aimed to establish an innovative seaborne transport routing system guided by weather forecasts. Beyond the political and administrative bodies participating in the project, also private partners had been actively involved in the project. The major shipping company “Grandi Crociere”, which was directly involved in the experimentation of the technology on a big boat, has shown interest in the use of such technologies and could improve the quality of travel for the passengers on its ships.

The project **“THON.DOC”** (Adding value to tuna fishing as cultural heritage in the Western Mediterranean) aimed to develop new alternative tourism products by combining cultural heritage traditions and tuna fishing. The involvement of private sector practitioners facilitated the commercialisation of new tuna fishing / tourism packages developed which were particularly successful in Italy and Spain. Here, tour operators are showing interest in advertising and organising piscatorial tours thanks to the project. The project has also attracted additional partner funding beyond the level of co-financing formally required (in Italy) and finally also triggered new investments that would not have taken place without the project.

The project **“TESIS”** (Technology Supported Innovation & E-Business in the Information Society) involved regional/local authorities, NGO’s, a research institute and directly worked with a total of 64 SMEs from Belgium, Ireland, the Netherlands and the UK. Although TESIS was partly successful in bringing together the relevant partners to develop a useful tool for regional agencies to support SMEs in implementing new technologies and innovative e-Business strategies, the great diversity between the partners (i.e. diversity of their economic structures) has to some extent been bottleneck for this co-operation. The project delivered more benefits for the institutional partner organisations than for the involved SMEs and it did also not provide tools and budgets for matching possible initiatives of the primary target group (SMEs) and for rendering possible direct contacts among SME-representatives themselves.

The project **“ECSWA”** (Enhancement of containerised freight flows on small waterways) involved beyond two Flemish waterway management organisations four private-sector partners in Flanders and the Netherlands, who all contributed and participated actively in the project through delivering relevant information on available waterway capacities, the expected market potentials, technical opportunities and expected impact on the socio-economic development of the regions concerned. The mandatory public procurement of the pilot test phase to be realised under the project caused however some delays and difficulties especially for the private partners, as their previous contributions had made it impossible for them to participate in the tendering procedure. Due to this, the private partners had to withdraw their financial contributions to the project.

3.3.5 The added value of EU-funded transnational co-operation

The Community added value of Strand-B is mainly that of having provided a source of funding for co-operation activities that would have otherwise not been implemented. Continued support for transnational co-operation during the period 2000-2006 allowed the consolidation of programme-level co-operation and in particular a further widening and deepening of project-level co-operation across Europe. This conclusion is confirmed by the outcome of our survey which was carried out among INTERREG IIIB programme managers. The majority of the programme managers believed that the impact on strengthening the co-operation culture between relevant stakeholders from the programme area was either very high (*South Western Europe, Azores/Madeira/Canarias, Baltic Sea, Northern Periphery, North West Europe, CADSES, French Ultra-peripheral regions*) or high (*North Sea, Alpine Space, ARCHIMED*). Only a very few programme managers indicated that there had only been some impact in this respect (*MEDOCC, Océan Indien*).

The political added value of transnational co-operation

The political added value of transnational co-operation is closely associated with the intangible strategic and project-level learning processes which can be observed in many of the Strand-B programmes (see also: section 3.2.2.4). Strategic inter-organisational learning contributed to a progressive "Europeanisation" of domestic territorial development planning policies (e.g. spatial visioning processes) and to a further concretisation of EU-wide policies (e.g. "Maritime Safety Umbrella Operation"). But also the individual and organisational learning processes taking place in the context of projects were an important demonstration of the added value of transnational co-operation as they could not emerge from purely national actions and would have taken a significantly longer time to develop in the absence of transnational co-operation.

The case study evidence shows that the Strand B interventions helped to change socio-cultural mindsets and raise awareness and knowledge about different context settings and institutional conditions relevant for territorial development (e.g. geographical, historical and cultural conditions; different administrative arrangements / institutions and policy concepts). A joint tackling of issues from a multi-sector and multi-governance perspective in which partners facing similar challenges (e.g. an efficient organisation of their territories, realisation of sustainable development, improvement of accessibility and connectivity) increased not only their political preparedness but may have also prompted policy innovations and institutional adaptation in the participating organisations through experiments with policy transfer.

The institutional added value of transnational co-operation

The institutional added value of transnational co-operation is mainly that of progressively building up a joint problem-solving capacity in the Strand B co-operation areas through the establishment of vertical and horizontal partnerships and a wide range of topical, sub-area focussed or more wide-ranging co-operation networks. These transnational networks did not exist before in the case of the Strand-B "newcomer programmes" (*Indian Ocean-Reunion, Caribbean and Canarias-Madeira-Acores*). But also for the more experienced transnational co-operation areas, a clear widening and deepening of transnational relations could be observed. The previous sections (see: 3.2.3) and the evidence from our case studies suggests, however, that the significance of the institutional added value was stronger in the case of programmes emphasising more the durability of this joint problem solving capacity than with programmes which showed evident weaknesses in this respect.

A good example of the first constellation is the *Baltic Sea* programme where Community-level support led to the establishing over time of a wider range of interconnected and stable pan-Baltic networks which form a pool from which new projects are generated and more formal co-operation structures are being developed. These networks and organisations also contributed to an increased focus on real problems in the Baltic Sea Region during the period 2000-2006 which created a basis for more concrete policy development in the future. The *MEDOCC* programme better reflected the second constellation as here a substantial political and institutional added value did not occur at programme and project level.

This was mainly due to the fact that the durability of project partnerships was weak and strongly dependent on obtaining follow-up funding (e.g. under INTERREG IV). Also, projects remained too theoretical and short-term oriented to generate much added value.

3.4 A typology of Strand-B programmes

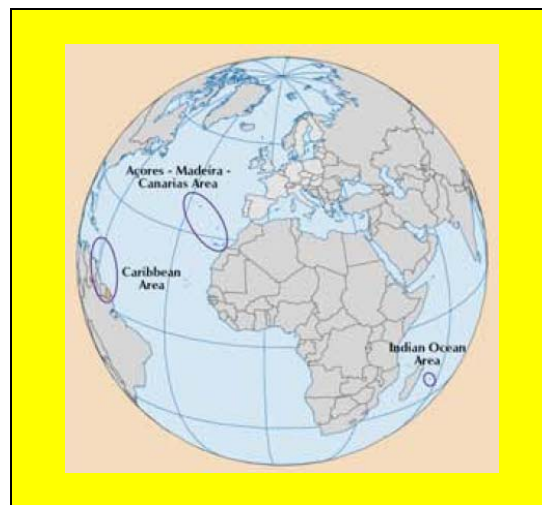
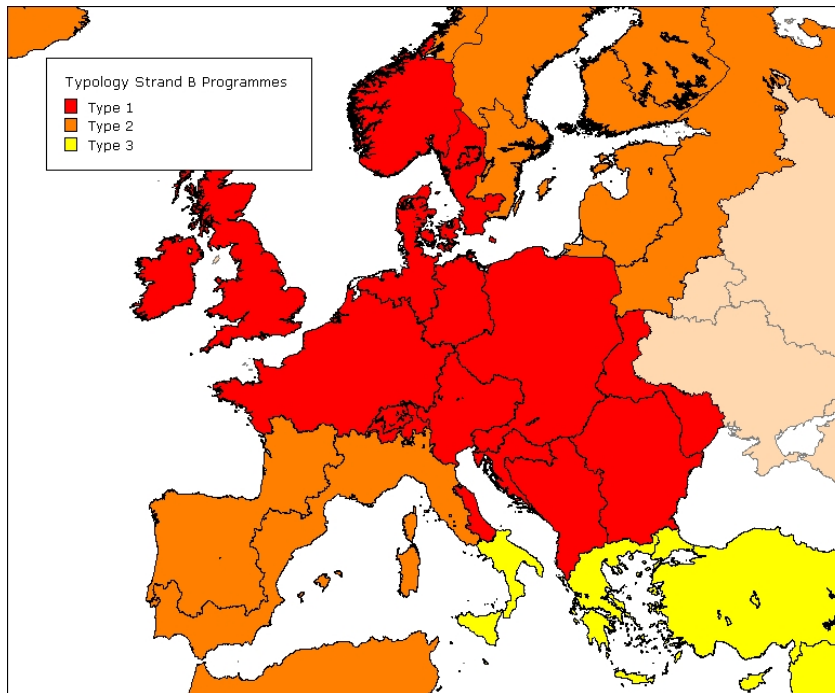
The typology of Strand-B programmes attempts as for Strand A to provide a picture illustrating the overall situation at the end of the period 2000-2006. Similar to Strand A, this typology was developed through a cluster analysis (see: Annex 4) which related data describing the specific context of the eligible areas to data describing main features of the overall programme implementation process of Strand-A programmes (i.e. level of concentration on priority topics; effectiveness and efficiency of programmes; overall depth and intensity of co-operation achieved).

It appeared that the “context indicators” were the statistically most important variables which determined the allocation of programmes to the respective clusters. The typology is therefore again a grouping of programmes with shared similarities and not an overall “performance ranking”. The Strand-B typology covers the 13 INTERREG IIIB programmes and allocates them to three main groups (types) which are now briefly presented below (**see: Map 3.2**):

- **Programmes promoting integration of central and continental zones in the EU at 27 Member States (Type 1):** This group of 4 programmes implemented broad intervention strategies as the concentration of ERDF-support on a limited number of “priority topics” was mostly low (*North West Europe, North Sea, CADSES*) and only in one case at a medium level (*Alpine Space*). At the end of the period 2000-2006, these programmes had achieved an overall depth and intensity of co-operation which was either very high (*North West Europe*) or high (*CADSES, Alpine Space, North Sea*).
- **Programmes promoting integration of peripheral and continental zones in the EU at 27 Member States (Type 2):** This group of 4 programmes implemented more focussed intervention strategies as the concentration of ERDF-support on a limited number of “priority topics” was in all programmes at a medium level. At the end of the period 2000-2006, these programmes had achieved an overall depth and intensity of co-operation which was either high (*Baltic Sea, Northern Periphery, South West Europe*) or medium (*MEDOCC*).
- **Programmes promoting integration of the peripheral & ultra-peripheral zones of the EU at 27 Member States (Type 3):** This group of 5 programmes implemented clearly focussed intervention strategies as the concentration of ERDF-support on a limited number of “priority topics” was in all programmes at a medium-high level. The overall depth and intensity of co-operation achieved at the end of the period 2000-2006 was mostly high (*Atlantique, Indian Ocean–Reunion, Canarias-Madeira-Acores*) and only in one case medium (*Caribbean*).⁵⁴

⁵⁴ No data for Archimed

Map 3.2: Typology of Strand-B programmes



4 INTERREGIONAL CO-OPERATION AND NETWORKING

Catalysing cohesion and co-operation: INTERREG IIIC, ESPON 2006 & INTERACT

This chapter examines two types of co-operation: Strand C interregional co-operation, and ESPON and INTERACT networking. The programmes were clearly distinct and different in nature. However, they were all implemented in the legal framework of INTERREG III. Furthermore, they shared some common characteristics, in particular their Europe-wide geographic scope and privileged relationships with the rest of the INTERREG community, including interaction between Strand C and networking programmes themselves. For example, seminars were jointly organised by ESPON 2006 and INTERACT, and the latter set up an INTERREG IIIC coordination contact point.

4.1 Interregional co-operation: INTERREG III C

After presenting the initial policy expectations of INTERREG III C (Section 4.1.1), this section will successively consider four questions:

- The impact of INTERREG IIIC on the EU economic and social cohesion and balanced territorial development (Section 4.1.2);
- Its contribution to Community policies (Section 4.1.3);
- The factors that lead to effective Strand C co-operation, real Community added value and important socio-economic leverage effects (Section 4.1.4);
- The transfer of Strand C good practices to mainstream programmes (Section 4.1.5).

4.1.1 INTERREG III C: policy expectations

The main legal basis for interregional co-operation in the framework of the INTERREG III Community Initiative was the INTERREG IIIC Communication C(2001)1188, published by the European Commission in May 2001, one year after the first version of the INTERREG III Guidelines. This communication provided a detailed presentation of the objectives and implementation modalities of Strand C operations.

The INTERREG IIIC development objective

The main goal of Strand C interregional co-operation had already been defined as follows in the INTERREG III Guidelines (point 17): "improve the effectiveness of policies and instruments for regional development and cohesion through networking, particularly for regions whose development is lagging behind and those undergoing conversion." This goal can be regarded as the INTERREG IIIC main development objective.

This entailed promoting interregional co-operation in, and bringing value added to, various types of activities categorised:

- Objective 1 and 2 programmes;
- Other INTERREG programmes;
- Urban development activities;
- The regional innovative actions programme;
- Other subjects appropriate to interregional co-operation (including maritime and coastal co-operation, spatial planning issues, co-operation on insular and ultra-peripheral issues, on solutions to natural and man-made catastrophes as well as on alleviating the economic effects of handicaps such as very low population density or mountainous conditions).

The INTERREG IIIC co-operation objective

A second objective, which could be called the main co-operation objective was also put forward in the INTERREG IIIC Communication (points 8 & 9):

“The participation of regional and other public authorities in INTERREG III C should, in this way, create a more stable structure for co-operation, leading to more and higher quality joint projects in the future and creating synergy between best practice and exchange of experience actions and the mainstream structural funds programmes. (...) The Commission wishes to favour structured, coherent interregional co-operation, rather than a series of one-off projects.”

On this basis, the INTERREG IIIC partners had good reasons to regard this development of a strong and consistent framework for long-standing co-operation as a key-task on their agenda.

Priorities of the four Strand C programmes

Four Strand C programmes were implemented: North Zone, East Zone, South Zone and West Zone. These zones should not be mistaken for co-operation areas. For each programme, the co-operation area was actually Europe-wide, but each programme was responsible for operations whose lead partner was based in its respective zone. Priority axes and measures were not defined. The four programme strategies were virtually identical, conceived without ex-ante evaluation and on a top-down basis, using the INTERREG IIIC Communication as main, if not unique, reference. Four main objectives were introduced in the programme complements:

- Accessing the experience of other partners
- Expanding the effects of Structural Funds and/or other regional development programmes
- Improving regional policies and instruments
- Contribution to horizontal EU policies

Three different types of operations were supported in the framework of INTERREG IIIC:

Box 4.1 Types of INTERREG IIIC operations
<i>Source: CEC (2001a), point 26</i>
<p>Regional Framework Operation (RFO) [€500,000 < ERDF support < €5,000,000]</p> <p>Strategic co-operation within a group of regions, formed for the joint development of new approaches in regional development policy on a limited number of topics and joint priorities. An RFO is equivalent to a “mini-programme”, whose regional partners select sub-projects to be funded.</p>
<p>Individual Project [€200,000 < ERDF support < €1,000,000]</p> <p>Intensive co-operation of public authorities or public equivalent bodies on one topic relevant to regional development policy, aiming primarily at the transfer of instruments and project results with a clear impact for all partners involved.</p>
<p>Network [€200,000 < ERDF support < €1,000,000]</p> <p>Simple form of co-operation, specifically designed for the exchange of experience within a large group of public authorities or public equivalent bodies sharing common features, facing similar problems or dealing with the similar issues. Networks were encouraged to cover a wide geographical area.</p>

4.1.2 Impact of INTERREG IIIC on EU economic and social cohesion and balanced territorial development

Impact on EU cohesion and balanced territorial development is a particularly critical issue of this ex-post evaluation. In the specific case of INTERREG IIIC, this question cannot be addressed as in Chapters 2 and 3 of this report, for three reasons:

- First, there is a striking similarity between impact on cohesion and the Strand C “development objective”. Somehow, impacting on EU cohesion was the INTERREG IIIC main purpose.
- Second, a direct impact was not pursued: Strand C operations were not meant to engage in regional or territorial development themselves. Instead, their expected contribution to cohesion was of an indirect nature, i.e. “improving the effectiveness of policies and instruments through networking”.
- Third, the degree of achievement of the Strand C co-operation objective, especially its ambition to establish “a more stable structure for co-operation” may arguably have impacted, although indirectly, on EU cohesion.

Moreover, the contribution of Strand C to EU cohesion policy should not be confused with its impact on EU cohesion. These two questions are interrelated, but distinct. The first one is about the improvement of the effectiveness of EU policies and instruments for regional development and cohesion, in particular those associated with the first four “priority topics for interregional co-operation” (Objective 1 and 2, INTERREG, URBAN, and Innovative Actions). The scope of the second question, the impact on EU cohesion, is much broader.

It encompasses a wide range of possible effects generated by Strand C operations contributing to a more harmonious and balanced territorial development. Among these operations, many may have impacted on cohesion and territorial development (including, for example, on relevant national, regional or local policies), without necessarily addressing the first four priority topics for interregional co-operation. Bearing these considerations in mind, the following questions will be successively addressed:

- Performance of the INTERREG IIIC programmes as measured by the systems of physical indicators;
- Contribution of INTERREG IIIC to the development objective;
- Contribution of INTERREG IIIC to the co-operation objective;
- Impact of INTERREG IIIC outside the project partnerships;
- Impact of INTERREG IIIC beyond the project time-span.

4.1.2.1 Performance of the INTERREG IIIC programmes as measured by the systems of physical indicators

As was the case for Strands A and B, the physical performance indicators utilised by the interregional co-operation programmes are not of great help to provide a reliable effectiveness assessment. The weaknesses of these systems of indicators are, however, not identical to those of Strand A and B programmes. Various output and result indicators were defined, but virtually no impact indicators. The exception was the set of six impact indicators in the South Zone programme complement, but one such indicator only is referred to in the 2007 annual report of this programme. Moreover, it is impossible to report on the extent to which its objectives were attained because no target was set for any indicator of the South Zone monitoring system. As a consequence, comparable data on the degree of target achievement can only be provided for output and result indicators of the West, North and East Zones.

The average target achievement ratio for all indicators (outputs and results) ranged from 103% (East Zone) to 139% (West Zone). The average achievement ratio of the output indicators for these three programmes was 123%, and exactly the same 123% value was met in average by the result indicators. As can be seen in Table 4.1, 55% of the indicators of the three programmes reached an end value representing between 90% and 110% of their target. Significantly lower was the

proportion of output and result indicators belonging to the same category in Strand A and B programmes: about 15% and 18% respectively.

Table 4.1 Number / % of indicators that met their target value (average achievement ratio between 90-110 %), under-, or over-performed

	more than 110%		90% to 110%		less than 90%		Total	
	number	%	number	%	number	%	number	%
West Zone	33	28%	68	59%	15	13%	116	100%
North Zone	23	23%	65	66%	11	11%	99	100%
East Zone	34	29%	49	42%	35	30%	118	100%
Total	90	27%	182	55%	61	18%	333	100%

The West Zone case study found that most indicators belonging to the 90% to 110% category had more to do with programme and project management and coordination activities than real performance of the operations. All this says little about the effectiveness of the programmes, but much more about the nature of their monitoring systems. It seems clear that the targets of Strand C programmes were estimated on a more realistic basis. This is actually not surprising as the indicators and their associated targets were defined only in the framework of the mid-term evaluation and its update. At the time, it was of course relatively easy to anticipate the likely evolution of the indicator values over the coming years, through extrapolating trends observed during the first years of the programming period.

Programme targets were often set on the basis of values proposed by the project partnerships, considering progress achieved in 2005. It is also worth noting that the Joint Technical Secretariats (JTSs) of the four INTERREG IIIC programme strove to develop a common system of indicators for the whole Strand C. In the final stage, attempts were made to aggregate the output and results data of the four programmes, but this proved challenging for various reasons, including incompleteness of the data set and differences in the interpretation of the indicators. Such differences probably stemmed from the vague wording of various indicators: number of "good practices identified", of "regional/local policies and instruments improved or developed", etc. Ascertaining a clear interpretation of such notions seems very difficult.

4.1.2.2 Contribution of INTERREG IIIC to the "development objective"

The five specific "topics for interregional co-operation" defined in the INTERREG IIIC Communication represented a very wide thematic scope. Had the list been limited to the first four topics, a better concentration of Strand C activities on EU cohesion policy-related programmes and operations would have been encouraged. A careful reading of the Communication suggests that this was the European Commission's initial intention. For example, Article 6 of the Communication, which spells out the main goal presented in Article 5, only mentions the first four topics, which are also described much more extensively in Article 22 than the fifth topic, "other subjects". The inclusion of this fifth topic, probably inspired by various regional interest groups, considerably widened the scope of activity proposed to INTERREG IIIC project partnerships. Nevertheless, the objective of influencing EU cohesion policy (and not only EU cohesion) ranked high on the agenda. To what extent did the 270 INTERREG IIIC operations take the EU cohesion policy as their main focus? The breakdown of projects between the topics provides an interesting insight into this question.

The histogram of Figure 4.1 shows that a very significant relative majority of operations were approved in category "other subjects", to the detriment of the first four priority topics identified in the INTERREG IIIC Communication.

Figure 4.1 ⁵⁵

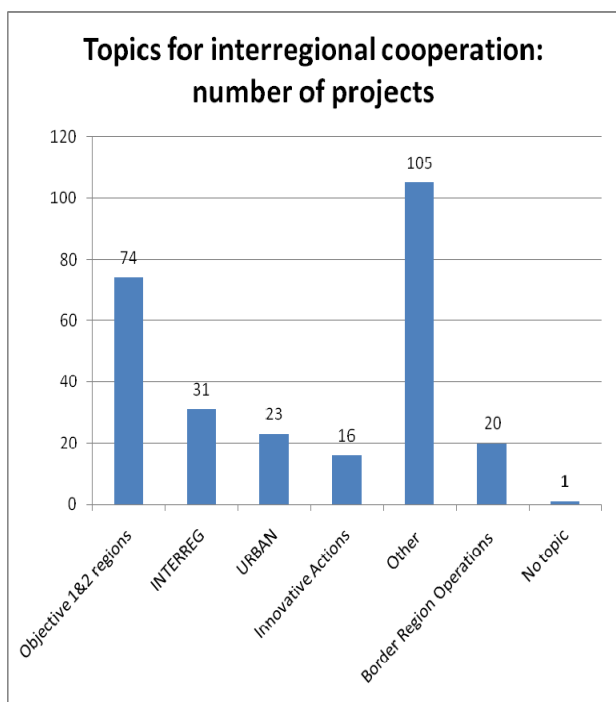
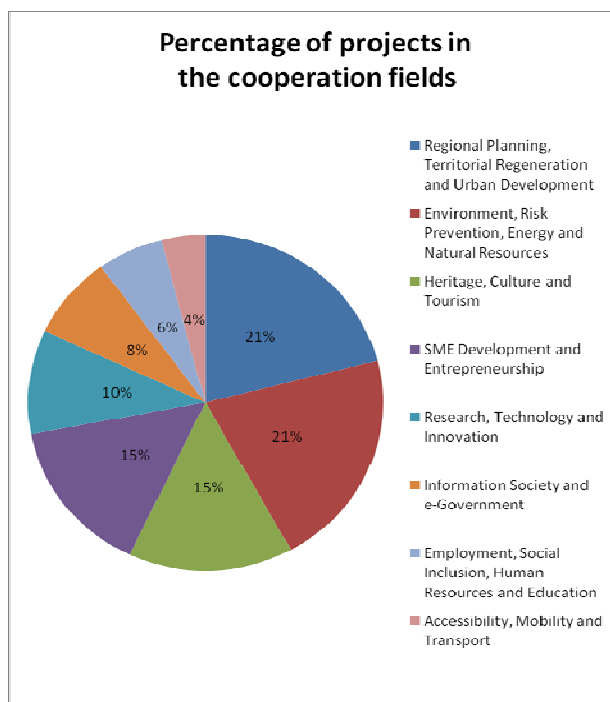


Figure 4.2



The operations dedicated to the first four topics amounted to 53% of the total number of operations. However, this proportion varied significantly among the programmes (68%, 57%, 54 % and merely 23 % for the South, East, West and North zones respectively). The demand-driven approach of programme implementation seems to have led to a situation where the main priority topics meant to improve and add value to EU cohesion policy as a whole were insufficiently addressed. As a consequence, results achieved on this particular aspect of the development objective remained below initial expectations.

According to Figure 4.1, however, the activities of a significant number of projects revolved around Structural Funds operations and programmes. Several operations strove to influence the content or the implementation of EU cohesion policy. For example, "Perspective 2007-2013" (South Zone regional framework operation) designed a joint strategy for the use of Structural Funds in four regions: Sachsen-Anhalt (DE), Région Centre (FR), Észak-Alföldi (HU) and Comunidad Valenciana (ES). The purpose of "S3" (East Zone, network, see Box 4.8) was to share solutions on Structural Funds. Another example of project focusing on EU cohesion policy, GRDP, (cf. Box 4.2) was analysed in the West Zone programme case study of this ex-post evaluation.

Box 4.2 GRDP – Greening Regional Development Programmes (West Zone, network)

The GRDP project (17 formal partners from 8 EU Member States [AT, ES, GR, HU, IT, MT, PL, UK] + 17 associate partners) developed a common European methodology to ensure that the environment is considered in EU funding programmes – particularly those programmes aimed at regional development. Specifically, the project looked at the various ways in which the environment can be integrated starting from the point of programming to the point when projects are being implemented.

The project explicitly targeted Objective 1 & 2 programmes and produced a "Handbook of Strategic Environmental Assessment (SEA) for Cohesion Policy 2007-2013", a Charter entitled "Regions for Sustainable Change" and the toolkit "Beyond compliance: how regions can help build a sustainable Europe". These publications raised considerable interest.

⁵⁵ Previous versions of this histogram and this pie-chart were included in two joint publications of the four INTERREG IIIC programme managing authorities (INTERREG IIIC Programmes, 2005 & 2007). Data presented in this report have been updated thanks to the kind collaboration of the INTERREG IVC JTS.

The Handbook in particular was highly appreciated and endorsed by both DG Environment and DG Regional Policy, and promoted among the managing authorities for the 2007-2013 programming period.

The contribution of INTERREG IIIC to other aspects of the main development objective, i.e. the effects generated in the wider area of EU cohesion and balanced territorial development can be regarded as substantial. Diverse relevant issues were addressed by project partnerships. Figure 4.2 above illustrates the breakdown of projects between eight main "co-operation fields". Among these, "Environment, Risk Prevention, Energy and Natural Resources" and "Regional Planning, Territorial Regeneration and Urban Development" were most popular (21% each).

We could group three categories (SME development and entrepreneurship, Research, technology and innovation, Information society and e-government) into one single Lisbon agenda category encompassing 33% of the operations. The influence of the Lisbon process on INTERREG IIIC operations gathered momentum during the programming period, as was the case for EU cohesion policy in general. A large majority of co-operation fields revolve around themes generally addressed in the framework of the EU cohesion policy. This conclusion may appear paradoxical bearing in mind the relative lack of interest for the first four priority topics for interregional co-operation. Actually, many projects dedicated to the fifth priority topic ("other subjects") addressed these themes, but not EU-funded programmes and operations.

A real influence on policies relevant to EU cohesion and territorial development can of course not be inferred from the sole fact that projects addressed these co-operation fields. It is also necessary to verify that a process of mutual learning and transfer of experience actually took place within project partnerships. The various analyses carried out during this evaluation came to the conclusion that this was indeed the case: most Strand C programmes and operations involved a high level of co-operation intensity. Further detail is provided in the next section.

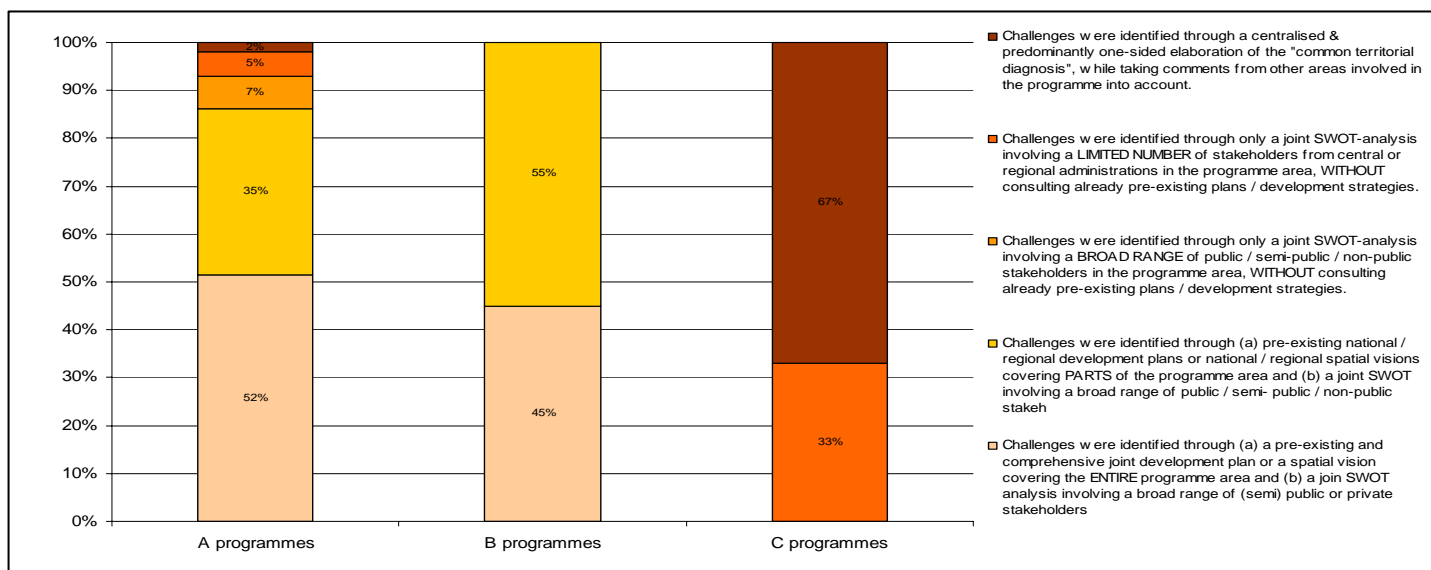
4.1.2.3 Contribution of INTERREG IIIC to the Co-operation Objective

Good progress was achieved by the INTERREG IIIC programmes towards the establishment of a long-standing interregional co-operation framework and the development of a Europe wide co-operation culture. However, the outcomes at the programme and the project levels differed.

Co-operation on strategic decision-making at the programme level

As Strand C was a novelty of INTERREG III, virtually everything had to be invented at the outset of the 2000-2006 period with regard to interregional co-operation programme management. The responsible bodies, in particular the various monitoring committee delegations, were relatively unprepared to face this rather challenging situation. Their contribution to the design of the programme strategy was minimal. As already pointed out, the four programme strategies were virtually identical, conceived without ex-ante evaluations, let alone a thorough evaluation of needs and on a top-down basis. As illustrated by Figure 4.3, this one-sided approach was clearly confirmed in the replies provided to the ex-post evaluation survey questionnaire and represents a specific feature of Strand C compared to the other two strands. Members of the programme management teams were asked to indicate which of five typical modes of identification of programme challenges best matches the approach adopted during the preparation of their programme.

Figure 4.3 Identification of INTERREG III programme challenges



Despite the efforts made by the programme authorities to clarify the objectives of the programme and better explain them to project applicants, the fact remains that the expectations of the latter did not match the ambitions of the former. According to the SWOT analysis of the INTERREG IVC Operational Programme, there was a "difference between what the European Commission / Member States wanted and what could emerge from the bottom-up approach (i.e. what the project applicants really want)".⁵⁶

How could such a bottom-up approach have been applied in practice? Arguably, attempting to consult all kinds of potential applicants would have been rather unrealistic. More appropriate would have been to analyse the experience, needs and expectations of existing bodies and networks already engaged in interregional co-operation. Not only ERDF-supported operations (such as RECITE or Ecos-Ouverture projects) already existed in 2000, but also a wide range of other interregional groupings and associations of the public and the private sectors. Many interregional networks had emerged.

Strong doubts have been expressed about their alleged capacity to "contribute to a more equal distribution of economic benefits across the territory"⁵⁷, as interregional relationships in the new globalised economy, especially between cities, remain more characterised by competition than co-operation. Be that as it may, the existence of a considerable number of interregional associations and networks should not have been ignored by INTERREG IIIC. This applies not only to the initial programme strategy elaboration, but also to its possible redirection and related key decisions to be made during the programming period. In this respect, due attention should have been paid to the need for appropriate multi-level governance mechanisms in the INTERREG IIIC programme monitoring committees.

Co-operation at the project level and in programme implementation

The 270 INTERREG IIIC operations created a fertile ground for developing intense interregional co-operation on an unprecedented scale. As early as November 2005, the conclusions of the INTERREG IIIC Mid-term Evaluation Update confirmed that, within INTERREG IIIC operations:

"There is clear evidence that exchange and dissemination of experience and knowledge is taking place to a great extent, which has resulted in extended knowledge of participating regions and their staff; improved working procedures; new projects, activities, approaches and policy instruments; good practices. (...) Interregional co-operation is expected to be sustained through

⁵⁶ INTERREG IVC Programme (2007), p.26
⁵⁷ PANTEIA (2009a, p.42), quoting Dawson (1992, p.9)

continued co-operation of participating regions and the promotion of longer term co-operation, through exchange of experience and knowledge, through the testing of innovative models and potentially achieving wider policy implications.⁵⁸

The trends identified above continued after its publication. The assessment of the Strand C performance based on the synthetic indicator used during this ex-post evaluation (cf. Annex 2), led to the conclusion that the overall intensity of co-operation of INTERREG IIIC programmes was relatively satisfactory. However, the components of the synthetic indicator relating to the co-operation at the project level are characterised by significantly higher values than those about the programme level performance.

For example, 100% of the operations were “truly joint” in nature, and some 60% were characterised by a high degree of sophistication and experimentation (i.e. they simultaneously exchanged experience, developed joint policy strategies and instruments, and tested or applied these through pilot projects). According to our comparative analysis, the success of Strand C in promoting intense and in-depth interregional co-operation was more attributable to co-operation at the project level than to programme strategy and governance. However, some aspects, in particular the assistance provided by the JTSs to project applicants, were instrumental in securing successful outcomes.

In the West Zone programme, as revealed by the case study, the main co-operation objective was taken very seriously. Efforts were made to conceptualise different types of co-operation. For example, various levels of co-operation intensity were formally defined: “1. Exchange and dissemination of experience / 2. Transfer of instruments, projects / 3. Development of new approaches / 4. Joint development of new approaches”. Project partners, especially those of regional framework operations, were strongly encouraged to go beyond the first level of this scale.

4.1.2.4 Impact of INTERREG IIIC outside the project partnerships

An impact of INTERREG IIIC achievements on cohesion in the EU seems impossible to quantify. Considering the scale of the cohesion challenge and the relatively limited ERDF amount allocated to Strand C, it seems more appropriate to try to grasp this impact in qualitative terms. The difficulty of assessing the impact of INTERREG III co-operation programmes is further exacerbated by the frequent lack of familiarity, among those who designed or ran the monitoring systems, with the logical framework. Confusion between the key-notions of output, result and impact are commonplace.

Among the indicators used by the four programmes, one only was labelled “impact”, worded as follows: “number of new projects / activities / approaches resulting from the exchange / dissemination of experience at interregional events”. Although this indicator could arguably be regarded as measuring a result, we may assume that related data collected help shed some light on effects generated by Strand C operations, of benefit to a wider public than their own partnerships. Should these effects be substantiated, the existence of some impact, albeit not measurable, could reasonably be inferred.

Considering the inaccuracy of the indicator wording, a lack of uniform interpretation is to be feared, especially of the notion of “approaches”. In the framework of our research, a representative of the West Zone programme provided a stimulating and insightful illustration of how this indicator was understood by the West Zone JTS:

“The project ECRIF-AV provides certainly one of the most successful examples of ‘new project/activity/ approach resulting from the exchange of experience’. This operation aimed at developing a network between regional funds for the audiovisual industry. Initially, five partners were involved in the operation. The main achievement of this operation that ended in June 2005 was the creation of a new association called ‘Cine-Regio’ (www.cine-regio.org) by the five participating regions. Less than two years later, 28⁵⁹ regional film funds from 15 European countries were members of this association”.

⁵⁸ LRDP (2005), p. 27

⁵⁹ According to the cine-regio web-site, visited in January 2010, five more film funds based in one of the same countries joined the partnership after the web-survey (32 partners in 15 countries).

In itself, this success story gives an interesting indication of the type of lasting effects that can be expected of INTERREG IIIC interventions. It cannot be assumed that every “new project / activity / approach” counted by the indicator relates to very successful examples of this type. Nonetheless, the West Zone case study identified several examples of operations having positively influenced economic regional and territorial development through improving local, regional or national policies.

It is not possible, however, to distinguish from these examples those limited to an internal interaction (i.e. inside the project partnership) from those which impacted on the external world. Since the indicator “new projects/activities/approaches etc.” is meant to reflect the course of events outside the project partnership, the related monitoring data are more insightful and worth considering in the four programme activity reports. These data are displayed in Table 4.2.

Table 4.2 Indicator “number of new projects/activities/approaches resulting from the interregional exchange of experience”

Programme	Target (1)	Achieved (2)	Ratio achieved / target (2)/(1)	Total number of operations (3)	Average performance per operation (2)/(3)
West Zone	500	1213	243%	76	16
North Zone	340	638	188%	35	18
East Zone	625	8328	1332%	75	111
South Zone	none	813	-	85	10

The scale of results relating to the East Zone programme stands out . This most probably stems from a different interpretation of the indicator, which appears to have been more uniformly understood by the other three programmes. In our survey, programme representatives were asked to give their opinion about the overall impact of all projects of their respective programme, i.e. the extent to which this programme “helped to improve the effectiveness of regional development policies and instruments (through information exchange and sharing of experience and good practices)”⁶⁰. The replies were as follows: East Zone: “very significant impact”; West and North Zones: “significant impact”; South Zone “some impact”. These opinions are congruent with the average performance per operation observed in the last column of Table 4.2. In the specific case of the East Zone, it seems that the opinion expressed by the programme representative was biased by the different interpretation of the programme impact indicator.

Considering the average performance per operation in the other three programmes, and bearing in mind that a large majority of projects addressed issues of much relevance for the EU cohesion, it seems clear that INTERREG IIIC operations positively impacted, to a certain but unquantifiable extent, on the economic and social cohesion of the EU and its territorial development. Other indicators that could have provided further information about the impact of projects beyond their own partnership are missing. Analyses carried out during the West Zone case study (for example, on CULTURED, see Box 4.3 below) supplemented by some additional data extracted on an intuitive basis from the INTERREG IIIC “complete collection of operations”⁶¹, confirm that this impact was real. In various respects, project partners were often involved in other operations, informal or formal partnerships, or permanent networks, before, during or after the lifetime of the Strand C operation considered.

⁶⁰ Cf. Annex 3, sub-indicator SI 18c. As explained in the main text, data relating to this qualitative indicator were not fact-based. Instead, they drew on opinions expressed by members of Strand C programme staff consulted about the extent to which their respective programme contributed to regional development policies and instruments. The replies provide a first subjective indication.

⁶¹ INTERREG IIIC Programmes (2005)

Box 4.3 CULTURED (West Zone, network)

Fourteen formal partners from nine EU Member States (BE, ES, IE, HU, IT, LT, LV, NL, UK) were involved in the project. Its overall objective was twofold: providing best practice guidelines for the promotion of elements of the built cultural heritage by sharing experience; and stimulating further discussion and networking on cultural heritage and regional development.

Sustainability of the project was further strengthened by capitalisation activities by means of which CULTURED had the opportunity to further share knowledge and achievements with other heritage driven projects such as REVIT (III), QUALICITIES, INHERIT, ASCEND.

A remarkable aspect of this project was the involvement of Ubeda City Council (ES) in two other INTERREG III C West projects (QUALICITIES and INHERIT) dealing with heritage. Whereas Ubeda's input in CULTURED mainly revolved around the rural heritage, their focus on INHERIT was on urban cultural heritage. Finally, QUALICITIES (West Zone Individual Project), which aimed to create a quality label for all heritage actions, supported both CULTURED and INHERIT.

QUALICITIES ("Quality method for a sustainable development of historical cities & regions"), was run by AVEC ("Alliance des Villes Européennes de la Culture"), a pre-existing association which considered the project as one among other activities on its agenda. A similar situation can be observed in other INTERREG IIIC operations, e.g. the involvement of:

- ERNACT in BRISE ("Boosting Regional Information Society Expertise", West Zone network) and in WIRELESS CITIES (South Zone individual project);
- The European New Towns Platform in KN ("Knowledge Networks", West Zone network);
- METREX in INTERMETREX (West Zone network) and PolyMETREXplus (South Zone network);
- "la Grande Région" (BE-DE-FR-LU) in e-BIRD (West Zone regional framework operation).

Such projects contributed to strengthening INTERREG IIIC partnerships and other interregional networks, groupings or associations and therefore optimised the impact of Strand C operations. Conversely, INTERREG IIIC catalysed the interregional co-operation initiated by earlier interventions. Apart from the transfer of experience achieved in this context, it seems likely that Strand C also contributed to a considerable increase in European human and social capital. A wide variety of INTERREG III projects from all Strands made more people internationally-minded, but this process reached unprecedented proportions in the framework of INTERREG IIIC. As such, the development of an interregional co-operation culture was catalysed. It is still gathering momentum in the current programming period, as evidenced by the steadily more numerous applications received following the INTERREG IVC calls for project proposals.

4.1.2.5 Impact of INTERREG IIIC beyond the project time-span

Another important question to examine is: were the effects generated sustained or ephemeral? The observed level of durability of Strand-C operations themselves is rather low on average but varies considerably between the four programmes. The proportion of projects still operating two years after the end of the INTERREG IIIC funding was reported to be 40% in the East Zone, 35% in the South Zone, 25% in the North Zone, and a mere 5% in the West Zone. According to the West Zone case study, the much smaller value in the West Zone stemmed from a stricter interpretation by the programme of project durability. The weighted average value for all Strand C programmes is 27%, significantly below that calculated for Strand A (50%) and Strand-B (31%). This can most probably be explained by two specific features of the interregional co-operation: in a majority of cases, project partnerships were more recently created, and the geographic dispersal of partners was much higher than was the case in the other two types of co-operation, especially the cross-border co-operation of Strand A. The proximity of partners would have been conducive to the durability of partnerships.

That said, the sustainability of impacts does not necessarily depend on long-lasting or stable partnerships. Interesting spin-offs may also emerge from a short-lived interregional co-operation experiment. After the completion of the GRDP project for example (cf. Box 4.2), many of its achievements were integrated in policy practice: a series of national and regional programmes have been influenced, and the "SEA (Strategic Environmental Assessment) Handbook" is widely used at the

European level and in various countries (e.g. as the main methodological instrument used in carrying out the SEA for four out of seven 2007-2013 OPs in Romania).

By their nature, most projects analysed in the West Zone case study were geared towards long-term co-operation. This attitude does not necessarily imply that project activities themselves would be further pursued beyond the project lifetime, but in a majority of cases that project partnerships keep in touch and engage in long-standing co-operation on various possible issues. An initial INTERREG IIIC partnership may also have been reshaped by another project while carrying out long-term activities, or have built on the experience and network of a former one (CULTURED, for example, took over from, and extended the initial partnership of, an earlier project named GRIDS; moreover, QUALICITIES capitalised on the CULTURED experience - cf. above box).

Besides, as already suggested above, Strand C ERDF funding probably contributed to improving the prospects for long term activities of permanent networks such as METREX, ERNACT and many others. It could be argued that the availability of this funding tends to increase the dependence of such networks on EU subsidies. It is up to each interregional association to adopt its own line with regard to financial resources. Some interregional networks have demonstrated their capacity to sustain long-term action while resorting to external funding to a very limited extent only.

A good example of such a network is "Four Motors for Europe" (www.4motors.eu), which involves Baden-Württemberg, Catalunya, Lombardia and Rhône-Alpes in various joint activities (e.g. co-operation between universities, on environmental issues, etc.) To date, this network has never used INTERREG ERDF funding. True, the four partner regions rank among the most prosperous in Europe, but their example demonstrates that external funding is not essential to long-term co-operation. In other contexts, ERDF assistance is of course welcome, but should ideally be mobilised to support one or more projects contributing to an overall predefined strategy of the interregional grouping. This seems to be the case already in some well established networks. The establishment of a synergetic relationship between these and INTERREG should favour long-term co-operation, be it to widen existing networks or to create new ones.

4.1.3 Contribution of INTERREG III C to Community policies

We now consider the contribution of INTERREG IIIC to Community policies in relation to the environment, innovation and transport, as required in our terms of reference. It is obvious that a very large number of operations addressed environment and innovation issues, whereas fewer but a still significant number of projects dealt with transport.

Contribution of INTERREG IIIC to Community policies in relation to the environment

Environment, Risk Prevention, Energy and Natural Resources was a very popular theme under INTERREG IIIC (21% of overall projects - see. Fig. 4.2). Another 21% of projects dealt with regional planning, territorial regeneration and urban development, and 15% with heritage, culture and tourism, all policy fields characterised by an important environmental dimension. The issues most frequently addressed by projects dealing with the first theme were biodiversity and nature (17 projects), risk management (10 projects) renewable energies (7 projects), and water/river management (7). Examples of projects which took the EU dimension of environmental policies into consideration include GRDP (see Box 4.2) and CITEAIR (Box 4.4).

Box 4.4 CITEAIR Common Information To European AIR (West Zone, individual project)

14 formal partners from 8 EU Member States (BE, CZ, DE, FR, IT, NL, SK, UK) were involved in this project. It supported cities and regions in developing efficient means to collect, present and compare air quality data across a multitude of sites, while providing an input to the air quality reporting and action planning. Thus, CITEAIR supported European cities and regions in their efforts to improve the air quality for their citizens.

During almost three years of productive work among partners and an exchange with stakeholders including the European Commission (DG Environment) and the European Environment Agency (EEA) a valuable set of products was developed.

A major achievement of this project was the elaboration of the first Air Quality indices at European level, taken into consideration by the EEA Topic Centre for Air Quality and Climate Change in its review of different air quality indicators.

Contribution of INTERREG IIIC to Community policies in relation to innovation

When commenting on Fig. 4.1, it was highlighted that one INTERREG IIIC operation out of three chose to address either SME development and entrepreneurship, or Research, technology and innovation, or Information society and e-government. The most popular field was SME Development and Entrepreneurship (15% of all projects). This group included very diverse projects. Some concentrated on SME development in a specific sector, others on entrepreneurship in particular areas (e.g. deprived urban areas, remote or sparsely populated areas), others on relevant cross-cutting themes, for instance development of business clusters (CLOE, West Zone individual project), international business development (FINESSE, see Box 4.5), environmentally conscious entrepreneurship (ECOLAND, East Zone individual project) or access to finance (FINNETSME, East Zone network).

Box 4.5 FINESSE Facilitating Incubator Networking and Exchange of Services for Small Enterprises (North Zone, individual project)

The project involved 10 formal partners from 7 EU Member States (DE, EE, LT, LV, FI, PL, SE,) + 2 two non-member countries (BY, NO). It created a collaborative international business development structure supporting the internationalisation of business start-ups and expanding SMEs. The partners aimed to develop cross-border markets by unblocking typical bottlenecks that hinder SMEs in expanding their business internationally. These bottlenecks involve issues such as product localisation and marketing or costs of acquiring partners, support and financial resources, but also factors such as distance, language barriers and lack of trust due to geographical and historical divides.

A network of 10 incubator centres and regional development agencies was set up around the Baltic Sea area supporting international business expansion. Activities included the analysis of enterprises and their associated markets, training and coaching, the development of business match-making databases and the organisation of business match-making events.

A total of 10% of projects were in the theme Research, Technology and Innovation. Many of these projects focussed on the role of innovation and R&D in regional development strategies, for instance MATEO (South Zone regional framework operation). Another group of projects concentrated on innovation in a range of specific sectors, including wind-energy (WIND-TECH-KNOW, North Zone individual project), maritime (INTERMAREC, North Zone regional framework operation), ICT (TINIS, West Zone individual project), etc.

Finally, 20 projects were dedicated to Information Society and e-Government, addressing issues such as public decision making and public services supported by ICTs (eGOVREGIO, East Zone individual project), ICTs in support of business and SMEs (ICHNOS, South Zone individual project) and ICTs in specific sectors such as data protection (EPRODAT, South Zone individual project).

Contribution of INTERREG IIIC to Community policies in relation to transport

Only 4% of the INTERREG IIIC operations addressed the accessibility, mobility and transport field. In budgetary terms, their contribution to the EU transport policy may appear marginal in comparison with the outcome of other operations dealing with environmental and innovation-related issues.

Content-wise, however, various projects in this category addressed issues of real relevance for EU transport policy. For example, CONCEPT (West Zone network) concentrated on more effective and sustainable regional transportation policies and strategies to aid regional development. Taking the European Commission White Paper on Transport as a starting point, the partnership explicitly aimed to bring the lessons learnt from their exchange of experience to the attention of a wider audience, including authorities at national and European level. PORT-NET (North Zone network) aimed to identify and tackle the main challenges faced by the European ports industry in order to create better operational structures and capacities and achieve the best possible regional integration of ports. ECO4LOG (cf. Box 4.6 below) is another interesting example.

Box 4.6 ECO4LOG (East Zone, individual project)

Eleven formal partners from 6 EU Member States (AT, DE, HU, PL, SI, SK) took part in this project. It aimed to optimise the efficiency of freight logistics along the EU North-South Corridor, extending from the German/Polish border to the Adriatic Sea. Following EU enlargement, this corridor was expected to experience a significant increase in goods transport, exceeding the capacity of existing infrastructure. Particular emphasis was placed on the promotion of multimodality, the provision of "4th Party Logistic Services" (4PL), and interregional collaboration of relevant public administrations.

Activities focussed on the transfer and creation of knowledge related to 4PL concepts based on a range of analyses, including terminal organisations, IT solutions and workflows in partner regions. The concept for the IT Tools for intermodal transport planning and control (Intermodal Transport Chain Management Tool) was elaborated following an assessment of users' requirements.

Both projects presented in the above boxes, FINESSE and ECO4LOG, were much more akin to transnational than interregional co-operation. The nature of issues addressed as well as the geographic scope of the project (a vast majority of FINESSE partners located in the Strand B Baltic Sea area, and of ECO4LOG partners in the CADSES area) made them relevant to INTERREG IIIB co-operation. Their applying under INTERREG IIIC must probably be attributed to the location of one partner only outside the Strand B area. In principle, such situations do not arise in the current programming period through the flexibility introduced in Article 21 of ERDF Regulation 1080/2006.

Contribution of INTERREG IIIC to territorial cohesion

A significant influence of Strand C operations on EU cohesion policy was expected. In recent times, an integrated approach coordinating cohesion policy interventions with other policy measures geared towards a more harmonious and balanced territorial development has been promoted. The process initiated by the elaboration of the ESDP, and further pursued through the adoption of the EU Territorial Agenda and the debate on the EU territorial cohesion, mobilised a wide audience of key-players over the 1994-2006 period, especially in the framework of INTERREG II & III.

As pointed out earlier, the two most popular Strand C co-operation fields were Environment, Risk Prevention, Energy and Natural Resources, and Regional Planning, Territorial Regeneration and Urban Development. A common characteristic of these two fields was the need to adopt an integrated approach to tackle the relevant issues properly.

Even though many projects concentrated on an exchange of experience and good practice at the local or regional level, their potential contribution to EU spatial development policy should not be underestimated. Interestingly, two Strand C projects took the ESDP as their main focus (DEDEL SDEC, South Zone individual project) and PROGRES SDEC (South Zone regional framework operation). Other projects explicitly took the ESDP as a major inspiration for their joint work on spatial planning issues, e.g. GRIDS (cf. Box 4.7) and INTERMETREX, two West Zone networks.

INTERREG IIIC projects and policy-makers at the EU level

Some Strand C projects were characterised by an intention to involve EU policy-makers and were showcased in the INTERREG IIIC Good Practice Survey ⁶².

⁶² INTERACT POINT IIIC COORDINATION (2007), pp. 24-25

These included:

- ECRN (East Zone, network), which actively contributed to EU policy-making with regard to the chemical industry, for example by developing joint amendments for the first reading of the REACH Proposals in the European Parliament;
- ASCEND (West Zone, network), which produced five recommendations on action to be taken at the EU level, for example the establishment of a pan-European agency specialising in the transfer of military land and heritage from the military to the civilian sector;
- UNDERSTAND (East Zone, individual project), which deeply involved, and was supported by, the Committee of the Regions for its Information Society benchmarking activities;
- L-NET (West Zone, individual project), dedicated to entrepreneurship education and business support in deprived urban areas, which produced a "Policy Bulletin" with policy information specifically designed for EU policy-makers;
- RUP PLUS (South Zone regional framework operation), which focussed on the Lisbon / Gothenburg challenges in the EU Outermost regions and organised seminars with a large number of high-level representatives from these regions, ACP countries, and EU institutions.

4.1.4 Factors of interregional co-operation effectiveness

After analysing what was achieved by INTERREG IIIC, the question that now needs to be answered is: "How was this achieved?" What were the key factors that led to effective co-operation?

4.1.4.1 Overall co-operation performance of Strand C programmes

The various components of our synthetic indicator are set out in Annex 2. Aggregate values of each of these components were calculated for every Strand C programme. The overall intensity of co-operation of Strand C reached an average level. It is rated medium in three programmes (West, North and East Zones) and low in the South Zone programme. For reasons spelled out in Section 1.2 of this report, these figures must be interpreted with caution. They do not represent an exact measurement of the territorial co-operation intensity. The synthetic indicator is only meant to provide a broad indication. The best approach seems to be to avoid excessive trust in the synthetic indicator itself. Instead, it is more appropriate to concentrate on the various aspects associated with its components, especially to identify factors which may explain why some programmes performed better than others. This is the purpose of the following sections.

4.1.4.2 Influence of previous interregional co-operation

At the outset of the 2000-2006 programming period, interregional co-operation was not starting from scratch. Various pioneering initiatives were still being implemented in 2001, but their legacy was already acknowledged in the INTERREG IIIC Communication published in the same year:

"It is clear that they⁶³ have attracted great interest and it is generally accepted that they are of high political importance. European regions all face socioeconomic problems, in particular the impact of the globalisation of the economy. Interregional co-operation projects have helped them to address these new challenges by drawing on the experience of other regions facing the same problems and finding common solutions."⁶⁴

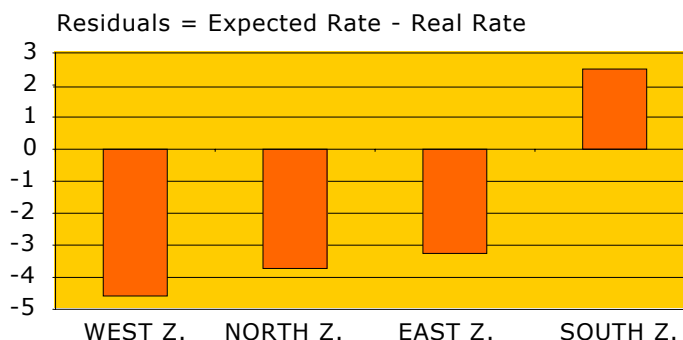
In the same Communication, however, the European Commission also insisted that it was time to create a more stable structure to organise interregional co-operation on a more consistent and permanent basis. Did the previous interregional co-operation tradition influence the overall

⁶³ i.e. interregional co-operation projects such as those of the innovative actions of the structural funds (RIS/RITTS; RISI; TERRA; Recite; ECOS-Ouverture, Urban Development) as well as projects under the "Promotion of innovation and encouragement of SMEs participation programme" (1998-2002) of the fifth RTD framework programme.

⁶⁴ CEC (2001a) points 13 and 14, in heading IV, "Past experience"

performance of Strand C programmes? An indication is given by Figure 4.4, similar to those included under Sections 2.3.1 and 3.3.1 relating to the other two Strands.

Figure 4.4 The influence of previous co-operation tradition on the overall co-operation performance of Strand C programmes



The amplitude of the deviations observed between the Expected Rate and the Real Rate is small (residuals between +3 and -5) and much more significant amplitudes (10 units or even more) were observed for various Strand A and B programmes. The negative deviation suggests that the depth and intensity of co-operation achieved slightly exceeded the level that could have been expected had the influence of historical factors been taken into account in the West, North and East Zones, whereas the opposite applies to the South Zone programme. It seems therefore that co-operation tradition did not influence significantly the overall co-operation depth and intensity of the INTERREG IIIC programmes, nor the difference between their respective performances. However, co-operation was probably affected to a different extent by this tradition at the programme and the project level.

At the programme level, as already stressed in Section 4.1.2.3, the bodies responsible for INTERREG IIIC programme management could not rely on any comparable experience acquired by previous interregional co-operation programmes. They took the INTERREG IIC and IIIB procedures as an inspiration. The style of working of these programmes may have influenced the choices made in the four INTERREG IIIC programmes. For example, the less integrated style of working (e.g. the practice of virtual transnational secretariat, actually a network of national contacts) adopted by INTERREG IIC programmes in Southern Europe could explain the relatively atypical position of the West Zone programme.

At the project level, INTERREG IIIC operations could take advantage of the experience gained by their forerunners such as RECITE and ECOS-Ouverture projects. In the collection of 264 projects presented in the Compendium published in December 2005⁶⁵, reference to previous RECITE or ECOS-Ouverture experience is made in five project fact sheets (PAGUS, TOOLS, ECOTOURISM, AQUAFIL and W.IN.NET). Other projects may also have capitalised on this experience without being mentioned. The West Zone case study suggests that previous co-operation experience was a positive factor in triggering INTERREG IIIC operations. For example, partners of the STRATINC West Zone project had already cooperated bilaterally or trilaterally in RECITE II projects. The e-BIRD regional framework operation could capitalise on the considerable cross-border co-operation experience gathered by the "Grande Région" (BE-DE-FR-LU). PRAXIS, which started in October 2004, originated from the PRAXIS network, established in 2001 between regions in Northern Europe (some of which with past INTERREG IIC experience) and local/regional authorities of Central and Eastern Europe.

In conclusion, it seems that the relatively small deviations observed in Figure 4.4 could be explained by the conjunction of two mutually-neutralising factors: poor previous experience at the programme level, offset by significant such experience at the project level.

⁶⁵ INTERREG IIIC Programme (2005).

4.1.4.3 Strand C programme intervention logic

The intervention logic of the Strand C programmes was based on a limited baseline: identical wording in the four CIPs, no specific SWOT analysis, nor any prior assessment of needs. The common general objectives of Strand C were simply recalled. They were neither discussed nor validated in partnership with target groups. The financial plan was rather sketchy and very flexible. Priority axes and measures were not defined.

Four main objectives, each with its own physical indicators, were introduced at a later stage in the programme complements. However, no financial allocation was specifically earmarked for these objectives. Even the amounts allocated to the three types of operations (regional framework operations, individual projects, networks) were flexible, as they could vary to a large extent (e.g. the West Zone PC allocates between 50% to 80% of its total ERDF funding to regional framework operations, 10% to 30% to individual projects and 10% to 20% to networks).

The unilateral definition of the programme objectives explains why the INTERREG IIIC outcomes were below expectations as far as its main development objective is concerned, especially in terms of influence on other Structural Funds programmes. The outcome could have proved much better had the principles of partnership and multi-level governance been adhered to. For example, many associations and networks of regions, especially those which had already engaged in interregional co-operation, should have been consulted. Such a prior consultation should of course not to be confused with a blind bottom-up programme elaboration process, which would have resulted in a probably inconsistent juxtaposition of agendas individually pursued by regional interest groups. But a synthesis between the needs and expectations of interregional associations and clear priorities to be defined on a more top-down basis at the EU level would have been appropriate.

Paradoxically, the top-down design of the programme strategy favoured a demand-driven style of implementation. The rather vague and flexible nature of the financial plan was an important factor in this respect, but also the lack of will or capacity to pursue some objectives. The objective of achieving changes in policies, whether at the level of operations (improving delivery of existing programmes) or at the level of policies (through changes in political and institutional structures), turned out to be overambitious. In contrast, objectives such as "accessing the experience of others" or "disseminating experience inter-regionally" were clearly not out of reach.

4.1.4.4 Strand C programme governance

Strand C programme management

The decision-making procedures and the administrative set-up of Strand C programmes complied with the requirements of the relevant EU reference documents. The components of the management structure were the Monitoring Committee (MC), the Steering Committee (SC), the Managing Authority (MA), the Paying Authority (PA), and the Joint Technical Secretariat (JTS). The MC and SC membership was similar to that of most other INTERREG III programmes. According to the West Zone case study, observers representing civil society (social and economic partners, NGOs) did not take a very active part in the meetings. A similar situation seems likely in the other three Strand C programmes. Regrettably, the appointment of observer members was rarely regarded as an important issue. In the specific case of Strand C, participation in an advisory capacity of representatives of some interregional associations, especially those who had experience in the area of co-operation, could have been valuable. As stressed above, their input to the elaboration of the programme strategy should have already been envisaged to improve the Strand C multilevel governance. In the implementation phase, their active participation in MC discussions would have been of real help to assist in the performance monitoring and advise on redirection steps possibly needed.

The Managing Authorities of the North, East, South and West Zone programmes were respectively Investitionsbank Schleswig-Holstein, City of Vienna, Generalitat Valenciana (Conselleria de Economía, Hacienda y Empleo) and Conseil régional Nord - Pas-de-Calais. No international grouping (similar to those of some highly integrated cross-border co-operation programmes) could lend its legal personality to embody the interregional co-operation and act as Managing Authority.

However, an European Economic Interest Grouping (EEIG) named "GECOTI (Groupement européen pour la coopération transnationale et interrégionale)" was set up to act as legal employer of the JTS team of the West Zone programme. This was because of the incompatibility between the conditions of service offered to the JTS staff and those of Nord-Pas-de-Calais regional officials. The West Zone programme case study highlighted the delegation of MA duties to the JTS. This arrangement was a response to a conflict of interests arising from the wording of Point 30 of the INTERREG III Guidelines according to which the MA "is responsible for organising the preparation of the decisions to be taken by the monitoring and steering committees. In particular, it will accept, consider and give a preliminary assessment of operations proposed for financing or will coordinate such tasks". Bearing in mind that the Conseil régional Nord-Pas-de-Calais could also act as project applicant, there was a risk of being judge and jury.

With regard to the stability and durability of the programmes, it should be noted that frequent adaptations of the programme were necessary. In the case of the West Zone for example, no less than four revised versions were adopted (every year from 2004 to 2007) after the approval of the initial programme in 2002. The late approval of the programmes and the slow programme start⁶⁶ also had an impact on the level of commitment and the spending pace. As can be seen in Table 4.3, significant amounts of ERDF were de-committed, especially in the South and West Zones.

Table 4.3 Strand C ERDF budget and de-committed funding (€m.)

Strand C ERDF budget and de-committed funding (€m.)				
<i>Source: INTERREG IIIC South Zone Programme, Annual Report 2007</i>	NORTH	EAST	SOUTH	WEST
Initial ERDF budget (operations + TA) (exclusive of "border regions" operations)	28,61	46,51	138,37	94,01
Total ERDF de-committed	3,1	3,84	12,67	16,58
De-commitment rate (share of the initial ERDF budget)	11%	8%	9%	18%

In the West Zone programme, considerable ERDF funding from the 2001 and 2002 budgets (€31.2m and €16.57m respectively) was de-committed in 2005. At project level, significant under-spending was also widespread. Various factors contributed, including reconsideration of project partnership arrangements, cancellation or postponement of activities, late payment of the cost of activities already carried out, late reporting (due to first level control difficulties at national level) on expenditure already incurred. The relatively small number of regional framework operations approved may also have given rise to a lower level of initial commitment. During the implementation phase, the internal arrangements applying to the expenditure certification process proved rather cumbersome and this may also have been a factor.

Assistance to applicants and project partners

The assistance provided to applicants and project partners by the JTSs of the four Strand C zones was good. A total of 95% of respondents consulted in the survey carried out for the update of the mid-term evaluation felt that they received adequate support from the JTSs in preparing their applications and during project implementation. A wide range of support was provided during the application and implementation phases: an application pack, partners-search events, consultations (individual, face-to-face, email, phone), seminars for applicants, good practice lead partner seminars, financial seminars and advice on financial management, communication seminars (communication kit), support for progress reporting; and in general the permanent availability of the JTS staff and good and fast response to queries.

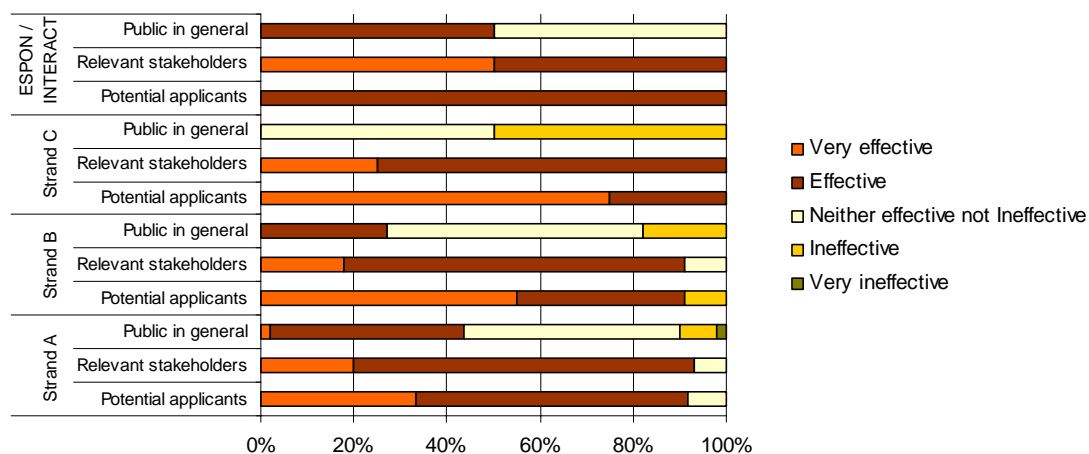
⁶⁶ The North and East Zone CIPs were approved on 31 December 2001, the West Zone CIP on 22 March 2002 and the South Zone CIP on 28 May 2002. South Zone started spending in 2004, and the other three Strand C programmes one year earlier.

During the project preparation phase, however, it proved difficult to get across to project applicants some key messages, e.g. to make them understand that the main purpose of INTERREG IIIC was the exchange of experience on regional policy operations, not the implementation of such operations, or to clarify the scope of the five topics. According to the West Zone case study, a majority of lead partners encountered some difficulties during project implementation. Often appropriate responses could not be provided because they were outside the control of the programme (e.g. national auditing rules). In such situations, the JTS strove to help lead partners by providing tools and guidance (e.g. audit guidelines or indicators).

Communication of Strand C programmes

Communication activities were closely coordinated by the four Strand C programmes. A valuable tool in this respect was the single web-site www.interreg3c.net, providing information about the application procedure, overviews of approved operations, newsletters, etc.

Figure 4.5 Programmes’ perception of the effectiveness of their publicity and promotion strategy



Source: Web survey INTERREG III programmes

As can be observed from Figure 4.5, the INTERREG IIIC programmes consulted confirmed that their communications strategy managed to raise interest among potential project partners and other relevant stakeholders, but not among the public in general. In this respect, Strand A in particular, was seemingly more successful in raising public awareness, Strand B being in an intermediate position.

External relations of Strand C programmes

Each Strand C programme had to establish two main types of relationships with the external world: with the other Strand C programmes and with other types of programmes. With regard to the first type of relations, the INTERREG IIIC project compendium⁶⁷ stated that “a harmonised implementation of the INTERREG IIIC programme with common standards and equal treatment of applicants and project partners is ensured across the four programme zones”. To meet this requirement, close coordination between the four Strand C programmes was of course essential. This coordination was led by the INTERACT Point (IP) “IIIC Coordination”. This was a consortium between the four MAs and four JTSs of the Strand C programmes, coordinated by the North Zone programme JTS in Rostock. The IP IIIC Coordination worked efficiently to secure the best possible harmonisation of programme documents, tools and procedures, while implementing joint information and communication activities.

⁶⁷ INTERREG IIIC Programme (2005), p.15

Joint outcomes included application and monitoring procedures, the system of quantified indicators, the harmonised legal framework, the unified financial control and audit system, the administration database, the INTERREG IIIC website as well as joint printed publications. Despite the considerable amount of work invested by the IP IIIC Coordination, some heterogeneity remained between specific aspects of the IIIC programme practice. In terms of project approval procedures by the steering committees for example, decisions were made by a limited number of national delegations, i.e. those of the "programme zone". As these delegations were generally influenced by the tradition of transnational programmes whose co-operation area was included in their programme zone (e.g. IIIB Baltic Sea Region in the case of the IIIC North Zone), selection criteria and procedures varied from one steering committee to another.

Various peculiarities of the South Zone programme (e.g. the use of French as working language, the large number of regional framework operations approved and a very different set of monitoring indicators with no associated targets) reflect a different style of working. With regard to relations with other types of programmes, the conclusion of the West Zone case study was that it overlooked this issue. Apart from relations with INTERACT (IP IIIC Coordination and participation in other INTERACT activities), contacts with other programmes were minimal. Co-operation with ESPON 2006 hardly existed. Co-operation with URBACT was more problematic because of the overlap between funded activities. There was, however, some exchange of experience on financial control issues. It would have been appropriate for programmes meant to "improve the effectiveness of policies and instruments for regional development and cohesion", to establish relations with bodies having structural funds programmes in their remit. Yet the West Zone programme JTS never contacted directly Objective 1 and 2 managing authorities.

4.1.4.5 Strand C project-level co-operation

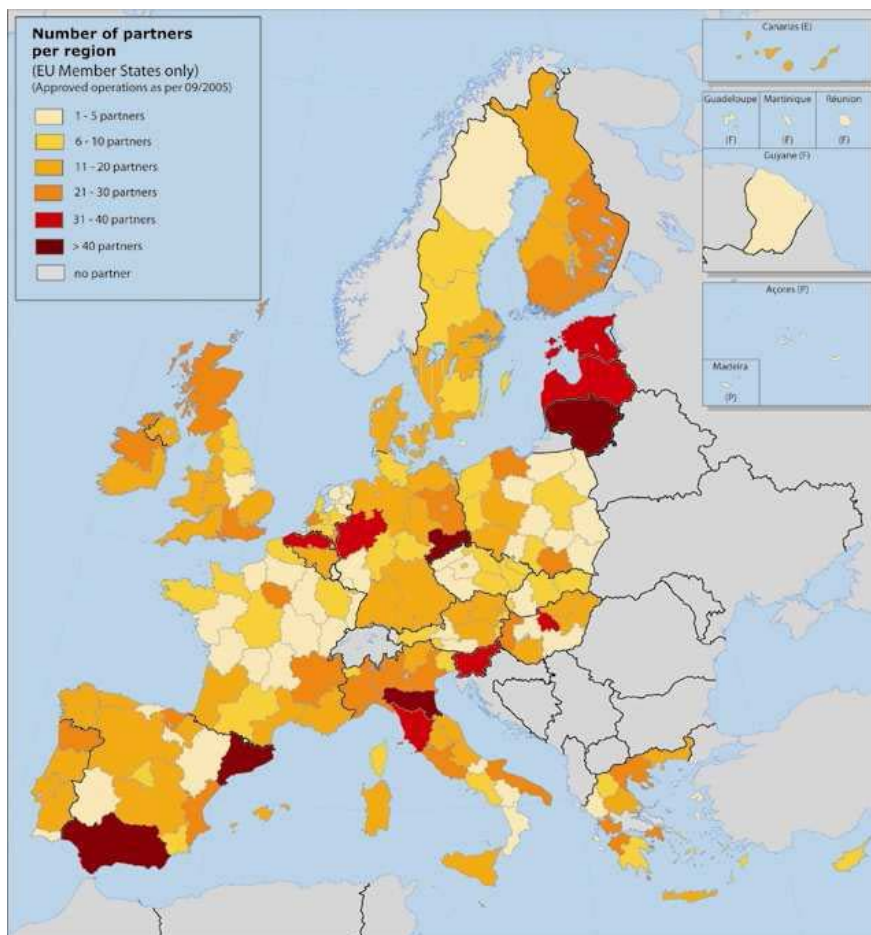
Various INTERREG IIIC projects have been referred to above as exemplifying the effects of Strand C. Here we provide an overall picture of this co-operation at project level while identifying factors conducive to its effectiveness. After a presentation of project location, types and partnerships, some aspects of the synthetic indicator relevant to the co-operation at the project level will be briefly revisited, and various project good practices will be commented upon.

Project location, types and partnerships

A total of 2,650 partners⁶⁸ were involved in the 270 INTERREG IIIC operations. The average size of a Strand C project partnership was around 10. Map 4.1 confirms that virtually every region in the EU was involved in Strand C co-operation to some extent. However, the concentration of partners was especially high in some areas - Andalusia, Catalonia, Emilia-Romagna, Saxony and Lithuania. The number of partners was also high in other regions (e.g. Flanders and Nord-Rhine Westphalia), and low elsewhere (e.g. central France, Eastern Poland).

⁶⁸ This figure overestimates the real number of partners, as the partnership sizes have been simply added together, regardless of the possible participation of a same organisation in more than one operation.

Map 4.1 Geographic distribution of INTERREG IIIC project partners



Source: INTERREG IVC Programme (2007), p. 18

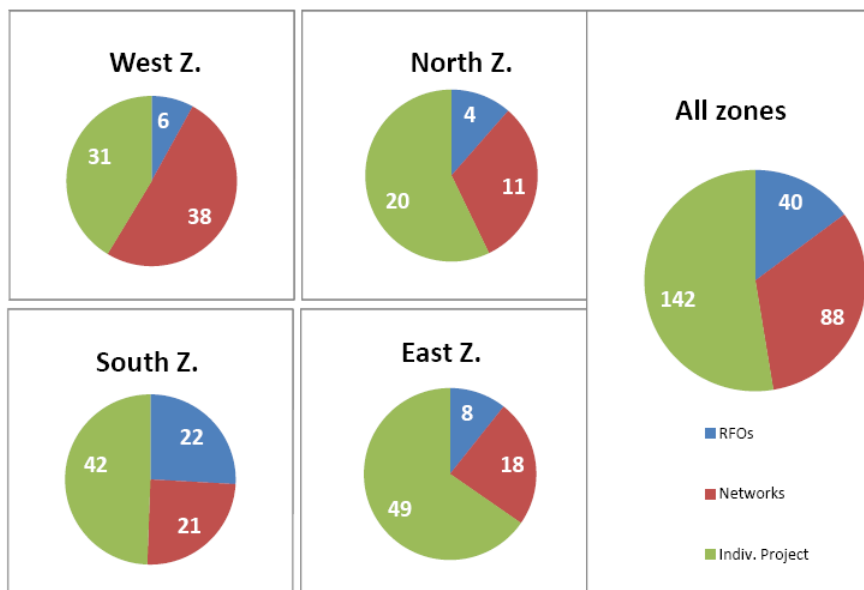
The geographic scope of project partnerships is also worth considering. Indeed, a balanced distribution across the European continent is likely to have improved the INTERREG IIIC impact by maximising the interaction between more differentiated regions (e.g. those located in old and new member states). To visualise this geographic distribution of project partners, we have used the following ratio:

$$\frac{\text{Number of partners based in the programme zone}}{\text{total number of partners.}}^{69}$$

This ratio was calculated for each of the 264 projects in the INTERREG IIIC Compendium. The value of this ratio was thus 1 when all partners were based in the same programme zone of the project. This was only the case for a few projects. For the others, a small value of the ratio reflected a high proportion of partners based outside the programme zone. The average values obtained at the programme level were as follows: 0.35 (West Zone), 0.53 (East Zone), 0.55 (North Zone) and 0.60 (South Zone). The proportion of partners not based in the programme zone was clearly much higher (about two partners out of three) in project partnerships of the West Zone and much lower (four partners out of ten) in those of the South Zone, intermediate in the other two programmes (about one partner out of two). There was a fairly good distribution of projects between the three main types of operations (see Figure 4.6). However, the breakdown varies from one programme to another. The North and East zones present similar profiles, both with a large share of individual projects. The relative weight of regional framework operations was much higher in the South Zone (more than half of all regional framework operations approved) and much lower in the West Zone, characterised by a high proportion of networks (one project out of two).

⁶⁹ Including partners of non-EU countries

Figure 4.6 Number of INTERREG IIIC projects per type of operations



There was a good mix of various types of project partners (see Table 4.4). The breakdown between various categories of partners was similar in the four programmes. Local / regional authorities and public equivalent bodies were the three main sub-categories, but some involvement of national authorities should be noted as well.

Table 4.4 Distribution of Strand C project partners

Categories		West	North	East	South
Legal status	Local authorities	31%	22%	27%	26%
	Regional authorities	28%	22%	24%	33%
	National authorities	4%	8%	5%	9%
	Public equivalent bodies	37%	48%	44%	32%
Location	Objective 1 regions	36%	48%	33%	49%
	Outermost regions	1%	0%	1%	2%
	New member states	19%	22%	19%	11%
	Non-member countries	6%	6%	6%	7%

Regions eligible for Objective 1 were relatively well represented. But getting the new Member States involved in the programmes proved difficult for various reasons:

- They acceded to the EU at a relatively late stage (1 May 2004);
- They had little previous experience of interregional co-operation projects;
- Their main priority was to absorb considerable amounts of funding allocated to mainstream programmes;
- In some new Member States, the regional government tier was missing or insufficiently developed, and regional and local development policy-related skills were weak.

For understandable reasons (i.e. travel costs), the participation of outermost regions was marginal. It proved also very difficult to involve partners from non-EU Member States. Not surprisingly, difficult coordination with IPA, TACIS, PHARE and MEDA programmes was reported to be the main explanation for this.

Co-operation at the project level as measured by the synthetic indicator

To recall, the first analysis of Strand C performance based on the various components of the synthetic indicator led to the conclusion that the success of INTERREG IIIC in promoting intense and in-depth interregional co-operation owed more to project level co-operation than programme level strategic decision-making and governance. For example, 100% of the Strand C operations were reported to be “truly joint” in nature. According to the West Zone case study, however, the very wide diversity of administrative structures, procedures and traditions of the partners involved in operations did not always facilitate the development or implementation of joint strategies and instruments. Some 60% of the operations were reported to be characterised by a high degree of sophistication and experimentation. This estimate must, however, be interpreted with caution because reliable data were missing for two programmes (South and East zones). The values for West and North zones were 50% and 69% respectively.

It seems clear that a multidirectional process of mutual learning, exchange of experience and transfer of good practice took place at a higher scale than during the previous programming periods. The thematic focus of this process included a wide range of issues relevant to regional development and territorial cohesion but EU funded programmes and operations were seldom addressed as such. It is therefore reasonable to infer that INTERREG IIIC projects, despite their very limited impact on EU cohesion policy instruments, contributed to a significant extent to the improvement of territorial development policies in Europe, including policies carried out by national and regional authorities.

Strand C project good practices

The purpose of the “INTERREG IIIC Good Practice Survey” carried out in 2007 by the INTERACT Point “IIIC Coordination” was to collect a series of project good practices and to identify among them those particularly conducive to successful outcomes. The study considered good practice approaches in the areas of content and project design and implementation. In these two categories, 21 effective practices were identified and project partners consulted were asked to specify those which they regarded as relevant or highly relevant to success. In Table 4.5 below, the percentages indicate the proportion of respondents who scored the listed practice as such. The resulting ranking may of course involve a certain degree of subjectivity, but the list provides a stimulating insight into the wide diversity of good practices experimented by Strand C operations.

Table 4.5 INTERREG IIIC project good practices

CONTENT AND PROJECT DESIGN	
(93%)	Stock-taking, comparing and benchmarking policies
(93%)	Transferring know-how through study-visits and staff exchanges
(89%)	Focusing on specific beneficiaries/sectors
(88%)	Improving co-operation between the public and private sector
(88%)	Involving policy-makers at the local, regional or national level
(79%)	Practical testing of new instruments / pilot applications
(78%)	Developing new common instruments for policy implementation
(74%)	Transferring knowledge from less to more experienced areas
(71%)	Boosting innovation by linking research and industry
(70%)	Involving policy-makers at the European Union level
(65%)	Strengthening innovation capacity through diversity of partnership
(52%)	Opening the partnership to other interested parties
IMPLEMENTATION	
(91%)	Employing effective dissemination and communication strategies
(84%)	Securing external funding for project continuation
(84%)	Involving EU, national or regional stakeholders and mainstreaming
(82%)	Monitoring and evaluating project performance
(80%)	Providing guidance and training on project implementation
(79%)	Involving external specialists to support project management
(71%)	Integrating INTERREG IIIC outcomes in the work of existing institutions
(67%)	Using the web as management, communication and implementation tool
(51%)	Securing partnership funding, institutionalising activities
Sample of operations used for the study	
West Z.	WEIMAR, HANSEPASSAGE (RFOs); STRATINC, CITEAIR, ENLOCC (Individual Projects); ASCEND, PIMMS (Networks)
North Z.	AQUAREG, INTERMAREC (RFOs); CULINARY HERITAGE, COSCO, FINESSE, E-PIPELINES (Individual Projects); BEPART (Network)
East Z.	ENABLE, REGINS (RFOs); UNDERSTAND, TRATOKI, 3-CIP, RURAL WATERS, TOURISMPARTNERS (Individual Projects); S3, ECRN (Networks)
South Z.	PAGUS, ECOSIND, ADEP (RFOs); GEOPARKS, AGORA (Networks); E-SAFER, E-PRODAT (Individual Projects)

Source: INTERACT POINT IIIC COORDINATION (2007), pp. 12-13.

4.1.4.6 Strand C leverage effects

As already indicated in Section 2.3.4 and 3.3.4 concerning Strands A and B, a distinction can be made between two types (namely financial and soft) of leverage effects.

Direct & indirect financial leverage effects of INTERREG IIIC

In terms of economic development, the improvement of public regional policies resulting from Strand C operations may have brought about some positive indirect effects. A leverage effect was also expected in the form of participation of the private sector in Strand C. The reality was different. Of the €485m total eligible cost of the Strand C budget, private sector resources amounted to a small share of approximately €3.6m. (0.7%). Of this amount, a mere 15% was actually spent.

Soft leverage effects of INTERREG IIIC

The main leverage effects of INTERREG IIIC were of a socio-cultural nature. As in the other two Strands, but at a much wider geographic and multicultural scale, Strand C interregional co-operation

succeeded in generating cross-cultural exchange involving a considerable number of participating individuals and organisations. At the outset, a good proportion of those involved in cross-border contacts were not necessarily familiarised with the classic pitfalls of international communication. In such circumstances, engaging in Strand C co-operation entailed overcoming various obstacles. Clichés, preconceived ideas about other cultures and other forms of mental barriers (including unilingualism) had to be set aside. In this connection, the West Zone case study highlighted the positive influence of projects on the development of social capital at the continental scale, and stressed its decisive contribution to European identity, i.e. a sense of belonging to a common European culture.

This contributed to introducing a new governance dimension in the overall process initiated to promote EU territorial cohesion. Whereas Strand A and B projects were meant to deliver tangible results of relevance for territorial development, the specific input of Strand C operations was different. Its main characteristic was the focus on intangible but no less important aspects, in particular the development of capacity-building in the area of territorial co-operation. A considerable proportion of European regions was involved in this capacity building process. Out of 1581 NUTS 1, 2 and 3 authorities of EU25, no less than 607 (38.4 %) participated in Strand C projects.

4.1.5 Transfer of Strand C good practice to mainstream programmes

To what extent did Strand C co-operation manage to transfer good practice to mainstream programmes of the EU regional policy? To paraphrase the INTERREG IIIC Communication, was progress achieved towards “creating synergy between best practice and exchange of experience actions and the mainstream structural funds programmes”?

Earlier in this report, we have suggested that the interregional co-operation and mutual learning culture successfully promoted by INTERREG IIIC did not adopt EU cohesion policy and Structural Funds programmes as their main focus. However, some indication of the transfer of good practice was provided in the monitoring tables published in the final activity reports of the four Strand C programmes. A set of four indicators (see Annex 10) were defined to assess the contribution of the operations to the objective of “expanding the effects of individual Structural Funds interventions”. The main interest of this set of indicators lies in the distinction made between the identification and transfer of good practice specifically related to Structural Funds on the one hand, and to other local or regional development strategies and policies, on the other. In the case of the West Zone programme, the transfer of Structural Fund-related practices is significantly lower than the transfer of other practices (187 compared with 314), but the opposite is true for the North Zone (162 compared with 121) and especially the South Zone (316 compared with 105). The indicators relating to the other practices (identified and transferred) are missing in the East Zone programme monitoring tables.

These figures must be interpreted with caution. The notions of “good practice” are rather vague and were not uniformly interpreted by the programme secretariats, as evidenced by the heterogeneity of values in the table of Annex 10. For example, the “destination” of the transfer is not specified. Therefore, this indicator does not allow rigorous conclusions to be drawn on the transfer of good practice to Structural Fund programmes, let alone mainstream programmes. Considering the relatively high values reached by the indicator “Number of good SF-related practices transferred” it seems reasonable to infer that a transfer *from* programmes and operations supported by the EU SF to other types of programmes or projects took place to a significant extent. Yet this does not fundamentally challenge the finding already presented earlier in this report: the actual transfer of good practices and know-how *to* EU-funded programmes and operations remained rather weak and therefore the EU cohesion policy itself was not significantly influenced.

During the survey carried out for this evaluation, representatives of the four Strand C programmes were asked to illustrate the impact of their respective programmes by describing one or two very concrete examples of the activities supported. In reply, quite a large number of examples of transfer of good practice were highlighted but striking is the fact that none made explicit reference to a transfer of good practice specifically targeting EU-funded operations or programmes. Such a transfer was nonetheless achieved by several operations. Examples included: A.D.E.P. (South Zone, regional framework operation), which aimed to achieve greater efficiency in regional development

policies for Objective 1 and 2 zones through the development of an individualised European model, "Perspective 2007-2013" (South Zone regional framework operation), which designed a joint strategy for the use of Structural Funds in four regions (already referred to in Section 4.1.2.2 above), and GRIDS.

Box 4.7 GRIDS (West Zone, network)

GRIDS involved 7 partners from 5 EU Member States (BE, IE, LT, LV, UK) in the production of best practice guidelines for the preparation of Regional Development Strategies and Spatial Plans for EU regions, in particular within the context of the EU enlargement. The project was closely linked to previous EU initiatives, including the INTERREG IIC projects on spatial planning and the European Spatial Development Perspective.

Through a series of intensive workshops, the GRIDS partners with no previous experience of Structural Funds (Lithuanian Ministry of the Interior (LT), Latgale Regional Development Agency (LV), Riga City Council (LV) and Stockholm School of Economics in Riga (LV) have all benefited from a number of presentations and study visits from stakeholders with Structural Funds experience (e.g. visit to 'Regionaal Landschap Kempen en Maasland' where extensive EU funding, in particular Objective 2 funds, were used for nature development projects as an instrument of regional development in Flanders).

According to each of the four Strand C programmes, the main development objective of INTERREG IIIC had to be achieved by:

- Changes on the level of projects, by introducing new methods or approaches or by improving existing ones; the focus here was on improving the delivery of existing programmes and instruments of regional policy.
- Changes on the level of policies, which implies a more far-reaching change of political and institutional structures related to regional policy. Changes at this level occur when a policy instrument, programme, etc, is readjusted or reoriented or if a new instrument is added.

According to the West Zone case study, the transfer of good practice and experience concerning Structural Funds interventions placed considerable emphasis on policy issues (the second type of changes mentioned above) but neglected management and implementation-related questions. It is not clear if this conclusion from the West Zone case study also applies to other Strand C programmes. However, the East Zone "S3" network (Box 4.8 below) is an interesting example of a project concentrating on the management of Structural Funds.

Box 4.8 S3 – Sharing solutions on Structural Funds (East Zone, network)

The "S3" project involved 14 partners from 9 EU Member States (CZ, DE, ES, GR, HU, IT, LT, SK, UK). It aimed to transfer and further develop know-how and tools for the development and management of Structural Funds programmes. With a particular focus on bottom-up approaches through the involvement of local stakeholders, project partners wanted to create a strong and reliable network for the creation and dissemination of relevant know-how and tools to regional institutions, including those in the new Member States.

The operation enhanced the capacities of partner institutions to implement and manage Structural Funds programmes. It increased the awareness of good practice in Structural Funds management among partners and stakeholders. Activities included analyzing and benchmarking of regional Structural Funds management skills as well as disseminating innovative and tested tools for programming and management. To disseminate lessons learned, partners exchanged staff and organised inter-regional study tours, workshops and conferences.

4.2 ESPON 2006

The initial policy expectations which framed the agenda of the ESPON 2006 programme are presented first below. In a second step, four questions raised in our terms of reference will be successively addressed.

4.2.1 ESPON 2006: the initial policy expectations

Article 53 of the INTERREG III Guidelines was the reference basis of the ESPON 2006 and INTERACT programmes, but did not make explicit reference to ESPON.

Annex IV of the Guidelines includes a "Statement by the Commission on Espon":

"If the 15 Member States are prepared to present jointly a proposal for a co-operation network among the spatial development institutes (Espon), including a financial mechanism and in relation to the observation and analysis of spatial development tendencies in Europe, the Commission is disposed to co-finance this co-operation through the 'networks' budget heading provided for in point 53 of the INTERREG III guidelines."

According to the strategic framework of ESPON 2006, the main purpose of the programme was to provide a consistent knowledge base and a common platform for research on territorial development trends at the European level. No single central aim was defined in the programme strategy.

Instead, seven high level objectives were pursued and research activities revolved around four main priorities ⁷⁰ :

Box 4.9 ESPON 2006 "HIGH LEVEL OBJECTIVES" and Priorities	
High level objectives	
1.	To add value to existing national research by taking a clear European and trans-national focus and improving the understanding of the diversity of the European territory and territorial development, including the prospective dimension and sustainable development, and beyond the usually employed statistical units. These would include an analysis of territorial trends in the 13 candidate countries ⁶ and neighbouring countries as well as in the Member States to draw conclusions for the territorial development of the Union.
2.	To specify the implications of the ESDP policy orientations on transnational-national spaces, the interpretation of existing ones (such as INTERREG II/III) and eventually evolving ones in the wake of the enlargement of the EU.
3.	To develop orientations for instruments and institutions necessary for a better perception and application of the ESDP policy options by policy actors at all levels from the EU to the local level; also including a better co-ordinated application of the ESDP principles.
4.	To contribute to a better understanding of the enhancement of the spatial dimension of the Structural Funds, Cohesion policy and other Community policies, and national sector policies.
5.	To make concrete contributions and proposals to improve co-ordination of territorially relevant decisions, taken at different levels (at the Community, national, regional and local level) and in different sector policies.
6.	To bridge the gap between policy makers, administrators and scientists.
7.	To create a network of the scientific European community in the fragmented field of spatial development.
Programme Priorities	
1]	Thematic projects on important spatial developments
2]	(EU-) Policy impact projects
3]	Co-ordinating cross-thematic projects
4]	ESPON research briefing and scientific networking.

4.2.2 ESPON 2006 contribution to a cohesion policy knowledge base : observing territorial development trends in Europe.

As noted above, the main purpose of the ESPON 2006 programme was to provide a consistent knowledge base and a common platform for research on territorial development trends at the European level. It was foreseen that ESPON would produce in-depth studies on a very wide range of issues and to promote an integrated, multidimensional and consistent approach.

⁷⁰ These priorities were subdivided into several measures (whose number reached fifteen after the programme revision in 2004)

This proved to be an immense challenge. A considerable amount of research was produced. The 34 study projects implemented contributed to a better understanding of EU territorial development issues. A key achievement was the creation of the ESPON database which provides new comparable information in a number of thematic fields. This paves the way for the progressive elaboration of a consistent EU territorial development monitoring system.

Various tools are associated with this database: the Data Navigator, a map kit, a web-based GIS, a "Hyperatlas" and a Regional Classification of Europe. Other scientific tools and models have been developed: TEQUILA, MASST, KTEN etc. Various issues remain to be solved in terms of data completeness, harmonisation and consistency, but also from a more theoretical point of view (e.g. the clarification and interpretation of some key-concepts and indicators). The quality of the various project reports was uneven. Some studies were very good while others faced difficulties in overcoming methodological problems. There was a strong focus on spatial analysis and planning issues, less on economic development, especially during the first few years of the programming period. Moreover, project results were not always conveyed in plain language nor in a concise format.

Many final reports were too long and written in an academic and not very user-friendly style. The self-referential and abstract nature of the ESPON output was criticised and doubts were expressed about its use for policy purposes. These shortcomings could have been avoided had the terms of reference of the study contracts been drafted more accurately. This would have provided the research teams with clearer guidelines, especially on the nature of key policy issues of European relevance. In the last years of the programme lifetime, however, significant efforts were made in terms of public communication (synthesis reports were published in a didactic format, two ESPON conferences and a series of ESPON seminars were held).

A major achievement was the development of a European research community of regional economists, geographers and spatial planners interested in European territorial development and cohesion. TPGs (Transnational Project Groups) and ECPs (ESPO Contact Points) engaged in fruitful networking activities. However, this research community was restricted to a relatively small segment of the EU scientific community familiar with the main issues of the ESPON research agenda. There remains scope for involving more experts and diversifying the types of scientific backgrounds of the TPG members. Close relationship developed with policy-makers but mainly officials (as opposed to elected politicians) from spatial planning departments (as opposed to other administrations responsible for sector-related policies). Therefore, the size of the ESPON target groups among national, regional/local planning authorities and EU/national administrations responsible for sector-related policies was relatively small.

Communication between scientists and decision-makers, especially politicians, was not always easy. Researchers were concerned that political interests would negatively affect the academic quality of project results and that findings would lose their credibility if biased by policy agendas. ESPON 2006 influenced policy making in various EU Member States. This was evidenced by a series of recent publications. Owing to the wide diversity of situations and political cultures, it is extremely difficult to provide a comprehensive picture of the current situation in this respect.

Whether in relation to defining the objectives of the programme or to carrying out projects, responsible bodies often underestimated the complexity of the undertaking. The thematic scope of the programme was too broad and the research agenda was disproportionately large compared with the programme budget. A stronger thematic focus could have helped to avoid this problem. In essence, strategic spatial planning is multidimensional and cannot arbitrarily limit its approach to a narrow selection of sector-related policies impacting on territorial development. Yet another type of streamlining of the ESPON approach could have been thought of - instead of concentrating on selected themes, topics or policies, the programme might have given priority, within each policy considered, to a selection of issues of particular cross-border, transnational, EU or international relevance. Indeed, the evolution of territorial integration processes and the scope for catalysing them should be regarded as priority topics.

In this connection, a major stumbling block facing current research on EU territorial development issues is the heterogeneity of data. Most official EU statistics, notably those provided by EUROSTAT, are still collected on a regional or national basis. More homogenous data could be directly generated,

for example through transnational sampling. Alternative methods departing from strictly quantitative-descriptive territorial analyses should also be better explored. The project "Scenarios on the territorial future of Europe" (see below) has successfully taken advantage of such alternative methods, in particular the analysis of the hierarchy of drivers of territorial development processes, and foresight research.

4.2.3 Contribution of ESPON 2006 to Community policies

The ESPON 2006 programme was closely connected with the intergovernmental process which led to the adoption of the ESDP in 1999 and the EU Territorial Agenda in 2007. This explains why the programme objectives were so ambitious: the thematic scope of these two documents was very wide and the ESPON 2006 programme was meant to provide scientific support to the policy debate on every ESDP policy option. In such circumstances, a lack of focus was probably unavoidable. The second priority of the programme was dedicated to "policy impact projects".

This involved analysing the impact of various sector-related policies carried out at different tiers of government, including the development of territorial impact assessment methods. Not surprisingly, Community policies ranked high on the agenda of this Priority. Ten policy impact projects were carried out: two projects on TENs and related policies, one on agricultural policy, one on R&D policy, two on Structural Funds / Cohesion, one on accession aids, one on fishery policies, one on environmental policy and a synthesis project entitled "ZOOMING - Integrated Analysis of Transnational and National Territories". A further policy impact project was carried out under the third priority. In this context, some key issues, including Territorial Impact Assessment (TIA), generated considerable interest. Significant efforts were made by ESPON 2006 to develop a common TIA tool of high scientific quality. At the end of the programming period, these endeavours culminated in the elaboration of the TEQUILA⁷¹ theoretical model.

The conclusions of policy impact projects raised some interest among those involved in various EU sector-related policies (e.g. transport policy, CAP, environment) but any tangible ESPON influence on these Community policies themselves seems very unlikely. Apart from this, further work was clearly needed to synthesize the contributions and integrate them into a coherent spatial approach. One project was entrusted with a task on the elaboration of prospective trend and policy scenarios. The knowledge base provided by the ESPON studies and synthesised in the Territorial State and Perspectives of the European Union document proved instrumental in the elaboration of the EU Territorial Agenda adopted in Leipzig in 2007. The programme greatly facilitated the accommodation of the Lisbon / Gothenburg strategy and the notion of "territorial capital" into the EU Territorial Agenda, but its influence on the Lisbon-Gothenburg strategy itself remained marginal.

The Third Cohesion Report benefited from an early ESPON 2006 input based on preliminary results. Despite its relatively discreet and modest nature, this input was regarded as a major achievement. This helped to promote the programme image and profile. The same results were used more extensively in a separate publication: the Interim Territorial Cohesion Report⁷². This first DG Regional Policy publication entirely dedicated to territorial cohesion facilitated closer ties between those engaged in the debate on the ESDP and formal EU institutions. The ESPON contribution to the Fourth Cohesion Report was implicit but effective. This is particularly to be seen in the presentation of a regionally differentiated picture of the impact of various challenges facing the EU.

4.2.4 Factors of co-operation effectiveness under ESPON 2006

Before commenting on the various factors that favoured or hampered effective co-operation under ESPON 2006, it is helpful to briefly describe the programme management structure. This was characterised by a high number of components, including one ESPON Contact Point (ECP) in each participating EU Member State and associated country. The Luxembourg Ministry of Home Affairs assumed the responsibilities of Managing and Paying Authority (MA & PA). The Coordination Unit (CU)

⁷¹ TEQUILA stands for "Territorial Efficiency, Quality, Identity Layered Assessment model". This model is the basis of the current ESPON 2013 TIPTAP project.

⁷² CEC (2004c).

and the Monitoring Committee (MC) were the other two key-players to spearhead the implementation of the programme strategy.

The TPG were the final beneficiaries of the programme funding but they are often regarded as a part of the management structure as well. This is due to the close ties between the CU/ECPs and each TPG. Some TPGs, especially those entrusted with an assignment of a horizontal nature also performed important coordination tasks.

Factors which facilitated effective co-operation in ESPON 2006 activities

The precursor Study Programme on European Spatial Planning (SPESP) was implemented from December 1998 to February 2000 on an experimental basis. Its scale was modest, but it succeeded in producing a significant number of interesting studies. A much stronger structure was set up to implement ESPON 2006. A striking feature of the style of working, especially during the MC meetings, was the considerable attention paid to policy issues. Several members of the MC ranked among the key-players of the ESDP process and the debate on EU territorial cohesion.

They considered the findings of the ESPON research as the main food for thought and knowledge base for this debate. Therefore, the MC invested considerable energy in the selection of quality projects, but also in a close follow-up of their implementation. The MA and CU succeeded in promoting and implementing a flexible approach, which allowed the programme to demonstrate its responsiveness and capacity to adapt to circumstances. Significant efforts were made to improve the consistency of the overall programme outcome and to meet the demand expressed on various occasions (preparation of the Leipzig Territorial Agenda, contributions to the EU Cohesions reports, accommodation of the Mid-term evaluation recommendations, organisation of new networking activities, including the INTERACT/ESPON seminars, etc.).

A major breakthrough was also the close and fruitful co-operation relationship established between the programme management, scientists and policy decision-makers (but essentially those already involved in the ESDP / EU Territorial Agenda process).

Factors which hindered co-operation in ESPON 2006 activities

As noted earlier, the ESPON research agenda was disproportionately large compared with the programme budget. Nevertheless, projects delivered contributions exceeding what could have reasonably been expected from the limited financial means. In practice, the programme benefitted from extra resources, i.e. contributions in kind by research teams whose working time significantly exceeded what had been planned in the approved project application. Tribute must be paid to this enthusiasm of the TPGs but it should also be acknowledged that the programme objectives themselves proved overambitious. Various weaknesses of the research agenda, in particular its lack of focus, could have been avoided through a more professional drafting of the terms of reference of the ESPON studies. To resolve this problem, the question of the insufficient scientific capacity of the CU team should also have been addressed. The recruitment of a senior research official was, and remains, necessary.

The formal procedures applying to the management and implementation of the programme were generally regarded as excessively bureaucratic and imposed a heavy administrative burden on the TPGs. Not only the very high number of participating countries but also the atypical nature of ESPON project content and final beneficiaries made the situation even more complex. In principle, the ESPON 2006 approach to project selection should have been akin to that applied in other ERDF-funded programmes (including INTERREG), i.e. a call for project proposals. In practice however, the procedure implemented by ESPON 2006 was a hybrid of a call for proposals and a call for tenders, with much more in common with the latter than the former, except that subsidy contracts (as opposed to service contracts) were signed with selected applicants.

Because of a lack of budgetary means, an independent scientific validation of project results could not be done. This significantly increased the workload of the MC, which deliberated not only on project applications but also on project results.

Although Contact Points used to play a pivotal role in the predecessor programme, the approach taken at the launch of the ESPON 2006 programme was more centralised. ECPs tended to be marginalised, all the more so as they relied on external funding. Some strong ECPs were set up in Member States whose planning administration was closely involved in the programme, but the opposite could be observed elsewhere. The resulting heterogeneity and incompleteness of the ECP network was probably the main weakness of the programme management structure. To ensure a more even involvement of all ECPs, appropriate programme budgetary means should be made available to prevent weaker ECPs from being penalised by their insufficient level of own resources. A similar comment applies to the network of TPGs. The limitation of project financial means led to a geographical unbalance in participation with an overrepresentation of large research institutes and universities, mostly from northern and north-west Europe.

4.2.5 Transfer of ESPON 2006 knowledge on territorial development to other Community programmes

Among the various programmes supported by the EU Structural Funds, two main categories deserve particular attention as they were expected to benefit from ESPON 2006 results: INTERREG programmes (including INTERACT), and other Community Initiative programmes. The influence – if any – on mainstream programmes was most probably minimal.

ESPON 2006 and INTERREG

ESPON results were used as a reference by many programmes, especially for the development of spatial vision documents by INTERREG III programmes and for the production of INTERREG IV OPs. The interest generated was significantly higher among Strand B programmes.

Various ESPON 2006 projects and other activities proved of help to INTERREG programmes. This was the case, for example, with two projects: the project on "Governance of Territorial and Urban Policies from EU to Local Level", especially its transnational and cross-border case-studies, and the project "Integrated Analysis of Transnational and National Territories Based on ESPON Results". Among the ECP networking activities, various seminars were dedicated to a transnational sub-part of the European continent⁷³. Some of these events were attended by INTERREG MA/JTS, and/or had transnational spatial development perspectives on their agenda.

Even more important were the activities jointly undertaken by ESPON and the INTERACT Point Qualification and Transfer to disseminate ESPON research results among territorial co-operation stakeholders. In this framework, five thematic studies were produced on the following topics: accessibility, transport and communication networks, environmental hazards and risk management, polycentric urban development and rural-urban partnership, spatial visions and scenarios, and cross-border co-operation. These studies drew on the outcome of six seminars held with MA/JTS of INTERREG III programmes in 2005 and 2006. A synthesis report of these studies and discussions was published in 2007 entitled "Territorial evidence and co-operation: Linking analysis and action"⁷⁴. As stressed in this report, the whole exercise was based on "the idea to match the bottom-up view on the development of the EU territory – as developed in INTERREG projects – with the comparative view on European territorial development, presented by ESPON".

These activities were a key component of the revised ESPON communication strategy adopted to establish closer ties with practitioners (such as professional planners and the community of INTERREG III programmes and projects) and other potential end-users. The ESPON-INTERACT seminars came rather late to impact significantly on INTERREG III practice, but at the right time to initiate a fruitful theory-practice interaction in view of the 2007-2013 programming period. The contribution provided to EU territorial co-operation in this framework was useful, but would have been of greater help had the ESPON production been more focused on issues of cross-border and transnational relevance and the interdependence between regions.

⁷³ North West Europe (two "ESPON Going Regional" seminars), South Eastern Europe ("SEEP" seminar), Baltic Sea Region ("COBALT" seminar) and Southern Europe ("SSE" seminar)

⁷⁴ ESPON-INTERACT study project (2007b)

ESPON 2006 and the other Community Initiatives

In the ESPON 2006 programme, it was specified that the ESPON co-operation would draw on the experience of, and, when appropriate, establish specific coordination mechanisms with, several EU funded programmes and related operations. This was particularly the case of LEADER and URBAN. The LEADER was addressed at length in the final report of a project on "Urban-rural relations in Europe".

The Project "Territorial Impact of CAP and Rural Development Policy" also dedicated a long section to LEADER, emphasising its high impact on the economic development of rural areas despite its relatively restricted budget. URBAN was also referred to in ESPON studies. Much less attention was paid to ESPON by those dealing with urban issues in the EU context. The Urban Audit 2 results included passing references to ESPON projects but the URBAN Initiative does not appear to have taken the ESPON production on board at all. There was no real co-operation between URBACT and ESPON⁷⁵. Because of the lack of co-operation between ESPON 2006 and those responsible for the LEADER and URBAN initiatives, the impact of the programme on the operations of these two Community Initiatives can be regarded as negligible.

4.3 INTERACT

The raison d'être for INTERACT was to promote the transfer of good practice between INTERREG programmes and projects, with a view to improving the overall quality of INTERREG III and IV, not of any other EU programmes or policies in particular.

4.3.1 INTERACT networking: initial policy expectations, priorities and objectives

INTERACT stands for "*INTERREG Animation, Co-operation and Transfer*". The following reference to the INTERACT Programme was included in Article 53 of the INTERREG III Guidelines (2004 update):

"The Commission has approved the Interact Support Programme for cross-border, transnational and interregional co-operation. The tasks of the Interact programme include:

- Coordination and exchanges of experience and good practice at Community level of actions undertaken through INTERREG III,
- Technical assistance and promotion of the creation and consolidation of joint structures for programming, monitoring and management,
- Coordination of interregional co-operation. Collection of information on projects approved (in order to avoid double financing of projects and to promote further synergies) and their implementation,
- Publications, databases and web sites."

The fact that no real objectives were defined in Article 53 but instead a list of tasks is noteworthy. This was remedied in the INTERACT I programme, according to which the programme strategy was geared towards two key-objectives:

- Increasing the efficiency and effectiveness of the INTERREG III programmes;
- Contributing to the quality of the INTERREG III Community Initiative by providing support to the programme implementation across strands A, B and C.

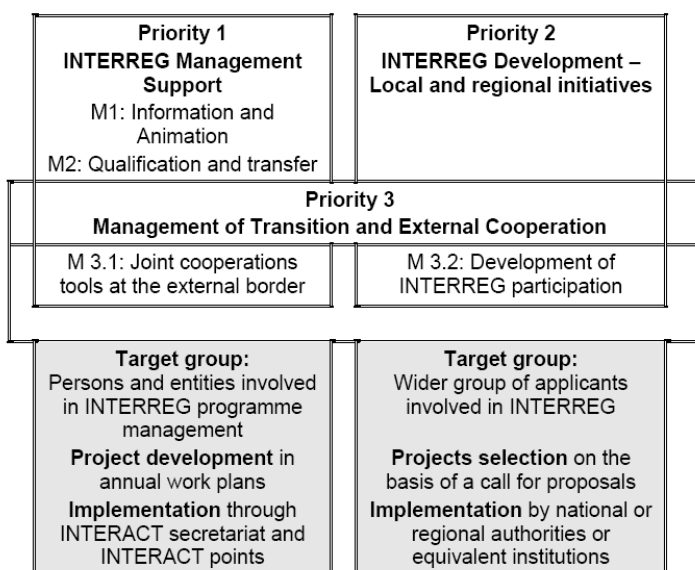
⁷⁵ but co-operation with URBACT II is clearly on the agenda of the ESPON 2013 OP.

This strategy was structured into three main priorities:

1. INTERREG Management Support
2. INTERREG development: local and regional initiatives
3. Co-operation and management of transition in border regions with Accession Countries).

As can be seen in Figure 4.7, the scope of Priority 3 overlapped those of Priorities 1 and 2. Priority 1 (and Measure 3.1) concentrated on assistance to INTERREG programmes, Priority 2 (and Measure 3.2) on "local and regional initiatives", i.e. operations promoting INTERREG-related exchange of experience and good practice between bodies not involved in programme running. Priority 3 was dedicated to the same activities, but applied to the co-operation between EU Member States and neighbouring countries, including accession countries.

Figure 4.7 INTERACT Priorities and their target groups



The shaded cells at the bottom of Figure 4.7 sum up the basic principles applying to the two main categories of programme activities. On the one hand, the implementation of Priority 1, Measures M1 and M2, and Priority 3, Measure M 3.1, was entrusted to the INTERACT Secretariat and the INTERACT Points. On the other hand, Priority 2 and Priority 3 Measure 3.2 were implemented through open calls for project proposals. Table 4.6 provides a synoptic view of the various programme priorities and associated objectives.

Table 4.6 INTERACT Objectives

Global Objectives (IMPACT):	Specific Objectives (RESULTS)	Operational Objectives (OO) (OUTPUTS)
<ul style="list-style-type: none"> 1. increase the <i>efficiency and effectiveness</i> of the programmes implemented under the three strands of the INTERREG III [2. contribute to the <i>quality</i> of the INTERREG community Initiative and provide <i>support</i> to the programme implementation for all three strands of the INTERREG Programme] 	Priority 1 INTERREG Management Support 1. to improve know-how and strengthen the management and operational capabilities of INTERREG III managing bodies 2. facilitate transfer of know-how between all 3 strands of INTERREG	1. to develop common tools for realisation of INTERREG III programmes 2. to provide a coherent information framework 3. to prepare the ground for improving legal conditions for co-operation 4. to provide a coherent framework for training
	Priority 2 INTERREG Development: Local and Regional Initiative 1. to improve the quality of INTERREG III programmes and projects 2. to deepen INTERACT activities for different groupings of players	1. to enable the transfer of experience and good practice between institutions and players in different geographical areas, programmes and INTERREG III strands 2. to support project development activities
	Priority 3 Management of Transition and External Co-operation 1. to encourage and strengthen co-operation in regions along the external border	1. to support Accession Countries (including Romania and Bulgaria) in their preparations/participation/ co-ordination with INTERREG III programmes and to manage the transition phase 2. to develop joint co-operation tools and mechanisms supporting co-operation between Member States and neighbouring countries (2003/2004)

At first sight, concentration on these objectives and priorities should have favoured a relatively strong thematic focus. In the programme complement, however, their number was considerably increased. This resulted in a complex and intricate system of measures, specific and operational objectives, many of which included in the individual agendas of INTERACT Points, detrimental to the visibility of the programme intervention logic. As set out in the programme, the general objectives were relatively clear to INTERACT outsiders, but the opposite applied to the programme complement. This was all the more so as the management structure of the programme involved a very large number of participating bodies.

4.3.2 Effectiveness of INTERACT

Despite the need to adapt to changing circumstances and bearing in mind its innovative nature⁷⁶, the INTERACT I programme was quite successful in achieving its original operational and specific objectives. The overall outcome, however, was mixed. This applied especially to the achievements of the two broad categories of activities of the programme - those providing direct assistance to INTERREG programmes, and activities of INTERACT projects.

⁷⁶ The only real INTERACT forerunner seems to be the LACE project, initiated in 1990 to provide assistance to co-operation between European border regions. This project does not appear to have significantly influenced the INTERACT activities

INTERACT assistance to the INTERREG programmes

The assistance provided by the INTERACT Secretariat and the five INTERACT Points to INTERREG programmes was substantial: management and operational capabilities of INTERREG III managing bodies were improved; the transfer of know-how from more to less experienced programmes of all three Strands of INTERREG took place; co-operation in regions along the external border was stimulated and strengthened.

This was achieved through a wealth of relevant information and communication means, including:

- Data collection on INTERREG Programmes, on nearly 700 INTERREG III projects of all strands, and on good practice examples (paving the way to the KEEP⁷⁷ data base);
- Management tools, handbooks, studies and surveys on INTERREG programmes, projects and specific topics;
- Advisory services;
- INTERACT web-site (frequently used as primary source of information on INTERREG by the European Commission and other bodies);
- Communications campaigns;
- Establishment and animation of professional networks;
- Study visits, training seminars, workshops and on-line discussion;
- 11 Europe-wide conferences.

INTERACT also established strong links with the community of INTERREG programmes. In contrast, and for understandable reasons, few links were established with INTERREG project partnerships. Instead, the INTERACT approach to project-level co-operation was indirect (and remains so under INTERACT II), the main aim being to strengthen the capacity of the programmes to assist project partnerships in acquiring the appropriate management skills.

In 2003, the INTERACT Points undertook a thorough assessment of the needs of the INTERREG community⁷⁸. Later on, however, a switch from “existing” to “expressed” needs seemingly took place as the programme became more demand-driven. In other words, the INTERACT Points used their entire capacity to respond to the requests from the existing beneficiaries of the programme but did not examine the needs of the INTERREG community not involved in INTERACT I activities.

Most programme activities were characterised by a strong bias towards INTERREG programme or project management and implementation issues, to the detriment of policy- and content-related issues, despite this approach not being explicitly recommended in the programme. Topics addressed by studies or during seminars and training sessions included INTERREG programme elaboration and management (including financial management and N+2 rule), eligibility of expenditure, first and second level control, human resources management, Lead Partner principle, quality project generation, strategic project development, partnership agreements, project management, project evaluation and selection and CBC legal structures. More policy-oriented, though, was the series of joint ESPON 2006 – INTERACT seminars organised by the INTERACT Point Qualification & Transfer and the resulting thematic studies and synthesis report. Policy issues of strategic relevance for territorial co-operation, for example territorial integration, did not rank among the main concerns of the INTERACT programme. This did not prevent it from developing a real shared expertise in the area of co-operation culture and related techniques, but the need for a better emphasis on the policy-content of co-operation has been clearly acknowledged in the INTERACT II OP⁷⁹.

Activities of INTERACT projects

Following two calls for proposals, 21 INTERACT projects were approved and supported by a significant share - over 40% - of the programme’s budget. These projects were successful in delivering useful and relevant outputs. For example, two projects developed interesting on-line

⁷⁷ KEEP stands for “Knowledge and Expertise in European Programmes”.

⁷⁸ Cf. INTERACT I programme (2003).

⁷⁹ INTERACT II Programme (2007a), p.19.

training courses: IONAS⁸⁰ offered an “On-line training course on Euro-project management”, and SPARC an on-line learning module about integrated spatial development and planning (see Box 4.10 below).

Box 4.10	The SPARC (Spatial Planning and Regional Competitiveness) project
<p>The project developed a learning module for knowledge and skills in integrated spatial development and planning, targeted at those taking part (or who want to take part) in INTERREG programmes or transnational co-operation under new structural funds after 2007. These include project promoters, programme secretariats, contact points, members of monitoring and steering committees, and other relevant persons and institutions. SPARC aims to promote enhanced understanding of linkages between sectoral policies/activities at the EU, member state and sub regional levels and their impact in terms of spatial development.</p> <p>Four universities in four countries (Heriot Watt University - UK, Univerza u Ljubljani - SI, Université du Luxembourg – LU, Politecnico di Milano - IT) have co-operated to develop the module material which reflects new European policies and innovative practice, including the results of INTERREG projects. However, another aim of the project is to develop a wider transnational, polycentric network of institutions that can deliver training in spatial development through connecting experience and findings from the European Spatial Planning Observation Network (ESPON) and INTERREG to practical decision-making in different regions.</p>	

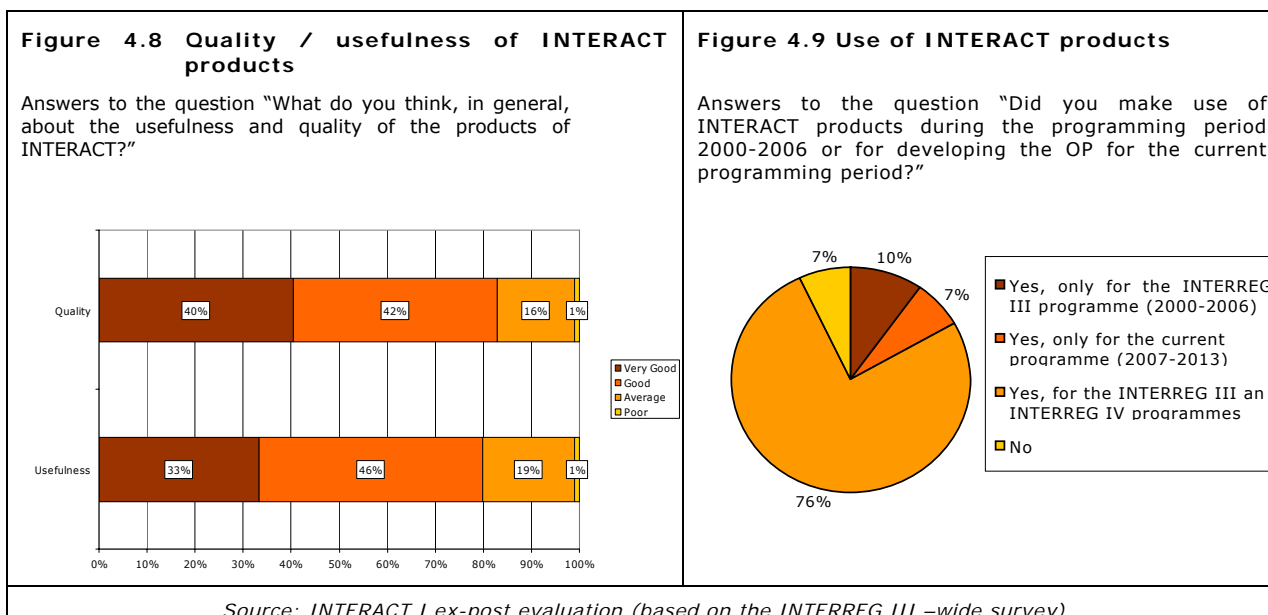
The main beneficiaries of the INTERACT projects were their own partners. Among all the INTERREG III programmes covered by the survey for this evaluation, only one indicated they had used products from an INTERACT project. A very limited number of project studies found their way to the INTERREG community through the INTERACT points and the Secretariat. A project communicating with other INTERREG stakeholders such as SPARC was probably more the exception than the rule. As a consequence, the contribution to the effects and overall impact of the programme was very modest. Yet according to the Priority 2 specific and operational objectives (see Table 4.6 above) a transfer of the experience gathered by the INTERACT projects to other institutions and players in different geographical areas, programmes and INTERREG III strands was explicitly on the agenda. It was also specified in the programme, that Priority 2 was “aimed at a wider target group, which covers institutions, entities and persons involved in INTERREG at a programme or an operational level”.

As a matter of fact, the transfer of experience to this wider target group of INTERREG III stakeholders did not take place to an appreciable extent. Various projects could have been financed under other programmes, for example INTERREG IVC. This lack of relevance of the INTERACT projects was also confirmed by a majority of interviewees consulted during this ex-post evaluation. Such projects will no longer be initiated in the current programming period, as specified in the INTERACT II Operational Programme.

4.3.3 Impact of INTERACT

The ex-post evaluation survey confirmed that INTERACT was widely known to the INTERREG Community. A total of 69 of the 73 INTERREG III respondent programmes indicated a familiarity with INTERACT. Most of them said they had used INTERACT products, and that the quality and usefulness of these products was generally high of very high (see Figures 4.8 and 4.9).

⁸⁰ IONAS stands for “IONian aNd Adriatic cities and portS joint co-operation”



INTERACT succeeded in building up its corporate identity and is perceived throughout Europe as the programme bringing the INTERREG III Community together, facilitating exchange of know-how, and providing them with useful information and tools of a high quality. Despite efforts made especially by the INTERACT Points "Tool Box" and "Managing Transition and External Co-operation", language has been a barrier for some programmes (especially in French and German speaking territories).

The work of the INTERACT Points and Secretariat improved the know-how of the INTERREG III programmes in the numerous fields addressed in studies or during seminars (see title "INTERACT assistance to the INTERREG programmes" in Section 4.3.2 above) and strengthened the capacity of these programmes to perform efficiently and effectively. This was especially the case with less experienced programmes, as some other programmes⁸¹ felt that they had more to offer to, than to gain from, INTERACT networking. In terms of project development and management, the impact of INTERACT was limited.

The INTERACT programme succeeded in fostering interaction between INTERREG programmes. This led to the establishment of a highly-appreciated common platform where difficulties faced by programmes could be considered in a wider perspective and tackled through the transfer of know-how. INTERACT also had an impact on the quality of INTERREG programming and implementation in the new EU Member States, for both INTERREG III (over the 2004-2006 period) and INTERREG IV. In this context, the INTERACT contribution was a great help. Particular mention should be made of the role played by the "Managing Transition and External Co-operation" INTERACT Point. The support provided to relevant stakeholders in the new Member States and accession countries proved pivotal in two respects: firstly, to facilitate transition in 2004 from PHARE-CBC to INTERREG support; and secondly, to provide coherent information about the implementation of INTERREG at the EU external borders, including the use of the new Instrument for Pre-Accession Assistance (IPA) and European Neighbourhood and Partnership Instrument (ENPI). The contribution of INTERACT to the improvement of other INTERREG III programmes proved to be much more limited simply because most of them were already up and running when INTERACT started. The situation is different for the new INTERREG IV programmes whose preparation was clearly facilitated by the INTERACT contribution.

Owing to the strong bias towards management and implementation issues and the lack of attention paid to policy issues of strategic relevance for territorial co-operation, the INTERACT outcome can probably be summed up as follows: a significant contribution was delivered to develop co-operation management know-how, but not to improve strategic co-operation-related knowledge. To remedy

⁸¹ During the ex-post evaluation survey, the representatives of Strand A programmes such as Belgium-France-Luxembourg or France-Wallonie-Flandre and of the strand B North-West Europe declared not to have used any INTERACT product.

this shortcoming, the most appropriate response seems to consist, as already planned in the INTERACT II operational programme, in establishing close ties with other bodies, ESPON 2013 and URBACT II in particular. This process, initiated at a late stage of the first INTERACT programme, needs to be accelerated.

4.3.4 Factors of co-operation effectiveness under INTERACT

Prior to analysing the various factors that favoured or hampered the effectiveness of INTERACT activities, it is helpful to briefly describe the programme management structure. The structure was very complex. A single "Managing and Steering Committee (MSC)" was responsible for strategic decision-making, programme monitoring and project selection. Some MSC members were particularly committed and active, during and between the meetings.

This was notably the case of the European Commission representatives, whose involvement in INTERACT was particularly intense. Among other participants, however, the turnover of representatives was generally high. Only in a few cases did the number of delegates from the same country who took part in the MSC meetings not exceed two over the programming period. This average number was about five for EU15 and 2.5 for the new Member States. This did of course not favour a good INTERACT ownership among participants. The allocation of responsibilities between the other components of the management structure owed much to the Austrian decentralised administrative tradition. The Austrian Federal Chancellery assumed the role of Managing and Paying Authority. While liaising with the INTERACT projects, the Secretariat coordinated a network made up of five INTERACT Points (IP), and a "Communication Group". This involved a very complex system of vertical and horizontal relationships (as direct linkages were also established between the IPs), between these bodies but also their hosting institutions.

There were two main categories of IPs:

- Those with a vertical role, providing particular services to the whole delivery network, namely "Qualification and Transfer " and "Managing Transition and External Co-operation";
- Those with a horizontal (process-oriented or thematic) role, namely "Tool Box", "Information and Animation" and "INTERREG IIIC Coordination".

The clarification of the respective responsibilities of the various components of the very complex management structure and of the modalities of their collaboration was a difficult on-going exercise. After a while, two tiers of coordination were identified: (1) the "strategic coordination" tier, involving the EC, MA, MSC and Secretariat and responsible for strategic decision making in the areas of programme management and implementation; and (2) the "operational coordination" tier, dealing with a series of practical implementation issues, discussed in the "Communication Group", in which the MA, the Secretariat and the IPs took part.

The remit of this Communication Group evolved. Initially, it had less to do with the programme communications strategy than with the coordination of the programme information flows, especially to achieve better consistency between the activities of the IPs and to avoid duplication of tasks. Later on, the Group also set about discussing the preparation of the INTERACT II programme, but in 2007 this task was entrusted to the "Coordinators' Group". This group also involved the MA, Secretariat and IPs and drew on the experience gathered in previous years by the Communication Group and the so-called "INTERACT Coordination Framework" (which was operational until 2006).

Factors which facilitated effective co-operation in INTERACT activities

Close ties were established with the INTERREG community with experienced and less experienced programmes alike. Particular attention was paid to the twelve new Member States (before and after their accession to the EU) and the neighbouring countries. INTERACT successfully sustained a high level of flexibility and responsiveness. This contributed to taking up new challenges faced every year by the programme. Three main phases can be distinguished: programme set-up (2003-04), implementation and learning (2004-06), capitalisation and transition to INTERACT II (2006-08). Surprisingly, the complexity of the administrative arrangements and the lack of clear-cut allocation of duties between the components of the management structure does not seem to have seriously

jeopardised the overall quality of the final programme outcome (but this complexity raised difficult issues during the implementation phase – see below). Interviewees consulted for the INTERACT ex-post evaluation generally regarded the horizontal co-operation (between IPs) as more effective than the vertical coordination (between IPs and the Secretariat).

The communications strategy of the programme played a decisive role. It took account of the findings of a prior assessment of needs carried out in 2003. The various external communication measures taken by the Secretariat and the IP “Information and Animation” proved effective and were supplemented by the specific dissemination and publicity activities performed by the other IPs and INTERACT Projects. Nevertheless, the decentralisation of information and animation activities (entrusted to the specialised IP) was criticised. The late start of the programme, the resulting late clarification of its remit, as well as the tendency to have permanent change, were handicaps. Especially during the first two phases, INTERACT proceeded by trial and error. A pragmatic “learning-by-doing” approach proved necessary.

The Secretariat functioned as a team employed by a private company (OÏR, later renamed METIS) contracted by the MA. This triangular setting hindered the relationship between the Secretariat and the MA. Besides, two more important difficulties were faced: the high staff turnover and the lack of highly qualified employees. The high staff turnover was exacerbated by the uncertainty concerning the programme’s future, especially the new location of the INTERACT II Secretariat, but also of the IPs. With regard to staff qualifications, the lack of employees familiar with content-related issues (e.g. territorial cohesion, co-operation strategy-related issues, as opposed to programme and project management questions) impacted on the nature of topics addressed by the programme. As was the case with ESPON, this weakness of the INTERACT team also negatively affected the quality of the terms of reference of the study contracts. The quality of INTERACT studies was uneven. Early studies in particular were characterised by a fluctuating quality of the external expertise involved, and an insufficient level of quality control and validation of data used. Corrective steps were taken, but this delayed the delivery of some studies.

Since the possibilities of institutional networking were not fully exploited, external coherence was not optimal. The insufficient synergies with other programmes such as ESPON 2006 and URBACT has already been commented on. There was also some overlap between the INTERREG IIIC and INTERACT scopes of activities. Despite the valuable contribution of the IP “IIIC coordination”, a different line could have been taken to secure a better integration of the four INTERREG IIIC programmes. On the other hand, INTERACT projects were unnecessary, absorbed a significant share (40%) of the programme budget, and duplicated, to some extent, Strand C operations. In this respect, appropriate steps have been taken for the current programming period with the remits of the single INTERREG IVC programme and INTERACT II being clearly distinct.

Many different organisations were involved in the INTERACT programme, including the Managing Authority, the Secretariat and IPs, doubled by their host institutions. This required intense coordination efforts from all sides, increased the administrative burden and generated confusion about the allocation of responsibilities. Vertical coordination between the Secretariat and the IPs did not always function well. This particularly applies to “Information and Animation”. Admittedly, it was inappropriate to decentralise such strategic functions. As of 2007, the Secretariat was thus entrusted with the full responsibility of the communications strategy.

The initial set of indicators used to monitor the INTERACT performances was inappropriate as excessive emphasis was placed on outputs to the detriment of results and impacts. However, the set of indicators was significantly improved following the mid-term evaluation. The set of INTERACT II indicators has been significantly improved.

4.4 Community added value of Strand C, ESPON 2006 and INTERACT

There is common ground between the INTERREG IIIC, ESPON 2006 and INTERACT programmes - all were expected to make an important contribution to strengthening EU cohesion policy. Although Objective 1, Objective 2, INTERREG IIIA and B programmes and operations were aimed at fostering cohesion through actions geared towards tangible results, the mission statement of interregional co-operation and networking programmes was different - they were asked to provide support to other

key-players of the EU cohesion policy. Their respective supporting activities were distinct: INTERREG IIIC concentrated on cross-fertilising the experience and good practices acquired by these key-players, ESPON 2006 on developing a cohesion policy knowledge base, and INTERACT on improving the effectiveness of INTERREG programmes. These activities yielded significant Community added value.

The interregional co-operation of Strand C remained below the initial expectations in terms of improvement of the EU cohesion policy instruments, but it did succeed in catalysing the improvement of various programmes and practices dealing with regional and territorial development. Moreover, and perhaps more importantly, INTERREG IIIC managed to establish a lasting EU-wide framework favouring structured interregional co-operation which did not exist in 2000. This provided new opportunities for multidirectional and cross-cultural exchange and for harnessing on an unprecedented scale considerable "social capital" resources. INTERREG IIIC programmes and operations significantly contributed to strengthening European identity, i.e. a sense of belonging to a common European territory and culture.

Despite shortcomings and teething problems, ESPON 2006 added significant value to the EU integration process. This added value involved two main components: firstly, the provision of a wide knowledge base contributing to a better understanding of European territorial development issues, and EU territorial cohesion in particular; secondly, the successful establishment of a EU-wide research community on these issues. The ESPON audience was certainly less wide than that of INTERREG IIIC, but a considerable number of research centres and other bodies and individuals interested in European territorial development issues benefited from ESPON achievements. In particular, they were given an appropriate platform to meet and further opportunities to develop their European mindedness, especially through their involvement in the elaboration of the EU Territorial Agenda and their participation in the debate about EU territorial cohesion.

INTERACT provided a valuable networking platform which brings the INTERREG III Community together while providing INTERREG programme and projects with useful and quality reference information and tools. The programme successfully initiated a process which catalysed EU territorial co-operation and paved the way for its continuation under INTERACT II. A significant contribution was made to developing high quality co-operation management know-how among all programmes concerned. However, there remains much scope for a better understanding of key EU policy issues relevant to territorial co-operation, and for the further development of strategic co-operation-related knowledge.

In this connection, it seems clear that the positive outcomes and Community added value of INTERREG IIIC, ESPON 2006 and INTERACT could have been better exploited and maximised had closer collaborative relationships been established between these programmes. There are only two examples of such relationships: the experience of the INTERACT Point "IIIC Coordination" and the joint ESPON / INTERACT seminars held in 2005 and 2006. This type of activities should have taken place on a much more systematic basis, based and commonly agreed permanent collaboration mechanisms.

5 Policy-level conclusions on the INTERREG III Community Initiative

5.1 Conclusions on the initial INTERREG III policy agenda

The overall aim of the INTERREG III Community Initiative was to *“strengthen economic and social cohesion in the Community by promoting cross-border, transnational and inter-regional co-operation”* and enhancing the achievement of a situation where *“national borders should not be a barrier to the balanced development and integration of the European territory”*.

Against this wider policy aim, the Guidelines set out concrete objectives in relation to territorial development and co-operation. However, some objectives were unspecific or over-ambitious. They raised unrealistic expectations of what INTERREG III could achieve and what the impact could be. This was not conducive to evaluate impact and whether INTERREG III met its policy expectations.

Unspecific territorial development objectives

The Strand-A objective of a *“development of cross-border economic and social centres through joint strategies for sustainable territorial development”* indirectly suggested that such centres could be developed along all borders irrespectively of their particular political, socio-cultural, economic and environmental features. Our analysis of the highly diverse contexts in Strand-A programme areas at the outset of INTERREG III demonstrated that this was in practice often not the case.

The Strand B objective on the *“promotion of a higher degree of territorial integration across larger grouping of regions”* was unrealistic. This expectation did not take sufficient account of the nature and scope of problems and development challenges in the transnational areas which could not be tackled with the relatively modest financial means available. Moreover, it assumed that an initial degree of territorial integration was already achieved and known, on the ground of which an integration progress could be determined at a later stage. However, there was neither a full understanding of “territorial integration” nor a sound concept for assessing levels of integration at the outset of INTERREG III.⁸²

To translate these objectives into concrete development actions, the INTERREG III Guidelines set out specific priority topics for Strands A and B. The broad thematic coverage and the long “shopping list” of eligible measures was not problematic. Indeed, the extremely variable contexts in the programme areas of both Strands suggested that a sufficiently wide and diversified range of measures was appropriate in allowing the programming partnerships elaborating intervention strategies to tailor interventions to the needs in their areas.

A weakness was, however, that for many of the Strand-A measures it was not entirely clear whether they could be implemented in a single border region through “one sided actions” only or in a cross-border perspective through joint actions. Some of the Strand-A measures only mentioned a specific issue to be addressed without clearly indicating what they expected to achieve in terms of territorial development. The overall situation was clearer under Strand B, but there was duplication with Strand A (transnational Neighbourhood Programme priority topics: *“ensure efficient and secure borders”*; *“promote local, people-to-people type actions”*). Another weakness was that some topics addressed policy issues that could not be tackled by cross-border or transnational co-operation alone (e.g. day-to-day border problems, certain environmental problems or natural/technological risks, etc.). They required complementary intervention from other levels of governance (national and European).

⁸² Even one decade later, only little progress has been made in this direction. See also section 7.1 of this report.

The INTERREG III Guidelines should have better highlighted the limits and focused more on issues that key actors could address and tackle by implementing “intermediate” solutions. The vagueness of the original development objectives and the frequently unspecific formulation of the priority topics contributed significantly to the fact that most Strand-A and Strand-B programmes had unfocused intervention strategies. An additional factor further re-enforcing this trend was that Strand-A and Strand-B programmes were required to develop their contents in a way which was “*similar to that of the single programming documents*”⁸³ under the mainstream of the Structural Funds.

A more “INTERREG-specific” territorial analysis based on a sound assessment of the most important problems hampering the development and integration of a given cross-border or transnational area should have been realised. Especially in cases where the preparation process could not use the results of a previously elaborated cross-border development concept or a transnational spatial vision,⁸⁴ such an analysis would have helped the programmes to develop more concrete ideas on what was to be done. This would have helped to avoid the often observed inconsistencies in the overall programme intervention logic (e.g. lack of coherence between baseline assessment and objectives; measures of little relevance etc) and also a dilution of the direct effects and impacts achieved.

The development objectives of Strand C, and especially of ESPON and INTERACT, set out a different intervention rationale which was mainly that of indirectly assisting a balanced, harmonious and sustainable development of the European Union. Against this wider perspective, they were expected to improve the effectiveness of policies and instruments for regional development and cohesion through an access to the experiences of others (Strand C), to generate new knowledge on territorial development processes (ESPON) and to provide additional technical assistance support to cross-border, transnational and interregional co-operation (INTERACT).

Largely appropriate but too optimistic co-operation objectives

The initial policy expectations and objectives formulated in relation to trans-European co-operation focussed on improving the depth and intensity of co-operation (Strands A and B) and on further streamlining other co-operation efforts (Strand C), but also on preparing the widening of EU-funded territorial co-operation in view of the forthcoming EU enlargement. This part of the INTERREG III policy agenda was appropriate as it was based upon a thorough assessment of the strengths and weaknesses of co-operation during the previous 1994-99 period.

It was envisaged that Strands A and B would continue cross-border and transnational co-operation by building on the positive experiences made with “*genuine co-operation*” under previous programmes and by progressively developing structures across the Community and with neighbouring countries. The application of the Structural Funds’ partnership principle, especially to Strand-A and Strand-B of INTERREG III, was appropriate. It allowed regional and local authorities to further affirm their position with respect to national governments, which often feared losing control over the decentralised foreign relations established by the lower levels of government through EU-funded territorial co-operation.

Strand C was expected to integrate the formerly dispersed EU-support for interregional co-operation and to help overcome the disadvantages which resulted from a centralised handling of those activities by the Commission. The new streamlined approach was supposed to encourage regional and other public authorities to see interregional co-operation as a means to access the experiences of others and enhance their own development. The expectations of further improving the intensity of project-level co-operation under Strands A and B were also appropriate. They underlined the distinct nature of co-operative interventions under INTERREG III and thus also their complementarity and added value with respect to mainstream Structural Funds’ interventions.

The Guideline provisions did not, however, provide a clear definition for a “joint project” and left interpretation of this issue with the programmes. In case of Strand A, this often led to a repetition of practices that should have been avoided (i.e. “parallel” cross-border projects). The general

⁸³ See point 25 of the INTERREG III Guidelines.

⁸⁴ Here, the territorial assessments were quite often presented in a separate “region-by-region view” (instead of an integrated cross-border or transnational perspective) and only insufficiently identified many of the shared problems or challenges with a cross-border / transnational relevance.

expectation that INTERREG III and the later introduced New Neighbourhood Programme approach should result in a "*significant advance on co-operation if compared to the situation under the 1994 to 1999 programming period*" was too ambitious. It ignored the diverse legal framework conditions governing cross-border co-operation among regional/local authorities along the borders of the EU and the different levels of experiences with co-operation and the even more difficult situation of transnational and inter-regional co-operation, for which no specific legal framework instrument existed at all. It should have been clear from the outset that no significant advance in terms of developing fully integrated programme governance models (i.e. "genuine" cross-border or transnational structures) was likely to be achieved across the Community and, in particular, not along the external EU-borders with neighbouring countries.

5.2 Conclusions on the overall impact of INTERREG III

Bearing in mind the limitations encountered by the present evaluation in establishing aggregate and comparable information on the impact of the various Strands, it is useful to briefly re-visit the reported achievements of INTERREG III before drawing conclusions. The impact achieved in furthering territorial development and on deepening territorial co-operation during the period 2000-2006 is then discussed, drawing on the findings presented in the previous chapters.

5.2.1 Re-visiting the reported achievements of INTERREG III

At an earlier stage of this evaluation, an attempt was made to establish an overall view on the achievements of INTERREG III. For this purpose, all reported outputs and results achieved across the various programmes of the Community Initiative were gathered and aggregated where possible. Similar types of programme-level output and result indicators were combined into a smaller number of categories. Given the high number and diversity of indicators used across the programmes, this exercise was challenging and had its limits and due to the variations among programmes a large number of indicators had to be excluded.

The data for the common indicators (**see: Annex 11 & 12**) should therefore be interpreted as the minimum number of outputs and results accomplished although the possibility that some of the basic data from programmes might have involved double counting cannot be excluded (especially regarding the number of persons benefiting from projects/programmes). A disadvantage of the aggregation approach is also that many numbers say little about the exact fields of intervention in which the output/result occurred. Only for some of the more physical output/result data, vague thematic indications could be provided (e.g. tourism, types of infrastructure, business development etc.). Notwithstanding these limitations, it is clear that the 18,000 projects implemented under INTERREG III achieved a variety of physical, institutional, informational and educational outputs and results across the various policy fields addressed.

Key achievements of the 2000-06 INTERREG III programmes were:

- A large number of transport-related infrastructures were built or supported (1,030) and more than 200 pathways on a total length of over 18,000 km were newly created or supported (i.e. road, railway, bicycle and hiking trails, etc.). Also a number of environmental infrastructures (170) and communication infrastructures (270) were newly established or supported and many services (113,685) were either been newly created or improved in various fields (i.e. institutional, technological, administrative, transport-related, tourism, social, health). Also a considerable number of natural, cultural, urban and rural tourist sites or routes were newly established or supported (more than 25,000)
- Turning to the various institutional, informational and educational outputs achieved, nearly 12,000 networks and co-operation structures were created and a considerable amount of institutional outputs were produced (i.e. a total of 1,285 plans and concepts initiated; 35,050 publications / strategy papers/ reports elaborated; 62,991 agreements / conventions concluded or implemented). A large number of information products and material in the field of tourism and education were developed or used (123,571).

- At the level of the aggregated results, the projects directly mobilised and affected a large number of organisations and individuals. More than 1 million individuals representing around 68,000 different organisational actors from across Europe participated directly in the INTERREG III projects (i.e. national, regional local public bodies, political organisations, enterprises, intermediary organisations, civil society, etc).
- The socio-economic results were also substantial. The INTERREG III projects directly or indirectly created or safeguarded 115.220 jobs/employment opportunities and 5,800 start-ups and businesses. In addition, more than 3,900 businesses were enhanced / diversified and used new strategies or technology due to the projects implemented. Last but not least, over 544,000 individuals (including students) participated in courses, trainings, seminars, workshops, meetings and/or other educational activities.

It is clear that significant outputs and results were generated. INTERREG III has achieved an impact in relation to both elements of its wider policy agenda (i.e. territorial development and co-operation), mainly through its institutional/networking and socio-economic outcomes. These achievements contradict the established view in the literature that the outcome of INTERREG III and territorial co-operation was mostly about individual and organisational learning.

5.2.2 The impact of INTERREG III on territorial development

With respect to territorial development, the INTERREG III Guidelines allocated relatively clear-cut operational roles to each of the individual components of the Community Initiative. Strands A and B had the task of directly contributing to the territorial development and integration of their respective programme areas, whereas Strand C and especially the ESPON and INTERACT programmes were to assist indirectly the wider process of furthering a balanced, harmonious and sustainable development of the European Union. Due to this division of tasks between the components of the Community Initiative and their own intervention logics and implementation procedures, an assessment of their respective contribution to the overall impact of INTERREG III on territorial development is undertaken separately for each Strand.

5.2.3 The contribution of Strands A & B

EU-funded cross-border and transnational co-operation programmes contributed to stimulating the territorial development of their respective programme areas.

The evaluation evidence confirms that the impact of Strand-A and B programmes was strongest in relation to those themes primarily addressed by the programme strategies, where soft co-operation or physical investments generated direct effects and lasting improvements. However, Strand A has achieved a more evident impact on furthering the socio-economic cohesion of the programme areas than Strand-B.

To shed further light on this overall conclusion, a number of more specific aspects are discussed which had a particularly strong influence on the nature and scope of the territorial development impacts achieved.

Financial & territorial programme size conditioned the nature of the impact achieved

The very different size of the eligible areas covered by the programmes of both Strands was a factor that strongly conditioned the nature of the overall territorial development impact achieved. The smaller size of the eligible areas covered by Strand-A programmes allowed nearly all aspects of daily life in cross-border areas to be addressed. The territorial proximity of the various actors also facilitated a diversified and intense co-operation to tackle issues of cross-border relevance.

This led to a thematically wide-ranging and also immediate (visible) impact on the development of the cross-border areas. The situation was completely different in the case of Strand-B as the eligible programme areas covered large groupings of European regions. The nature and scale of the problems or challenges was different and had to be tackled by a spatially more distant co-operation compared to Strand A. This led to a situation where improvements were in general more isolated in the wider

programme area (and less visible) and could only achieve significance on a wider transnational scale if co-operation was wide-ranging and/or if issues of a transnational relevance were successfully tackled.

A second factor which conditioned the nature of the overall territorial development impact achieved was the varied financial scale of the Strands and programmes. The financial volumes not only varied greatly between Strands (Strand A: € 6,472 billion; Strand B: € 2,368 billion) but also between the programmes within each Strand. In the case of Strand-A, this difference ranged from € 1,099 billion (*Spain-Portugal*) to € 709,000 (*Gibraltar-Morocco*) whereas in the case of Strand-B the variation ranged from € 656 million (*North West Europe*) to € 6 million (*Indian-Ocean-Reunion*). These variations determined the range of interventions that could be undertaken (i.e. investments, soft co-operation) and thus also the type of territorial development impact achieved (physical, non-physical).

Considering the evidence from our 15 case study programmes, the following overall conclusions can be drawn on the territorial development impact achieved:

- Strand-A programmes with a high budget focussing on large, medium or small areas had a much more visible and physical impact on territorial development (e.g. *Spain-Portugal, Ireland-Northern Ireland*) than programmes with medium or small budgets focussing on relatively large areas (e.g. *Karelia, Poland-Czech-Republic, Latvia-Lithuania-Belarus*).
- The Strand-A programmes with small (e.g. *PAMINA, Alpenrhein-Bodensee-Hochrhein, Øresund*) or medium budgets (e.g. *Italy-Slovenia, Vlaanderen-Nederland*) focussing on a smaller eligible area achieved an impact on territorial development which was mostly of a non-physical nature in relation to specific themes identified in the programme strategy or smaller areas of the co-operation zone.
- In the case of Strand-B programmes, which all focussed on large areas with relatively limited amounts of funding, a visible physical impact on the territorial development of sub-areas of the co-operation zone was generally the exception (e.g. *North-West Europe*). The impact was mostly non-physical, but differences in its transnational significance can be seen especially where similar amounts of funding were involved (*Baltic Sea*: thematically widespread transnational impact; *MEDOCC*: thematically focussed and more localised impact).

Physical investments were important drivers to generate a territorial development impact

...

The financially larger programmes involved significant investments and achieved lasting physical improvements with respect to territorial problems or development opportunities. The physical investment volume under Strand A was significant in overall terms, being allocated € 680 million of ERDF support (representing approximately 17% of the total ERDF for Strand A).

The most substantial were transport infrastructure investments (road and motorway, more than 50%), followed by investments relating to tourism, telecommunication and social matters/public health.

- Strand-A programmes with large or medium-sized budgets often had substantial infrastructure investments which generated wide-ranging and lasting improvements in the eligible areas. They helped to overcome physical border obstacles or eliminated major bottlenecks and created new or improved the capacity of existing public service facilities (e.g. sewage water treatment, fresh water provision, social services etc.).
- Strand-A programmes with modest levels of funding undertook often only small-scale infrastructure investments (e.g. building and multilingual signs for hiking / cycle paths, renovation of historical monuments and buildings, equipment of established joint facilities, environmental rehabilitation measures, etc.) with local improvements of a lasting nature being generated.

In the case of Strand-B, physical investments were related mostly to transport and environment (approximately 7.1% of ERDF expenditure for Strand-B). More substantial investment volumes were undertaken in some of the financially larger programmes (i.e. *North-West Europe, North Sea*,

CADSES), but only the case of *North-West Europe* demonstrates lasting improvements which were of a wider geographical significance. Smaller Strand-B programmes achieved only local improvements which did not generate a noticeable impact on the entire programme area. Investments were thus an important driver for generating lasting improvements and a territorial development impact in the co-operation areas. However, the wider relevance of these improvements needs to be examined more closely.

... but only if they had a real cross-border or transnational relevance

Under Strand-A it was easier to determine for physical improvements whether they were of a cross-border relevance or not (i.e. a cross-border bridge, a border-crossing road connection, a sewage water treatment plant serving both sides of the border etc.). These investments represented thus a form of intervention which was in accordance with the spirit of INTERREG as envisaged by the Guidelines.

The cross-border relevance was more difficult to demonstrate in the case of one sided investments which were undertaken under some of the larger Strand-A programmes, mostly programmes covering external and new internal EU-borders. A good indication for existing cross-border relevance is a situation where an investment was made on one side of a border which was also directly co-financed by a partner from the other side of the border. By investing money outside the domestic context, this partner clearly recognised that the improvement on the other side generated benefits on his side of the border. An example can be found in *Ems Dollart*, where the elimination of a missing link on a motorway on the German side of the border was part financed by the Dutch authorities.

Our case study evidence shows that a real cross-border relevance of such one sided investments was often questionable (*Austria-Slovakia, Poland-Czech Republic, Italy-Slovenia*). These programmes repeated the practice highlighted in the INTERREG III Guidelines as projects involved co-operation on a pro-forma basis or even not at all. These investments should not have received funding from INTERREG IIIA but rather from other domestic funding schemes or from the EU-mainstream programmes.

In Strand-B, the transnational relevance of interventions was a more fundamental issue. As investments needed a "place" where they were located, the question arose how they should be designed to generate an impact with a transnational relevance and thus serve the wider development rationale of Strand-B. Large-scale infrastructure investments were by nature excluded as they could not be undertaken with the limited financial means. Most programmes allowed projects to make only small-scale investments which generated usually local improvements which raised concerns about the transnational relevance of their impact.

A more substantial transnational impact can only be observed in a very few cases where a clear cross-regional or cross-country benefit was demonstrated (e.g. flooding prevention upstream in one country to achieve flooding protection downstream in another country, water management systems for larger river-catchment areas, transnational traffic management systems). Under several Strand-B programmes a more general debate arose on whether investments should be financed at all and whether transnational projects should merely focus on preparatory actions to facilitate investments from sources other than INTERREG. These issues remain topical.

Soft co-operation outcomes were equally important drivers to generate a territorial development impact ...

Our analysis of the reported outputs and results of INTERREG III has shown that the operations under both Strands primarily produced 'soft' co-operation outcomes.⁸⁵ These outcomes generated clear direct effects in the programme areas and helped to solve problems or contributed to better addressing joint development opportunities. In the case of Strand-B, the significance of such outcomes was very high, as all operations were joint and because soft co-operation was the

⁸⁵ Soft co-operation outcomes represent a variety of non-physical but still tangible outcomes associated to the establishment of topical networks and information platforms or clusters, the joint design and/or application of specific policy tools and new management techniques or processes as well as to the joint elaboration of studies, policy concepts or development plans.

predominant intervention rationale. The significance of the direct effects achieved by soft co-operation was strongly determined by the very nature of the issues addressed:

- In the case of local/regional issues for which a common interest existed, the improvements achieved were of relatively low transnational significance if they did not also involve the generation of more comprehensive transnational policy concepts.
- In the case of issues with a transnational relevance, soft co-operation outcomes achieved important improvements. Our case study evidence shows that this was especially if large-scale project partnerships covering the entire programme area or a more extended sub-zone within the programme area tackled such issues (*Baltic Sea*) or if thematic project clusters jointly achieved lasting improvements in a larger part of the programme area (*North-West Europe*).

Within Strand-A, a similar situation existed for the more mature and smaller Strand-A programmes. Here, the share of joint projects was usually at 100% and soft co-operation was again the main rationale of intervention with small-scale physical investments. The associated improvements usually affected either the entire programme area or at least larger parts of it mainly due to the smaller size of the eligible zone. In the less mature Strand-A programmes, especially in those covering external borders or new internal borders, the significance of soft co-operation outcomes was reduced due to the lower share of joint projects. Improvements were less significant and more focussed in thematic/geographical terms. Our evaluation has shown, however, that the Strand A and B programmes usually addressed problems or development challenges which required a more permanent or on-going action to be tackled effectively. Soft co-operation had to involve establishing joint and durable problem-solving capacity in a programme area to achieve lasting improvements and a more substantial territorial development impact.

... but only if they established a joint & durable problem solving capacity

The wide range of informal and formal co-operation networks and structures which bring together a wide range of actors from the public, semi-public and private-sector were an important starting point for creating such a problem-solving capacity. The durability of this problem-solving capacity was variable between the Strands however and within each Strand, depending very much on the overall level of sustained project co-operation.

A comparison between the Strands reveals that the average proportion of projects still operating two years after the end of ERDF support was considerably higher under Strand A (approximately 50%) than under Strand B (approximately 31%). Notwithstanding the fact that many of the operations were deliberately conceived as "one-off projects" because they could successfully achieve a lasting improvement through a time-limited action, the overall situation remained unfavourable for Strand-B. This was because the proportion of one-off actions was higher under Strand-A than under Strand-B.

The evidence from our 15 case studies provides insights into the extent of establishment of joint and durable problem-solving capacity.

- Among the twelve Strand A case studies, the mature programmes with existing cross-border structures and high shares of sustained project-level co-operation were most successful (*PAMINA, Øresund, Vlaanderen Nederland, Ireland-Northern Ireland*). They were followed by programmes where only intense project-level co-operation existed (*Alpenrhein-Bodensee-Hochrhein*) or where the overall co-operation intensity was low despite the existence of cross-border structures (*Spain-Portugal*). The less successful programmes had low shares of sustainable projects and cross-border structures did not exist or were only about to emerge (*Latvia-Lithuania-Belarus, Czech Republic-Poland, Italy-Slovenia, Austria-Slovakia, Karelia, Finland-Estonia*).
- In the three Strand-B case studies, the *Baltic Sea* programme was more successful than the *North West Europe* programme where the sustainability and the strategic scope/range of projects should be more carefully addressed in the future. The least successful programme was *MEDOCC*, where no significant progress was made.

Overall, soft transnational co-operation needs to become more durable in nature to achieve a more significant territorial development impact and within Strand A considerable efforts still need to be made in this respect.

5.2.4 The contribution of Strand C, ESPON and INTERACT

The programmes of Strand C, ESPON 2006 and INTERACT indirectly contributed to a more balanced, harmonious and sustainable development of the European Union and of third countries, but to a variable extent.

Strand C

INTERREG IIIC programmes did not impact significantly on EU Cohesion Policy but this was not incompatible with positive effects on cohesion in Europe. Results in respect of the main development objective, i.e. improving the effectiveness of EU regional development policies and instruments, were below expectations. A relatively limited number of operations (144 out of 270) targeted EU Structural Funds interventions (Objective 1 and 2, INTERREG, URBAN and innovative actions), whereas other co-operation topics proved more popular.

Nevertheless, all the projects were truly joint in nature and a process of mutual learning and transfer of experience took place between numerous partners on a wide array of policies relevant to cohesion and territorial development. Programme indicators suggest, however, that the transfer of good practices was more widespread towards regional and local policies than towards the primarily targeted EU Structural Funds interventions. The durability of Strand C operations was rather low: around 27% of all operations continued operating two years after the end of ERDF support. However, this does not necessarily imply that the effects generated were ephemeral. Many operations were geared towards long-term co-operation, project partners keeping in touch and engaging in long-lasting co-operation on various issues. INTERREG IIIC funding also contributed to improving the prospects for long term activities of some permanent interregional networks and associations.

ESPON 2006

The ESPON 2006 programme aimed to provide a consistent knowledge base and a common platform for research on territorial development trends at the European level. But the objectives of the programme were overambitious and only partially met. An ESPON database and various associated tools were produced. A European research community was established and engaged in fruitful networking activities on EU territorial development issues. Close co-operation was established with policy decision-makers, but mainly officials from spatial planning departments.

The programme also delivered valuable contributions to key policy documents, including the EU Territorial Agenda and the Third and Fourth Cohesion Reports. However, the transfer of knowledge on territorial development and territorial co-operation to the main Structural Funds and INTERREG III programmes was weak.

INTERACT

The INTERACT programme succeeded in establishing a highly-appreciated joint platform of the "INTERREG Community" which addressed difficulties faced by programmes through exchange of experience and knowledge on issues related to territorial co-operation. It has mostly responded to needs expressed by INTERREG programmes already involved in INTERACT and not so much to the needs of the wider INTERREG Community. A significant improvement of management and implementation practices of the INTERREG programmes was not achieved, but INTERACT assisted the development of INTERREG programmes in the new EU Member States. INTERACT focussed particularly on management and implementation issues with insufficient attention being paid to content-related policy issues of strategic relevance for territorial co-operation (e.g. how to achieve territorial integration?).

5.2.5 The impact of INTERREG III on co-operation

Overall, the INTERREG III Community Initiative and the Neighbourhood Programme approach did not achieve the expected significant advance in co-operation by the end of the period 2000-2006. However, the original policy expectation of the Guidelines was much too ambitious and ignored the complex reality in which EU-funded territorial co-operation was embedded. The depth and intensity of territorial co-operation under INTERREG III did evolve during the period despite the very heterogeneous and often difficult framework conditions.

The overall co-operation performance of INTERREG III is "medium-high"

Across the 73 INTERREG III programmes⁸⁶ for which the depth and intensity of co-operation could be determined using the synthetic indicator, it can be concluded that the co-operation performance by INTERREG III at the end of the period 2000-2006 was at a "medium-high" level.

- 38% of the INTERREG III programmes achieved high depth and intensity of co-operation (i.e. 18 Strand-A and 10 Strand-B programmes).
- A further 40% have reached a medium depth and intensity of territorial co-operation (i.e. 24 Strand-A, 2 Strand-B and 3 Strand-C programmes). The Strand-A programmes covered all of the "old" internal EU-borders and some external and new EU-borders where the general framework conditions at the outset of INTERREG III were favourable.
- A low depth and intensity of co-operation was observed in 22% of the INTERREG III programmes analysed (15 Strand-A and one Strand-C programme). The Strand-A programmes all covered external EU-borders and new internal EU-borders where the general framework conditions at the outset of INTERREG III were in general unfavourable.

If it is assumed that the 8 programmes for which no data is available also belonged to the last group, the share of INTERREG III programmes not having performed well in terms of co-operation would represent slightly more than a quarter of all the programmes (i.e. 28%), the remaining three quarters having performed well.

Co-operation tradition mattered, but not as much as one might have thought

The programmes with the most long-standing co-operation traditions (e.g. INTERREG III B *North West Europe* and INTERREG IIIA *Germany-Netherlands*) also achieved the highest levels of co-operation performance. This suggests that co-operation traditions might have influenced co-operation performance.

Our evaluation has shown, however, that the duration and maturity of previous co-operation did not have a strong direct influence on the co-operation performance achieved by INTERREG III programmes during the period. This does not mean that the co-operation experience was irrelevant. But it did not act as a catalyst to significantly increase the depth and intensity of co-operation achieved by programmes beyond a level that was anyway likely. Only in a few programmes from Strands A and B, was such an influence to some extent evident. Our case study analysis revealed, however, that a high level of maturity of co-operation prior to INTERREG III (i.e. existence of far-reaching legal framework instruments; high operational/legal capacity of established co-operation structures) was a much more influential factor compared with the length of prior co-operation (i.e. number of years). Factors more closely related to the intrinsic performance of the programmes had thus a more decisive influence on the overall depth and intensity of co-operation under INTERREG III.

⁸⁶ No data for the Strand-A programmes Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy and Greece-Turkey as well as for the Strand-B programme Archimed.

Factors leading to successful & effective co-operation were different among the Strands

The factors having most influence on the establishment of successful and effective co-operation were quite different for Strand-A on the one hand and Strands B and C on the other. In Strand A, the depth and intensity of strategic co-operation at the level of the programmes was in general high and was the most important factor which allowed this Strand to achieve a good overall co-operation performance. For Strands B and C, the most important factor was the higher depth and intensity of project-level co-operation.

A "zero-sum" situation in terms of progress under Strand A

Overall, partial progress compared to the period 1994-1999 was achieved by most of the more experienced Strand-A programmes covering the "old" internal EU-borders.⁸⁷

These programmes generally improved the depth and intensity of cross-border co-operation at a strategic level. Important factors which contributed to this improvement were a participatory and well-informed joint programming process, a decentralised or even fully integrated cross-border programme management and a stronger formalisation of their co-operation (i.e. conclusion of management agreements). Another noteworthy aspect was that many programmes also directly involved existing cross-border structures which helped to achieve a higher level of cross-border integration in the programme management. At a project level, co-operation intensity was also in general high. The share of joint projects in the project portfolio of these programmes was generally very high (100%) or high (over 80%). An aspect which contributed to this performance was that programme partners were well aware of and also committed to co-operation. This was reflected in the joint project appraisal/selection procedures which applied selection criteria geared to ensuring a high degree of cross-border relevance and also in sound provision of assistance to projects.

The progress made along the old internal EU-borders was balanced by the less satisfactory co-operation performance of programmes covering old and new external borders and several new internal borders. An important reason for this was the EU-funding procedures applied at the old/new external borders. These procedures were cumbersome until 2004 (i.e. combination of INTERREG III and PHARE/TACIS-CBC or MEDA) and have since 2004 only achieved partial success in being integrated in the new neighbourhood approach. This late change led to a generally low overall intensity of project-level co-operation along these borders. The share of joint projects was generally low or very low. This weakness can also be observed in case of many programmes covering the new internal EU-borders.

Our evaluation evidence showed also that low shares of joint projects were not only caused by external factors. It was also often the result of an absence of programme-level awareness of and a commitment to the value of co-operation. This was reflected in the often modest quality of the criteria and processes for project-selection, ranging from joint but rather formal procedures just checking the basic eligibility and thematic adequacy of the project applications submitted to separate appraisal and selection processes.

No significant progress under Strand B

The Strand-B programmes did not result in the expected advance on the previous situation but this cannot be attributed to the programmes themselves. Despite the rather limited experience gained in transnational co-operation during the years 1997-1999, strategic co-operation at the level of programmes did not significantly change in the 2000-2006 period. The transnational decision-making partnerships were joint but compared to Strand-A less inclusive. The programme management arrangements were largely decentralised and the main partners had more often than before formalised their co-operation through a conclusion of specific agreements or conventions which contributed to more efficient transnational management processes. Our case study evidence suggests that the efficient implementation performance was mostly achieved by those programmes having

⁸⁷ Exceptions are probably the programmes Sardinia-Corsica-Tuscany and Greece-Italy, for which no assessment could be made in this evaluation due to the lack of data and response to requests for information.

established a strong Joint Technical Secretariat, whereas in the opposite case quite considerable weaknesses existed.

The only aspect by which a significant advance could have been achieved was the setting up of a fully integrated transnational programme management system. An establishment of structures for such a system was not possible, as no appropriate legal instrument existed for such structures. Progress has only been made at the beginning of the current period 2007-2013 with the Community regulation on "European Groupings of Territorial Co-operation" (EGTC). All Strand-B programmes, however, achieved a very high intensity of project-level co-operation (100% share of joint projects) and in most cases also a high depth of co-operation (i.e. share of sophisticated & experimental projects > 60%).

Visible progress in Strand C, ESPON & INTERACT

In Strand C and the ESPON / INTERACT programmes, a clear and visible advance has been achieved with respect to the situation prevailing in the period 1994-1999. The new programme approach introduced by Strand C was based on more decentralised decision-making and management processes and eliminated the disadvantages which resulted from the Commission's former direct and centralised handling of inter-regional co-operation. Through integrating inter-regional co-operation within INTERREG III, and through promoting co-operation in other INTERREG programmes, this type of co-operation was more closely associated with the cross-border and transnational co-operation (see: 4.1.) than before. However, the depth and intensity of strategic co-operation at the INTERREG IIIC programme level was lower than the depth and intensity of co-operation at the level of the Strand C projects. Finally, the ESPON and INTERACT programmes established a new co-operation dimension which previously did not exist and complemented the co-operation activities of the three strands.

Important soft leverage effects

All Strands of INTERREG III generated important soft leverage effects in terms of actor mobilisation, increased inter-cultural understanding and development of social capital. Our analysis shows that operations supported by INTERREG III directly mobilised a large number of individuals and organisations coming from different levels of government and various sectors throughout Europe (i.e. 1 million individuals representing around 68,000 different organisations). Co-operation and exchange among actors from different countries and professional backgrounds significantly improved inter-cultural and cross-sector understanding.

This was particularly important in the new EU Member States where previous experience with territorial co-operation was still weak during the period 2000-2006. The contribution of Strand-A programmes to further intensifying cross-country inter-cultural understanding at a grassroots level was significant. Social capital was built up through the individual and organisational learning effects associated with programme and project-level co-operation which would not have existed without INTERREG. The experiences made and the new knowledge acquired were used by the actors involved during and after the lifetime of a project/programme to improve individual skills and capacities, changing organisational contexts and procedures and developing further the quality and depth of co-operation. The evidence from the 16 case studies and the 80 projects examined more in depth clearly demonstrates that this took place, albeit to varying degrees.

INTERREG III significantly widened and intensified administrative inter-action in various policy fields across Europe. It contributed to establishing a growing capacity for self-organisation between decentralised levels of government from different countries which also furthered a progressive integration of administrative processes in Europe. In a wider perspective, this also contributed to a further development of the still evolving EU-model of multi-level governance. It is also clear, however, that the reputation of many INTERREG III programmes in the wider public has not yet been well developed. Especially under more experienced Strand-A and Strand-B programmes, publicity and communication measures were more efficient in addressing the core INTERREG 'clients' rather than in mobilising new actors. In terms of generating awareness amongst the general public about day-to-day border problems and territorial development opportunities or the achievements supported by the programmes, significant progress still needs to be made.

Modest direct & indirect financial leverage effects

All INTERREG programmes generated some financial leverage effects, although the aggregated budget figures across all Strands show that the private sector funding contribution was modest (Strand A: € 239 million; Strand B: € 23 million; Strand C: € 3.6 million). The direct effect that public programme funding (ERDF and national) had on mobilising private sector funding was highest in the case of Strand A (3.8% of the public expenditure), but much lower in the case of Strand B (1%) and Strand-C (0.75%). These variations can be explained by their different intervention rationales which were in Strand-A closer to a "traditional" regional development programme than in Strands B and C. But this is not the only explanation. Within Strand-A, the financially small programmes were more successful in mobilising private sector capital than the larger programmes focussing interventions mostly on an establishment of infrastructures. This suggests that the extent and quality of co-operation were also important factors in mobilising private sector actors (e.g. bottom-up prepared and needs-oriented intervention strategies; sophisticated and well-prepared projects offering benefits for public and private sector actors, etc).

INTERREG III – a European added value

The INTERREG III Community Initiative was at the beginning of the period 2000-2006 the only EU-funding instrument which provided comprehensive and substantial support to the territorial development of areas stretching across administrative boundaries of European countries on the basis of a multi-annual, multi-thematic and co-operative approach. INTERREG III addressed obstacles which still hampered the integration of Europe as well as exploiting new development opportunities and challenges resulting from a widened and deepened European Union. Considered from this wider perspective, INTERREG III generated real Community added value in different ways under the different Strands of the Community Initiative.

Community added value of Strands A & B

The main Community added value of Strands A and B was its support to establish an additional co-operative governance dimension for territorial development complementing and enriching the still predominantly country-focussed territorial development approaches in Member States and neighbouring countries. But the overall maturity of this co-operative governance dimension only developed slowly during the period 2000-2006 and is different among the Strands. Strand A further strengthened and deepened a cross-border governance dimension along most borders between the "old" EU-Member States.

Along the other borders, this process either stagnated ("old" external borders) or started to develop (new internal and external borders). Strand B strengthened and deepened a transnational governance dimension in the case of *Baltic Sea* and further developed such a dimension in the more experienced continental programmes (*North-West Europe, North Sea, Alpine Space, Atlantic Area, Northern Periphery*). In the other cases, this process either stagnated (*MEDOCC, Archimed, CADSES*) or started to develop at an initial stage (*Canarias-Madeira-Acores, Indian Ocean-Réunion, Caribbean*).

Community added value of Strand C, ESPON & INTERACT

The Strand-C and INTERACT programmes created an additional dimension of territorial co-operation in Europe which complemented the cross-border and transnational dimensions. Inter-regional co-operation under Strand C, although not new, further widened and deepened co-operation and stimulated exchange of experience and knowledge on a broad range of issues among a large number of regional and local authorities. INTERACT inter-linked the various programmes and actors from various Strands and managed to initiate a process for developing higher quality EU-funded territorial co-operation management. Co-operation in the context of ESPON established a pan-European community of researchers focussing on issues related to EU territorial development and cohesion. ESPON also improved and widened the knowledge about territorial development processes and identified new topics and future challenges relevant to European cohesion.

6 Policy recommendations for Objective 3: European Territorial Co-operation

6.1 Main changes in 2007-2013

The overall framework of EU-funded territorial co-operation in the period 2007-2013 is characterised by some elements of continuity and aspects representing a substantial change as compared with INTERREG III.

An increasingly unspecific policy agenda for territorial co-operation

For 2007-2013, territorial co-operation has ceased to be implemented through a Community Initiative and is now raised to the level of a separate objective in the General Regulation and ERDF Regulation (i.e. Objective 3 European Territorial Co-operation) which gives it a greater visibility and a stronger legal base as well as an increased political importance. Territorial co-operation is expected to contribute to the strategic objectives of the Gothenburg Strategy and the more uniform economic growth and competitiveness objective of the Lisbon Agenda. It acts as a (...) *complement to the two other objectives, as the eligible regions are also eligible for the convergence and regional competitiveness and employment objectives (...)*⁸⁸ and has again been adapted to changing strategic circumstances. This has not helped to reduce the existing complexity and 'fuzziness' of the programme objectives.⁸⁹

Cross-border co-operation under the 52 new Objective 3 programmes is expected to develop cross-border economic, social and environmental activities through joint strategies for a sustainable territorial development (Article 6, ERDF-Regulation). The overall mission of cross-border co-operation to contribute to furthering integration of the EU-territory has become increasingly general in nature. It is essentially perceived as a complementary intervention which acts "in-between" the convergence and regional competitiveness and employment programmes.⁹⁰

Transnational co-operation under the 13 Objective 3 programmes continues to address issues similar to the former INTERREG IIIB co-operation topics involving networks and actions conducive to integrated territorial development (Article 6, ERDF-Regulation). The new themes no longer foresee a requirement for spatial development strategies as under INTERREG III and the "Territorial Agenda for the European Union" (TAEU)⁹¹ only plays a limited role in influencing the wider policy agenda for transnational co-operation. Another shift was the inclusion of a co-operation topic on "innovation", which represents a departure from the spatial development policy agenda pursued by previous transnational co-operation and overlaps with the themes of Priority 1 of the new Objective 3 inter-regional co-operation programme (focussing on the Lisbon Agenda). Our evaluation of Strand B interventions in the field of R&D/innovation suggests that the current programmes may have difficulties in achieving the required "*direct contribution to the balanced economic development of transnational areas*" (ERDF-regulation, Article 6, point 2a), as transnational co-operation in this particular field was not very intensive during the period 2000-2006.

The single Objective 3 programme on inter-regional co-operation, for which the whole of Europe remains eligible, has a clearer thematic focus in comparison to Strand C of INTERREG III as the current operations address issues directly related to the objectives of the Lisbon and Gothenburg Strategies.

⁸⁸ CEC, Commission of the European Communities, DG Regional Policy (2007): Cohesion Policy 2007-13. Commentaries and official texts. Luxembourg, Office for Official Publications, p.20.

⁸⁹ This has been rightly observed in the "Barca Report" (Barca 2009: p. 96).

⁹⁰ This is clearly evidenced by the wording adopted on DG Regio's own website, where cross-border co-operation under Objective 3 is allocated a role (...) *which is essentially about "filling the gaps"*.

⁹¹ The EU Member States started in 2004 to prepare a "Territorial Agenda for the European Union" (TAEU) which was adopted by the EU-27 Member States in 2007, which is in part the successor document to the ESDP.

Changes in the territorial scope of co-operation

The changes in the definition of eligible programme areas concerned mostly cross-border co-operation. Some of the INTERREG IIIA programmes were merged into larger areas according to the principle of "one border - one programme" (e.g. *F-D-L-B Grande Région, F-D-CH Upper Rhine, Germany-Netherlands*). An increasing number of regions with maritime borders are now covered by cross-border co-operation which has enlarged the territorial perimeter of some of the former INTERREG IIIA programme areas (e.g. *Öresund-Kattegatt-Skagerrak, France-Manche-England, Italy-France maritime programme, Ireland-Northern Ireland-Western Scotland, FIN-SK-NOR Botnia-Atlantica*) or led to the creation of new maritime cross-border co-operation programmes (e.g. *South Baltic programme, Central Baltic programme*).

It is too early for a judgment on the benefits of the enlarged or new cross-border programme areas. But in some cases, clear signs exist that co-operation remains intense only within the historically well-established areas and that little co-operation across the now widened programme area has emerged (e.g. *Germany-Netherlands, Öresund-Kattegatt-Skagerrak*). In other areas, the widening has lowered the "territorial proximity effects" which previously stimulated intense and wide-ranging cross-border inter-actions among a variety of actors (PAMINA area in case of the new *Upper Rhine* programme).

Some of the former INTERREG IIIB programme areas also changed as the CADSES area is now split into the *East Central Europe* and *South East Europe* programmes and the *Archimed* and *Western Mediterranean* programmes were brought together into the new programme *Mediterranean*. This has, especially in the Mediterranean Basin, led to an overlapping of co-operation areas as five transnational Objective 3 programmes (*South-West Europe, Mediterranean, South-East Europe, Alpine Space, East Central Europe*) cover several regions or countries.

New implementation provisions for "internal" and "external" co-operation

The implementation provisions for Objective 3 have also undergone quite significant changes. Particularly important now are the much more precise prescriptions regarding the nature of co-operation at the level of individual operations (ERDF-Regulation, Article 19). In the case of cross-border and transnational operations, the beneficiaries from at least two countries must be included in an operation (one of which must be from an EU-Member State) who co-operate in at least two of the following ways within the operation: joint development, joint implementation, joint staffing, joint financing. An attempt has been made to set out clearer conditions to one-sided activities as such actions have now to be submitted by entities belonging to at least two countries. Finally, the Lead Partner principle ("lead beneficiary") was introduced for all co-operation programmes and the respective responsibilities of partners in an operation are now more clearly defined (ERDF-Regulation, Article 20). This changes the situation in several of the former Strand-A programmes covering old/new external borders, where the lead partner principle was not applied.

A noteworthy change in the current ESPON 2013 programme is that it now works in closer interaction with territorial co-operation programmes through the new Priority "Targeted analysis on user demand". It supports new types of innovative and experimental projects which are carried out in partnership with policy makers/practitioners involved in territorial development or territorial co-operation structures.

The new EC-Regulation 1082/2006 on European Groupings of Territorial Co-operation (EGTC) provides a more solid legal basis for territorial co-operation as it is applicable throughout the EU. It facilitates the establishing of structures with a legal personality based on Community law which promote cross-border, transnational and/or interregional co-operation with the exclusive aim of strengthening economic and social cohesion. This new instrument eliminates the previously very heterogeneous legal framework conditions existing for cross-border co-operation throughout the EU and creates for the first time an appropriate legal framework for transnational and inter-regional co-operation.

Although the use of an EGTC is optional, it opens up considerable scope of action to further formalise territorial co-operation and to establish co-operative governance structures. An EGTC can be used to implement territorial co-operation programmes or projects co-financed under Objective 3 or to carry

out actions promoting territorial co-operation which are at the sole initiative of the Member States and their regional/local authorities with or without a financial contribution of the Community.

Territorial co-operation with countries outside the EU is no longer supported by the cumbersome and often criticized combination of various EU-funding schemes. Two new Community-level support instruments were created in 2007 which provide support from only one source during the period 2007-2013. The European Neighbourhood and Partnership Instrument (ENPI) replaced MEDA, TACIS and various other support programmes and created a more flexible and policy-driven approach for territorial co-operation. Likewise, the Instrument for Pre-Accession Assistance (IPA) replaced the financial instruments previously applied to Turkey and the Western Balkan countries (PHARE, ISPA, SAPARD, CARDS, pre-accession assistance for Turkey) and provides rationalised assistance through a single framework to countries which aspire to join the European Union.

6.2 Recommendations for the remainder of the period 2007-2013

Bearing in mind the findings of our evaluation of INTERREG III and the changes in the provisions for European territorial co-operation during the 2007-2013 period, we now set out short-term recommendations for the current period.

Cross-border & transnational co-operation

(1) The cross-border and transnational Objective 3 programmes should review their current programme objectives to see whether they still represent a realistic perspective for achieving impacts. 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 steer the bottom-up demand of future project proposals with a view to achieving a more visible overall programme impact (i.e. "anticipatory management" of the project portfolio). For this purpose, the strategic programme partners could adopt different approaches:

- Through well-targeted communication measures, the partners could influence the project generation process by suggesting important topics for co-operation and mobilising strategic key-players capable of tackling such aspects (e.g. through thematic workshops, surveys, awareness raising etc). The mobilisation efforts should target bodies/organisations which have not been involved in INTERREG/Objective 3 activities but can contribute to a realisation of the strategic programme objectives.
- Programme partners could also launch specific project-calls dedicated to "strategic operations" which tackle important development needs and have significant implications for territorial integration. Such initiatives might require some time to be prepared (i.e. due to a necessary involvement of higher levels of government or sector-specific actors).
- During the approval process, programme partners can focus on projects which generate durable improvements in relation to issues of a strategic cross-border or transnational relevance and on projects contributing to the establishment or further development of a joint and durable problem-solving capacity.

(3) The cross-border and transnational programmes should – if not already undertaken – establish a 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 co-operation area. This would help to ensure complementary, co-ordination and synergy (e.g. joint thematic workshops/seminars, regular participation of programme delegates in Monitoring Committee meetings of other programmes etc.). Such action should not 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 experiment with the new European Groupings for Territorial Co-operation to prepare the setting-up of fully integrated cross-border and transnational programme management structures for the period after 2013. Such processes may

require some time to be implemented and such structures should already be in place and operational during the first years of the programmes in order to ensure a sound start of the implementation process.

(5) The cross-border and transnational programmes should undertake the first steps to prepare their future co-operation programmes for after 2013. Especially the programmes which have not yet elaborated a cross-border territorial development concept or a transnational spatial vision should develop a joint medium-term territorial integration strategy that clearly identifies the most important needs in the co-operation area.

(6) The Commission (DG REGIO) should take a lead role 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 during the current programming period. Such an initiative should:

- Review the current approach and take stock of new approaches suggested⁹² or good practices in certain programmes;
- Develop a number of core indicators that are important for the Commission and also concrete suggestions for a number of additional programme-level indicators which need to be specific for the different main co-operation types (cross-border, transnational, inter-regional);
- Pay particular attention to the development of adequate indicators or techniques⁹³ which allow the monitoring and evaluation of organisational/individual learning and a transfer of knowledge or good practices;
- Develop guidance on the monitoring of future territorial co-operation and also envisage to provide concrete practical training e.g. through making use of the current INTERACT programme.

Inter-regional co-operation, ESPON and INTERACT

(7) The inter-regional Objective 3 programme should implement cost-efficient activities (e.g. targeted workshops and seminars, thematic publications etc.) which allow regional and local authorities not involved in inter-regional co-operation to gain knowledge about the issues addressed. At the same time, such events should also be used to obtain the views of the actors 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 to provide a basis for a more informed preparation of future territorial co-operation programmes. The new Priority 2 (demand-driven projects) could be a good testing instrument as it supports working in close connection with the programme stakeholders on their needs (e.g. identification of main territorial development problems; assistance to the elaboration of cross-border territorial development concepts & transnational spatial visions etc.).

(9) The ESPON 2013 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). Exploitation of official EUROSTAT statistics and the ESPON-database is now about to reach its limits and various research projects are already using other non-official databases which make it possible to investigate certain aspects of the European territory and its dynamics.

(10) The Managing Authority and the Co-ordination Unit of the ESPON 2013 programme should start preparing concrete solutions with the Commission to further clarify and simplify the contractual arrangements with Transnational Project Groups for the period after 2013.

⁹² E.g. R. Hummelbrunner, ÖAR Regionalberatung on behalf of INTERACT Point MTEC, *Process Monitoring of Impacts*, Vienna, October 2007, http://www.interact-eu.net/programme_monitoring_and_evaluation/downloads/89/379.

⁹³ e.g. Initial & follow-up surveys to reveal changes in behaviour of target groups.

(11) The INTERACT II programme should ensure a high quality of its outputs (i.e. studies, publications, other products, advice services etc.) and relevance to European territorial co-operation programmes. This requires the following:

- Sufficient professional expertise and capacity should be ensured and further improved through appropriate recruitment criteria for staff and subsequent training as well as through a certain level of job security to avoid excessive staff turnover;
- Sufficient professional expertise of external service providers should be ensured through selection processes which emphasise high levels of practical experience with European territorial co-operation and through offering competitive conditions for service provision;
- The already envisaged annual needs-assessments among potential INTERACT product users should be carried out comprehensively to identify the needs of users, including those not yet clearly articulated (i.e. through a pro-active feed-back approach testing the client-response on suggested topics).

(12) The ESPON 2013 and INTERACT II programmes should closely monitor their progress in establishing mutual co-operation and synergies and develop closer co-operation in particular with the ENPI and IPA programmes.

Evaluation during 2007-2013

(13) As regards the on-going evaluations undertaken during the following years, it is important that a minimum of co-ordination is assured by the Commission in terms of both methodology and timing. In this respect, INTERACT could play an important facilitating role in close co-operation with DG REGIO's evaluation unit (e.g. awareness-raising, dissemination of support material, gathering of information on planned/realised evaluations etc.).

(14) The cross-border, transnational and inter-regional programmes should initiate qualitative and quantitative research to capture the on-going practice (and problems) of project-level co-operation. The findings of these activities should be used to prepare the new co-operation programmes for the time after 2013.

(15) Objective 3 programmes should pro-actively encourage projects having a certain budget size (e.g. overall budget of more than € 2 million) and/or realising particularly experimental actions bearing a certain risk of failure to carry out evaluations. These evaluations should primarily serve the project and be reasonable in their financial scale. Project-level evaluations can take various forms (e.g. ongoing-evaluation, mid-term evaluation, ex-post evaluation) and use various methods and be either internal (self-evaluation) or external. They can focus on analysing more in-depth the implementation performance of the various activities, the achievement of effects and learning or know-how transfer effects and can assess the intensity of mutual co-operation relations between the various participants.

7 Policy implications for European Territorial Co-operation after 2013

7.1 Territorial co-operation and the current debate on the future of EU-Cohesion Policy

The debate on the future of EU Cohesion Policy beyond 2013 began with the publication of the Fourth Report on Economic and Social Cohesion and the Cohesion Forum in September 2007. The Lisbon Treaty clarified that territorial cohesion is also an objective for EU Cohesion Policy as well as economic and social cohesion. It had been implicit in the concept of balanced regional development. Territorial co-operation can be seen as an important element of territorial cohesion in border regions.

A politically agreed definition for the objective of territorial cohesion does up to now not exist, as the Community Strategic Guidelines for the period 2007-2013 rightly point out that (...) *territorial cohesion has different meanings depending on the Member State's history, culture and institutional situation*. Since the Third Cohesion Report has already in 2004 provided a first interpretation of territorial cohesion (see: **Box 7.1**), a fundamental debate over this issue was launched by the European Commission with the publication of the Green Paper on Territorial Cohesion in October 2008 for achieving a better and shared understanding of this new concept and its implication for future policy. The debate on the Commission's Green Paper also addressed the potential role of territorial co-operation as well as the recently published Barca-Report, which is another important contribution to the current debate on the future Cohesion Policy after 2013.

Box 7.1: An interpretation of the territorial cohesion concept

Territorial cohesion complements the European Union's objectives on economic and social cohesion which imply that (...) *people should not be disadvantaged by wherever they happen to live or work in the Union* (...) and that (...) *citizens should have access to essential services, basic infrastructure and knowledge by highlighting the significance of services of general economic interest for promoting social and territorial cohesion*.

The concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it. In policy terms, the objective is to help achieve a more balanced development by reducing existing disparities, avoiding territorial imbalances and by making both sectoral policies which have a spatial impact and regional policy more coherent. The concern is also to improve territorial integration and encourage co-operation between regions.

Source: Third Report on Economic and Social Cohesion 2004, p. 27.

Territorial co-operation in the Green Paper debate

The Green Paper emphasised that achieving a more balanced and harmonious development of the EU (...) *requires a policy response on a variable geographical scale, involving in some cases co-operation between neighbouring local authorities, in other between countries, and in yet others between the EU and neighbouring countries*. One of the six key questions raised for a wider debate on territorial cohesion was exploring the role of future territorial co-operation (i.e. Question 3: Better Co-operation). A seminar on territorial co-operation was organised in the context of the Green Paper process in September 2009. A presentation by DG REGIO summarised the contributions and identified first lessons to guide the discussion on the role of territorial co-operation.⁹⁴

⁹⁴ CEC Commission of the European Communities, DG Regio (2009): Territorial cohesion and co-operation. Power-Point presentation of Jean Peyrony DG REGIO, Unit C2 (Urban development, territorial cohesion), 25.09.2009, Brussels.

According to this presentation, an achievement of territorial cohesion through territorial co-operation requires

- The adoption of an integrated approach at the scale of functional co-operation areas and on-going support from the EU through funding co-operation programmes;
- An alignment of regulations through co-ordination and the elaboration and implementation of local/regional, national and European strategies with common planning and funding;
- Improved multi-level governance (EGTC as the appropriate tool);
- A better balance between top-down and bottom-up approaches, bringing together a strategic focus with adaptation to different territorial contexts.

Territorial co-operation in the Barca Report

The Barca Report also reflects on the role of territorial co-operation within the wider framework set out for strategic and effective governance of Cohesion Policy after 2013. The report suggests an increase of EU funding for territorial co-operation from 2.5% to 3-4% and at the same time suggests that territorial co-operation should focus more strongly on strategic interventions with a verifiable impact. The recommendations are supported by our evaluation findings. However, their translation into concrete operational provisions requires substantial further reflection and debate to avoid an ill-conceived top-down concept which does not meet needs on the ground.

7.2 Reflections for the policy debate on future territorial co-operation

This section presents a number of reflections to stimulate the policy debate on the future of territorial co-operation after 2013. Their underlying overall objective is to optimise the depth and intensity and the overall impact of future territorial co-operation with a view to achieving a stronger contribution to the territorial cohesion of the EU territory as a whole. The interpretations given to territorial cohesion in Third Cohesion Report and in more recent comprehensive analysis⁹⁵ suggest that this concept involves at least three dimensions within a European system of multi-level governance:

- Balanced territorial development through mobilising endogenous potentials to reduce disparities and avoid imbalances;
- Making sector policies with a territorial impact and regional policy more coherent through integrated spatial development concepts and strategies;
- Territorial governance through co-operation and networking between a broad range of actors.

European territorial co-operation needs thus to develop a contribution in relation to these dimensions of territorial cohesion to affirm its role and added value in the context of future EU Cohesion Policy.

The contribution of territorial co-operation to achieve territorial cohesion

With respect to balanced territorial development, cross-border and transnational co-operation should enhance the territorial integration of programme areas to make them function in a way that comes close to what is normally experienced in a domestic context.

⁹⁵ Battis, U. & Kersten, J. (2008): Europäische Politik des territorialen Zusammenhalts - Europäischer Rechtsrahmen und nationale Umsetzung. Bonn (Bundesamt für Bauwesen und Raumordnung) and Berlin (Bundesministerium für Verkehr, Bau und Stadtentwicklung).

To achieve this, cross-border and transnational co-operation need to stimulate two parallel processes:

- A progressive elimination or alleviation of remaining obstacles (physical / geographical, administrative, regulatory) which still cause a fragmentation of socio-economic and inter-personal relations between areas located in different countries. This should ensure that EU citizens and enterprises are not disadvantaged by where they happen to live and work and that they have equal opportunities across territories to access services of general interest and knowledge.
- A progressive establishment of functional relations and an enlargement of their geographical scale/intensity across the European Union and beyond by taking advantage of favourable territorial proximity effects (i.e. common identity or history, where existing) and shared development opportunities or complementary specialisation.

These cross-country functional relations should help to ensure that adequate area-specific responses can be given to various macro-processes affecting the EU territory as a whole (e.g. globalisation process & structural change, climate change, migration, further aging of the population etc.). Our evaluation has, however, shown that territorial co-operation can only act as a facilitator and not as the main driver for achieving a territorial integration of cross-border and transnational co-operation areas. Bearing in mind that the overall position of territorial co-operation within the future EU Cohesion Policy will probably not drastically change (especially in terms of financial allocations), this fact also remains relevant for the future.

In relation to the second dimension, cross-border and transnational programmes therefore need to establish much closer co-operation and co-ordination with other EU-interventions simultaneously operating on the territory of their programmes to ensure that the various efforts mobilised are complementary and synergetic. To this end, a stronger effort should be dedicated to an elaboration of comprehensive cross-border and transnational integration strategies which identify problems and potentials of the respective co-operation areas as well as the complementary interventions needed to further enhance territorial integration (i.e. co-operative measures, regionalised EU-interventions, state- or regional-level interventions).

The European Commission (DG REGIO) should support such processes by ensuring that the various components of EU Cohesion Policy and the other EU sector policies are territorially better integrated. Based on the example of the recent macro-regional EU strategy for the Baltic Sea Area, similar concepts should be progressively developed for other parts of the Community territory which could also include the territory of neighbouring non-EU Member States (e.g. Atlantic Arc, Mediterranean, Alpine Space, Danube Area, Black Sea Basin, etc). 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.

Territorial research under a future ESPON programme should place particular emphasis on providing a better understanding of the factors likely to enhance the territorial cohesion of the EU territory as a whole and identify issues which have a strategic relevance for furthering the integration of cross-border and transnational areas (i.e. levels, processes, drivers and shortcomings of territorial integration; foresight research adopting a long-term perspective). Future inter-regional co-operation should operate in-between the above-mentioned elements of the second dimension, while focussing on aspects of strategic EU interest such as the current focus on the Lisbon and Gothenburg objectives and initiating policy-oriented learning and transferring processes leading to concrete improvements in the field of territorial integration and cohesion.

With respect to the territorial governance dimension, increasingly intense and durable cross-border, transnational and inter-regional co-operation processes should be established. They should involve public and semi-public sector organisations located at various levels of government, but also actors from the private sector and civil society. A broad mobilisation of all actors that can contribute to territorial development is important if future territorial co-operation is to achieve more concrete and tangible socio-economic development effects.

This is also in line with the wider approach adopted by the Barca Report (i.e. a place-based policy) which, among other things, advocates a mobilisation of all forces to make progress towards a more strategic and effective governance of Cohesion Policy. The European Commission (DG REGIO) should aim to ensure in the proposals for the future Structural Funds regulations that all forms of territorial co-operation can involve the broadest possible range of stakeholders in their operations and that private sector involvement is not restricted through new rules on the eligibility of expenditure. Within this wider perspective, a future INTERACT programme should continue to proactively assist the emergence of an additional co-operative dimension for territorial development and governance in the European Union and ensure that it complements and enriches the still predominantly country-focussed territorial development approaches applied in EU Member States and neighbouring countries.

Maintaining the current range of regions eligible for territorial co-operation

The contribution that territorial co-operation can make to territorial cohesion suggests maintaining the current range of eligible areas for future territorial co-operation and thus including wealthier regions. But there are other reasons supporting this position. A first reason is that excluding wealthier regions and continuing support for only lagging regions would not make sense in the case of transnational and inter-regional co-operation, as this exclusion would compromise the wider logic of these types of co-operation. How and in particular where can a territorial integration of larger transnational areas be achieved if their economic centres are excluded? Similarly, how can an effective exchange and transfer of experiences on territorial development across Europe take place if better-off regions are excluded from inter-regional co-operation?

A second reason is that any attempt to reduce the scope of eligible areas for cross-border co-operation will have to deal with more fundamental legal and political concerns. The new provisions of Title XVIII on Economic, Social and Territorial Cohesion of the Lisbon Treaty provide a solid backing for border areas to be maintained generally eligible, as cross-border regions are explicitly listed among the regions to which this policy should pay particular attention (Article 174). The wealthier cross-border regions have received relatively modest financial EU support and these programmes have achieved under INTERREG III mostly a high level of depth and intensity of co-operation. In addition, they often pioneer new forms of co-operation and problem solving in relation to highly complex or sensitive issues which are crucial for furthering cross-border integration throughout Europe (e.g. cross-border labour market, R&D/innovation, cross-border health care, cross-border policy and security co-operation, cross-border governance and democracy etc.).

Maintaining the current delimitation of programme areas

The current delimitation of programme areas for cross-border and transnational co-operation should be maintained and the European Commission should continue to use the administrative NUTS-area classification for defining future programme areas. There are again various reasons supporting this position. A first lies in the nature of territorial co-operation. Co-operative territorial governance in a cross-border and transnational perspective needs time to mature and evolve which also implies a certain degree of stability in the definition of the areas to be covered by co-operation. Significant re-shaping of programme areas creates a risk that existing links and co-operation relations or historically grown co-operation structures are weakened. Should a re-shaping take place, there could be serious drawbacks for the quality and intensity of future co-operation especially where co-operation is still rather recent.

Bearing this in mind, any further merging of cross-border programmes should be treated with caution. The main benefits of such a process were evident at the EU level (i.e. reduction of "administrative burdens") whereas on the ground this did not had any benefits. Cross-border co-operation in the newly enlarged programme areas has remained segmented. A second reason is that convincing empirical methods for defining future programme areas which represent a generally acceptable alternative to the current approach do not exist. A definition of programme areas in terms of socio-economic "functional co-operation areas" would meet serious constraints in terms of methods and data availability.

Homogenised cross-regional and cross-country flow data revealing such functional inter-relations are not currently available on an EU-wide scale (e.g. commuter flows, transport flows, regional/local trade flows, migration flows). Moreover, most of the current cross-border and transnational co-operation areas prefer a definition of "belonging together" which is based on socio-historical and political considerations. These definitions might be questionable in case of some transnational areas. But past experience also shows that already existing delimitations are strongly defended if it should come to a potential re-shaping of programme area (e.g. in case of *North-West Europe* for the period 2007-2013).

More focussed & better informed programme strategies

The extreme diversity of cross-border and transnational co-operation areas and the related integration challenges suggests maintaining a broad range of themes which can potentially be addressed by future programmes. To make progress with respect to a territorial integration of co-operation areas, future programmes should avoid implementing overly broad / unfocussed strategies with limited financial means and addressing topics which will not be fully relevant either in terms of project-level demand or the wider impact.

To achieve this, the European Commission should set out a number of principles to guide the development of cross-border and transnational programme strategies which also take better into account the specificity of territorial co-operation.

- Cross-border and transnational programme strategies should be more firmly directed towards addressing and effectively tackling issues of real cross-border or transnational relevance. These should relate to concrete problems or development challenges which are to be addressed in relation to a broader theme. By their nature these issues should be those which can only be effectively addressed through co-operation and which further the integration of the co-operation areas. Aspects which cannot fulfil this condition should consequently be eliminated and dealt with by other programmes. The primary focus of programme strategies should be on effectively tackling such issues and this aspect should also rank among the primary project selection criteria to be retained by the future programmes. Merely "addressing" such issues through an exchange of experience or a transfer of know-how should still be possible, but only for those cases where completely new or experimental/innovative issues are included in the co-operation activity.
- The territorial analyses to be elaborated for cross-border and transnational areas should take stock of the existing level of integration achieved and identify those issues where integration can be enhanced. The identification of issues should be made on the basis of quantitative and qualitative baseline information (of particular importance are flow-data or data on border effects) and by carrying out forward-looking analysis (e.g. trend analysis, long-term scenarios etc.). The issues should then be prioritised according to the timescale in which improvements can be expected, while presenting for each of them also the nature and scope of the potential effects. Finally, in relation to each issue, the most strategic actors with significant potential for action (and change) should be identified in order to have a clearer view of future co-operation patterns.
- The advantages of a participatory and bottom-up driven preparation process should be preserved in the future, but cross-border and transnational programming partnerships should be required to achieve consensus on a selection of a few issues of strategic relevance. These issues can relate to economic, social, environmental or even cultural aspects, but they need to demonstrate a clear potential for furthering an integration of the cross-border and transnational co-operation areas. To facilitate this selection, future ex-ante evaluation should be allocated a pro-active "brokerage" role (i.e. the evaluators mediate between the interests of the various stakeholders from the programme area).

The content of a future inter-regional co-operation programme should be developed more closely in line with the needs of the primary co-operation stakeholders (mainly regions and local authorities) while including also aspects which are of strategic EU interest (e.g. issues related to the Lisbon and Gothenburg objectives and the EU 2020 Strategy).

A clearer "line of division" should be drawn between inter-regional and transnational co-operation to avoid overlaps and duplication. Exchanges of experience and the transfer of know-how should remain the most important focus of inter-regional co-operation. But at the same time, more emphasis should be put on effectively tackling issues related to the co-operation priorities.

Encouraging a more integrated management of co-operation programmes

The future establishment of joint programme governance systems will remain - as in the past - a process of searching for pragmatic solutions which have to fit the specific administrative and legal/regulatory settings prevailing in each programme area. There is thus no golden rule for multi-level governance within territorial co-operation programmes which can be applied everywhere across Europe. Although the use of an EGTC for setting up joint programme governance structures should remain optional, the European Commission should encourage future programmes to integrate their primary management functions under one roof by using an EGTC.

Our evaluation of INTERREG III has shown that a transfer of formerly separated management functions to a single structure can result in significant efficiency gains and also create more flexibility in terms of human resources involvement throughout the different phases of the programme life cycle. Another advantage is that a joint body can act as a legal employer and thus recruit staff from various countries. This allows the development of an increased operational capacity which is more suitable for the rather complex matters involved in the day-to-day management of territorial co-operation programmes. The current INTERACT II programme and a new programme for the period after 2013 should provide targeted assistance in this respect by disseminating experiences gained with integrated management of territorial co-operation programmes and by stimulating a direct exchange of experiences among practitioners.

Improving the quality of project-level co-operation

Our evaluation of INTERREG III has shown that the quality of project-level co-operation conditioned strongly the nature and scope of the outcomes achieved. Important instruments for steering the quality of project-level co-operation are the support provided to projects during their preparation phase, the existence of clear and rigorously applied project selection criteria and efficiently functioning appraisal and selection procedures.

As this will remain valid under future territorial co-operation, it is advised that the European Commission formulates clear expectations in this respect which need to be observed by all cross-border, transnational and inter-regional programmes. A first requirement is that support to projects during their preparation is provided in a joint manner and that the appraisal / selection processes are also joint and transparent, while making use of criteria which are defined in advance and included in the programming document.

It should also be required that all projects to be funded under future cross-border, transnational and inter-regional programmes must involve co-operation among partners from different countries. Exceptions, if duly justified, should be possible only in the case of cross-border transnational co-operation as this is already so in the current period 2007-2013. The practical functioning of the current conditions allowing such exceptions should, however, be carefully evaluated by the Commission in order to establish whether or not they were capable of avoiding the perverse effects which were observed between 1994 and 2006 (especially in Strand A, one-sided operations not involving co-operation and not generating outcomes of a cross-border relevance).

A future INTERACT programme could also put a stronger focus on such issues and develop a knowledge base on various aspects relating to project-level co-operation. Acting as a "transmission belt" between territorial co-operation programmes for transferring good practices and this knowledge base could be an interesting and new perspective for providing assistance and support to territorial co-operation programmes.

Ensuring the durability of future co-operation projects

Cross-border and in particular transnational programmes (but also inter-regional ones) should adopt a more proactive approach to ensuring that their future operations are durable and that, if possible, projects become self-sustaining after the end of EU-funding. This is particularly recommended for future co-operation initiatives which address problems or development challenges requiring a continuing effort in order to be tackled effectively.

Alongside the needs and specificities of each programme, this should be promoted by an approach combining incentives and complementary operational provisions. Incentives could, for example, be the launching of targeted calls for specific projects which focus on the establishment of new and durable co-operation structures or topical networks⁹⁶ and also the allocation of larger budgets for strategic and large-scale initiatives which are likely to generate significant and lasting improvement in a programme area. Complementary operational provisions should require that strategic initiatives and projects establishing new and durable co-operation structures/topical networks have to undergo a two-step feasibility check procedure⁹⁷ or foresee that a decreasing financial support is allocated to follow-up projects which merely represent a simple continuation of a previously realised operation.

Allocating EU funding directly to future territorial co-operation programmes?

An interesting possibility to be considered is whether equal or higher EU-funding for future territorial co-operation should be allocated directly to programmes and not any longer by Member States. A funding allocation immediately to programmes implies that the European Commission will have to play a stronger role in the distribution of funding and would also need specific criteria to determine the allocations.

The first potential criterion to be used could be the past performance of programmes in terms of impacts. There are, however, various reasons why such a performance-based direct allocation of funding is still only a theoretical concept which cannot be practically applied in the near future:

- Firstly, our evaluation has clearly shown that common impact indicators did not and could not exist in the INTERREG III 2000-06 period (also not in the current period), which could be used at the EU-level for measuring performance in a comparative manner .
- Secondly, for reasons of equal treatment. In terms of the impacts achieved, it is very problematic comparing a small programme with a budget of € 30 million with a programme with more than € 1 billion.
- Thirdly, because of the specific nature of the effects generated by the outcomes of territorial co-operation. They are currently neither fully monitored (especially learning effects) nor entirely understood with respect to their influence on promoting territorial development and integration (Do financially large-scale projects achieve better results than smaller ones? Are outcomes from physical investments better than soft co-operation outcomes? What are the actual benefits associated to indirect co-operation effects?).
- Finally, for political reasons. The EU Member States are powerful actors in the decision-making process.

Bearing this in mind, a direct funding allocation to future territorial co-operation programmes can thus only be achieved by using a more or less similar combination of socio-economic criteria which are currently applied for determining the Member State envelopes. A use of only one criterion (e.g. €/inhabitant, €/km²) is not advisable as each has evident weaknesses. The criterion "€ per inhabitant" gives preference to more densely populated programme areas (if compared to size-

⁹⁶ I.e. Small-scale start-up support provided to the establishment & initial running of new co-operation structures or topic-focussed networks which establish a strategic problem-solving capacity within the programme area and demonstrate convincingly that they are self-sustained in the future after the end of EU-funding.

⁹⁷ During the "feasibility phase", the project's strategic relevance has actually to be demonstrated. Only in case of success, follow-up funding is provided for a continuation of the project in an "operational phase" which gives the partnership an opportunity for implementing concrete actions / field measures.

identical but less populated programmes) and to larger programmes covering a higher number of inhabitants (if compared to smaller programmes covering less inhabitants). The criterion "€ per km²" favours in general large programme areas irrespectively of their population size, which also tends to further reinforce a trend towards creating "equally" large programme areas without considering the effects. The criterion "€ per average population density" could be a compromise, as it tends to better balance out extreme cases.

Annexes

Annex 1: Main findings from the review of academic & policy-oriented literature on EU-funded territorial co-operation	
Context	<p>The Community Initiative INTERREG III can only be understood within its wider policy and governance context. INTERREG III reflects the search for appropriate policy responses in a changing context of ongoing European integration. The streamlining of procedures and merging of earlier Community Initiatives and actions into the INTERREG III objectives implied that the objectives and scope of trans-European co-operation programmes have broadened over time and that the EU-funded territorial co-operation has been a 'moving target'.</p> <p>After the last two enlargement rounds (i.e. 2004 and 2007), the Lisbon-Gothenburg objectives as taken on board by the EU Cohesion Policy have prompted a "paradigm shift in Cohesion Policy". The increased importance given to competitiveness in the current programming period raised concerns that the argument for co-operation is being replaced with a more thematic focus on competitiveness as such.</p>
Co-operation	<p>It is generally acknowledged that it takes time for trust to develop between international partners which would result in shared strategies and actions across boundaries. The time it takes for co-operation structures to mature may have been underestimated.</p> <p>The reasons for low levels of co-operation are the result of physical barriers, such as seas, mountains or sparsely populated areas, but also of linguistic, mental and cultural barriers. Further on, national differences in political mindsets, legal, institutional and public finance set-ups (e.g. differences in insurance and social security coverage for cross-border access to health services) and in administrative capacity to engage in co-operation adversely affect the intensity of co-operation. In addition, border regions, often located in the national periphery, frequently face disadvantages in accessibility and economic development.</p>
Governance	<p>Governing INTERREG is particularly challenging. The objectives and orientations of the Structural Funds regulatory framework are not necessarily easily matched to the principles and organisation of INTERREG co-operation programmes that by definition require more than one member state to be responsible for programme management and implementation.</p> <p>As all other EU Cohesion Policy instruments, vertical co-ordination between local, regional, national and European governance layers is time consuming and sometimes unsatisfactory in terms of compromises reached. However, in the case of INTERREG horizontal co-ordination between local and regional, but also national actors (political and non-political) belonging to different political-administrative, legal and cultural systems add to the complexity of the governance process.</p> <p>The two axes (vertical and horizontal coordination) are loosely linked in and between</p>

	<p>the policy-making phases: setting up a policy framework at EU level, designing the operational programmes, programme implementation and evaluation.</p> <p>Political support for territorial co-operation is essential to policy and programme design and efficient and effective implementation. However, nation states are often reluctant to grant these new cross-border agencies more than the responsibility to carry out rather ordinary policy functions. On the other hand, it has been suggested that territorial co-operation has encouraged new public perceptions of regions, and the creation of new "regional identities", institutions and cross-border governance systems: in some cases, local authorities have entered a field previously reserved for central state actors.</p> <p>In this context, the lack of an effective instrument for organising structured co-operation under INTERREG affected its depth and intensity. As existing instruments, such as European Economic Interest Groupings, were considered less adequate, the EGTC (European groupings of territorial co-operation) was created.</p>
<p>Policy framework & programming</p>	<p>It is widely agreed that the INTERREG III objectives were broad, vaguely formulated, possibly contradictory and too ambitious. The literature argues that this situation has been perpetuated in the current programming period.</p> <p>To a certain extent, this seems to have been the result of the negotiations carried out in the late 90's on the INTERREG III policy framework, between the European Commission, Council (representing the Member States) and the European Parliament. Objectives, measures, themes were added in order to accommodate specific views and not based on an analysis of forerunner programmes (e.g. ex-post evaluation of INTERREG II) and of the existing problems and needs on the ground. Particularly in strand A, the diversity of the cross-border regions (i.e. "functional" or less "functional") was not taken into account, and the funds were allocated on artificial and less relevant criteria (e.g. number of inhabitants).</p> <p>This situation translated at programme level, where several programmes and strategies were designed without an adequate analysis of the border effects, of the needs of the territory or target group covered. At the same time, although the political added value of networking and exchange/transfer of experience is widely acknowledged, their role, potential results and impact were poorly defined.</p> <p>In accordance with the "partnership principle", regional and local authorities could have had a significant input as regards co-operation needs on the ground. However, they were less involved in setting up the INTERREG III policy framework. National governments resisted to 'rescaling' processes in Structural Funds programming, possibly due to fears over losing control if sub-national authorities and other bodies are given a stronger role in EU Cohesion Policy.</p> <p>The policy framework emphasised greatly on the "complementarity" of INTERREG III with the 'mainstream' of the Structural Funds, and other Community Initiatives, on a more integrated approach to implementation and coordination between INTERREG III and external Community policy instruments, such as Phare, Tacis, ISPA, MEDA, CARDS, EDF etc. However, the literature acknowledges the challenges posed by this "coordinated and integrated" approach, especially as regards to external instruments,</p>

	<p>but also as regards to the mainstream programmes. Member States regarded the Community Initiatives as financial complements to mainstream programmes, position underpinned also by the disproportionate relationships between their financial size and the considerable administrative burdens.</p>
<p>Implementation</p>	<p>Measuring, quantitatively or qualitatively, their achievements, was a key challenge for INTERREG III programmes. The fuzzy policy objectives and the less relevant programme strategies hampered the setting up of an adequate monitoring and data collection systems. Limited guidance was available for the programmes as regards closing the gap between the “intangibility” of most of their outputs/results and the European Commission requests for quantified outputs, results, and impacts, through indicators.</p> <p>As regards joint management and implementation of INTERREG programmes and projects, especially as regards Strand A, only the internal borders with low levels of isolation and a long history of co-operation experienced a high degree of jointness and integration.</p> <p>The complex and resource-demanding formal requirements of INTERREG programmes have been identified as presenting an important barrier to more effective transnational co-operation (Dühr and Nadin 2007, Waterhout and Stead 2007, LRDP et al. 2003). Furthermore, the decision-making process on which projects to finance may sometimes have been significantly influenced by concerns over the automatic decommitment rule (N+2), which required funds that have not been spent within two years after allocation to be returned to the European Commission (Graute 1998).</p> <p>The governance tensions are translated in the implementation phase in the functioning of the MCSs. It has been argued that Steering Committee members may have been influenced in their decisions on which projects to fund by national and regional political interests (reflecting the general awareness of the volume of national contributions to the programme budget, and in some cases political pressures to ‘draw down’ the value of such ‘national envelopes’).</p>
<p>Effects & added value</p>	<p>The paucity of research on the effects of cross-border, transnational and inter-regional territorial co-operation programmes has been explained as being “due to their complexity, to the particular fuzziness of their objectives, and to shortcomings in monitoring systems and data collection” (Barca 2009: 97).</p> <p>Although the literature tends to emphasise on the intangibility of the INTERREG outputs and results, previous evaluations identified “significant outputs and results across the whole spectrum of thematic areas” (LRDP et al. 2003: 13), with variations.</p> <p>As regards the impact of INTERREG III, even when an appropriate monitoring system had been in place, it is still difficult to answer, with the tools available, the question of the impact of this policy with a limited budget on the socio-economic development of the EU or the extent to which the progress in the socio-economic development level in the EU can be attributed to INTERREG. It seems that the intensity and effectiveness of territorial co-operation varies greatly, with the greatest impact occurring in regions where integration and co-operation are already well developed (e.g. Baltic Sea, Benelux area) within a pre-existing political or strategic framework.</p>

	<p>Over recent years, the “added value” (Mairate 2006) of transnational territorial co-operation has been increasingly conceptualised as being related to mutual learning processes that can help to change mindsets and raise cultural awareness, may even prompt policy innovations and institutional adaptation in the participating organisations.</p>
<p>Evaluation</p>	<p>The INTERREG III guidelines (CEC 2000a, 2004a) set out no specific requirements or recommendations for programme evaluation. As a consequence, there is considerable variation across INTERREG III programmes with regard to monitoring and evaluation arrangements.</p> <p>These differences in evaluation arrangements and the evidence base, as well as differences in evaluation capacity across the EU territory (reflecting differing evaluation traditions, experience and resources) determined deficiencies in evaluation. Over recent years there have been calls for “new, more interaction- and process-oriented tools for evaluation” (Lähteenmäki-Smith and Böhme 2004: 1) that are able to capture learning processes and the resulting policy transfer through INTERREG co-operation.</p>

Annex 2: The “synthetic indicator” measuring the depth & intensity of territorial co-operation achieved by INTERREG III programmes

<i>Final set of sub-indicators applied</i>	
Main Criteria (Components)	Sub-indicators (SI) & nature of the indicator (qualitative/quantitative)
<p>1. Historical Criterion (Component 1): Co-operation tradition existing due to previous INTERREG programmes and/or initiatives outside of INTERREG programmes.</p>	<p>SI 1 (quantitative): Number of years the structured and visible cross-border / transnational / interregional co-operation exists within parts or all of the programme area.</p> <p>SI 2 (qualitative): Nature & quality of the directly applicable legal instrument that can be used for cross-border / transnational / interregional co-operation within parts or all of the programme area.</p> <p>SI 3 (qualitative): Nature & quality of existing permanent cross-border / transnational / interregional co-operation structures established between territorial authorities that operate in parts or all of the programme area.</p>
<p>2. INTERREG III Criterion (Component 2): Intensity of the shared needs / problem diagnosis and its adequate reflection in the initial programme strategy.</p>	<p>SI 4 (qualitative): Nature and quality of the information sources used to identify shared needs / problems & range of key stakeholders (i.e. central/regional/local public administrations; socio-economic organizations; NGOs etc) involved in the needs / problems identification process.</p> <p>SI 5 (qualitative): Extent to which the explicit programme objectives did address the needs / problems prevailing in the co-operation area & extent to which the initial priority-level financial allocations did adequately reflected their respective importance.</p>
<p>3. INTERREG III Criterion (Component 3): The type of governance and nature of the partnership set up at the level of the programme.</p>	<p>SI 6 (qualitative): Range of actors represented on the Programme Monitoring Committee and extent of their formal powers in the strategic-level decision making process.</p> <p>SI 7 (qualitative): Extent to which the overall programme management structure is truly joint (i.e. Managing Authority, Paying Authority & joint bank account, Joint Technical Secretariat, other structures providing support to projects) and is – at the same time – characterised by a decentralised delivery of the related tasks.</p> <p>SI 8 (qualitative): Effects of a non-existence / existence of conventions, protocols or agreements concluded between principal programme partners on the joint day-to-day programme management process.</p>
<p>4. INTERREG III Criterion (Component 4): Location and nature of all projects implemented under the programme.</p>	<p>SI 9 (quantitative): Extent to which the actual “ERDF-demand of approved projects” matched the initial “ERDF-funding supply” at the level of the various programme priorities.</p> <p>SI 10 (quantitative): Share of programme NUTS 3 areas hosting one or more of the Lead Partners / Main Partners involved in all approved projects.</p> <p>SI 11 (quantitative): Extent to which the approved projects have realised all of the following project activities:</p> <ul style="list-style-type: none"> ▪ A mutual exchange of experience on the project's themes. ▪ A joint development of policy strategies, policy instruments and other policy support tools. ▪ Individual pilot projects (always realised by one project partner) and /or joint pilot projects (always realised by more than one project partner), which tested or applied joint outcomes and generated tangible cross-border, transnational, or interregional results.

<p>5. INTERREG III Criterion (Component 5): Significance of joint projects / operations implemented under the programme.</p>	<p>SI 12 (quantitative): The number of joint projects / operations approved as compared to the total number of projects approved under the programme. SI 13 (quantitative): The number of partners directly involved in joint projects / operations as compared to the total number of partners directly involved in all projects approved under the programme. SI 14 (quantitative): The total cost volume of joint projects / operations as compared to the grand total cost volume of all approved projects. SI 15 (quantitative): The volume of ERDF-funding allocated to joint projects / operations as compared to the grand total volume of ERDF-funding allocated to all approved projects. SI 16 (quantitative): The total cost volume of joint projects / operations approved under the two financially most important programme priorities as compared to the grand total cost volume of all projects approved under these two priorities. SI 17 (quantitative): The volume of ERDF-funding allocated joint projects / operations approved under the two financially most important programme priorities as compared to the grand total volume of ERDF-funding allocated to all projects approved under these two priorities.</p>
<p>6. INTERREG III Criterion (Component 6): Impact of all projects at the level of the entire programme area.</p>	<p>SI 18a (qualitative): The wider impact achieved by the programme on strengthening the co-operation culture between relevant stakeholders in the programme area, on a stronger integration of the co-operation topics / themes as defined in the programme strategy and on social and economic cohesion of the programme area by promoting co-operation through joint strategies for sustainable territorial development (INTERREG IIIA programmes). SI 18b (qualitative): The wider impact achieved by the programme on strengthening the co-operation culture between relevant stakeholders in the programme area by developing common frameworks, networks and strategies, on a stronger integration of the co-operation topics / themes as defined in the programme strategy and on the social and economic cohesion of the programme area by promoting co-operation through joint strategies for sustainable territorial development (INTERREG IIIB programmes); SI 18c (qualitative): The extent to which a programme helped to improve the effectiveness of regional development policies and instruments through information exchange and the sharing of experience and good practices (INTERREG IIIC programmes).</p>

Status of data gathering

Out of the 81 INTERREG III programmes concerned, 73 have responded to the web-survey / the monitoring data request (response rate: 90%) and thus provided a data input for the synthetic indicator. The programmes that have not reacted are 7 Strand-A programmes (Sardinia-Corsica-Tuscany; Greece-Albania; Greece-FYROM; Greece-Bulgaria; Greece-Cyprus; Greece-Italy; Greece-Turkey) and one Strand-B programme (Archimed). These 'no-response' programmes had therefore to be excluded from the subsequent process of measuring the "depth & intensity of territorial co-operation".

The final status of the synthetic indicator database at mid May 2009 showed a quite impressive level of completeness: For the 1.314 individual data cells envisaged in the overall database, a total of 1.250 values have actually been gathered (coverage rate: 95.1%). At the level of the individual Strands, the situation is the following:

- INTERREG IIIA: For the 1.026 individual data cells envisaged, a total of 976 values have actually been gathered (coverage rate: 95.1%). For the remaining 50 cells, data were missing (i.e. there continue to be data gaps).
- INTERREG IIIB: For the 216 individual data cells envisaged, a total of 204 values have actually been gathered (coverage rate: 94.4%). For the remaining 12 cells, data were missing (i.e. there continue to be data gaps).
- INTERREG IIIC: For the 72 individual data cells envisaged, a total of 70 values have actually been gathered (coverage rate: 97.2%). For the remaining 2 cells, data were missing (i.e. there continue to be data gaps).

To ensure a strong reliability of the data provided, we have carried out an "intuitive" data consistency check across all 73 responsive programmes. This check identified possible over- / underestimates for sub-indicator values and tried to estimate their likely impact on the "Real Rates" calculated at a later stage

Calculation of actual co-operation performance under INTERREG III (i.e. "Real Rate")

INTERREG Criteria (Components 2-6)	Sub-indicators considered	Real Rate
2. "Intensity of the shared needs / problem diagnosis and its adequate reflection in the initial programme strategy"	SI 4 - SI 5	RR = $\frac{\sum (ILSV \text{ SI } 4 - \text{SI } 18)}{15}$ The Real Rate, calculated as the arithmetic mean, does as a gross non-weighted value (or absolute value) not take into account the influence of different historical factors "outside" of INTERREG III (i.e. the Historical Criterion).
3. "Type of governance and nature of the partnership set up at the level of the programme"	SI 6 - SI 8	
4. "Location and nature of all projects implemented under the programme"	SI 9 - SI 11	
5. "Significance of joint projects / operations implemented under the programme"	SI 12 - SI 17	
6. "Impact of all projects at the level of the entire programme area"	SI 18	

Influence of previous co-operation tradition on the INTERREG III co-operation performance (i.e. "Expected Rate")

Our evaluation has statistically determined the extent to which the actual co-operation performance of an INTERREG III programme (i.e. the "Real Rate") would have been different if also the weight of various historical variables describing the previous co-operation tradition is taken into account (i.e. overall age & maturity of this co-operation). This level of expectation was labelled the "Expected Rate" (ER).

The numeric values relating to the quantitative and qualitative information gathered on a number of historical variables relating to the age of co-operation and to the level of maturity of this previous co-operation (Component 1) were then related to the Real Rate in a simple linear model for a regression analysis. This model proved to best estimate the influence of historical variables on the Real Rate. The basic hypothesis was that the three historical variables together have a significant impact on the Real Rate. The assumption that the Real Rate is equal to the estimated Expected Rate represents the hypothesis that $E(u)=0$ (i.e. that the residuals are zero). The estimates of the linear regression equation are:

$$RR = 72.35 + 0.165*si1 + 0.185*si2 - 0.215*si3 + u$$

The determination coefficient R^2 is only at 0.14, thus only 14% of the variance of RR is explained by that specification.

On the basis of the outcomes, a comparison of the Real Rates and Expected Rates and a scale placement of all programmes have become possible. According to EE-RR, the extent of the deviation leads to three possible constellations:

1. A "negative residual", which means that the Real Rate is higher than the Expected Rate.
2. "No difference", which means that the actual depth & intensity of co-operation achieved is exactly what could have been expected if historical variables had been taken into account.
3. A "positive residual", which means that the Real Rate is below the Expected Rate.

The extent of the deviation has finally been used for identifying the three main groups: (1) Residuals between -10 and + 10 = expectations are more or less met. (2) Residuals > -10 = significantly above expectations. (3) Residuals > +10 = significantly below expectations.

Annex 3: The typology of INTERREG IIIA programmes

<i>Final set of indicators applied for Strand A</i>	
Main Criteria	Assessment indicators & nature of the indicator (qualitative/quantitative)
<p>A.1. Important contextual features characterising the cross-border programme area.</p>	<p>A 1.1 The "topographic / geographic nature of the common border", determined by the outcome of a programme allocation to one of the following groups: sea border / a high & low mountain border / a green border / a river border / a mixed mountain-river-green border (qualitative).</p> <p>A 1.2 The "political / administrative nature of the common border", determined by the outcome of a programme allocation to one of the following groups: external border programme / internal border programme / mixed external & internal border programme (qualitative).</p> <p>A 1.3 The "density of border crossing possibilities (rail & road) per 100 km", determined by the outcome of a programme allocation to one of the following groups: no density / very low-low / medium / high-very high (quantitative).</p> <p>A 1.4 The "level of cross-border economic disparities existing in a given programme area", determined by the outcome of a programme allocation to one of the following groups: programme areas with no significant disparities / with low levels of disparity / with high levels of disparity/ with very high levels of disparity (quantitative).</p> <p>A 1.5 The "existence of common historic ties & converging cultural / linguistic settings in a given programme area", determined by the outcome of a programme allocation to one of the following groups: Strong common historic ties, a shared culture and a common language / few common historic ties, different cultural and linguistic settings / absence of common historic ties, of a shared culture and of a common language (qualitative).</p>
<p>A.2. The success of the programme in addressing the initial priority topics & concentration principles of the INTERREG Communication.</p>	<p>A 2.1 Extent to which the programme addressed the "priority topics" as listed in the INTERREG III Communication, determined by the number of priority topics covered by all measures of the programme (quantitative).</p> <p>A 2.2 Extent to which the programme has actually concentrated its financial resources on a limited number of "priority topics" as listed in the INTERREG III Communication, determined by the percentage of ERDF-support allocated to the 6 financially most important programme measures addressing such priority topics (quantitative).</p>
<p>A.3. The depth / intensity of programme- and project-level cross-border co-operation</p>	<p>A 3.1 The "Real Rate" achieved by an A-Strand programme across the 5 INTERREG III-related Criteria (quantitative, see also "synthetic indicator").</p>
<p>A.4. The effectiveness and efficiency of the programme's overall implementation process.</p>	<p>A 4.1 The overall "financial performance of the programme", determined by comparing initial expenditure forecast with actual expenditure (quantitative).</p> <p>A 4.2 The overall "degree of programme sustainability", determined by the effect that all content-related & financial re-programming activities had on the initial intervention strategy of the INTERREG programme (qualitative).</p> <p>A 4.3 The overall "degree of achievement for all quantifiable outputs & results at programme level", determined by comparing the initial target values with the most recent values actually achieved under each priority and by calculating an average achievement ratio across all programme priorities (quantitative).</p> <p>A 4.4 (eliminated) The overall "degree of achievement for all non-quantifiable results & impacts at programme level", determined by the extent to which all strategic level programme objectives & operational objectives could actually be achieved (qualitative).</p> <p>A 4.5 (eliminated) The overall "degree of robustness / durability of projects", determined by the ratio of projects continuing to operate 2 or more years after the end of ERDF-support among all approved projects (quantitative).</p>

Status of data gathering

Out of the 64 INTERREG IIIA programmes, 7 programmes had to be excluded from the statistical analysis as 38% of the data values to be gathered per programme were actually missing in each case (i.e. Sardinia-Corsica-Tuscany; Greece-Albania; Greece-FYROM; Greece-Bulgaria; Greece-Cyprus; Greece-Italy; Greece-Turkey). Among the missing values was also the Real Rate, which was required to be included in the analysis (indicator A3.1).

For 11 out of the initially 13 indicators the overall coverage rate achieved under the 57 responding programmes is at 97.2% (i.e. A1.1-A1.5, A2.1 & A2.2, A3.1, A4.1-A4.3). Minor data gaps exist under A1.4 & A4.2 (one missing value each), under A1.3, A2.2 and A4.1 (two missing values each) and under A4.3 (eight missing values).

The indicators A4.4 & A4.5 were eliminated as substantial data gaps existed in both cases.

Statistical data processing (K-means cluster analysis)

The K-means cluster analysis covered the 57 Strand A-programmes that responded and excluded indicator A4.5". The variables that were most determinant for the allocation of Strand-A programmes to the six pre-defined clusters were

- the level of cross-border economic disparities existing in a given programme area (variable with a very strong influence);
- the density of border crossing possibilities (variable with a very strong influence);
- the political and administrative nature of the common border (variable with a strong influence);
- the extent to which the programme has actually concentrated its financial resources on a limited number of priority topics as listed in the INTERREG III Communication (variable with a strong influence);
- the depth / intensity of programme- and project-level cross-border co-operation achieved (variable with a still important influence);
- the existence of common historic ties & converging cultural / linguistic settings in a given programme area (variable with a still important influence).

One can observe that factors relating to the context of cross-border programme areas have played a more prominent role in the cluster-allocation than the purely programme-related ones (i.e. depth & intensity of co-operation; effectiveness & efficiency of the implementation process).

Strand-A typology & selection of case study programmes for Task 5			
Category title	Programmes covered by the category		Case study selection
<p>Category 1:</p> <p>Programmes with very favourable cross-border framework conditions, a medium-low concentration of ERDF-support on INTERREG III "priority topics" and a high or medium level of depth & intensity of co-operation.</p>	<p>A-D Austria-Bavaria F-D-CH Oberrhein-Mitte-Sud</p>	<p>NL-BE - Vlaanderen Nederland F-B - France-Wallonie-Flandre</p>	<p>Vlaanderen Nederland</p>
<p>Category 2:</p> <p>Programmes with favourable cross-border framework conditions, a high or low concentration of ERDF-support on INTERREG III "priority topics" and a very high/high or medium level of depth & intensity of co-operation.</p>	<p>A-SLN - Austria-Slovenia D-NL - Ems Dollart D-A-CH-LI - Alpen-Bodensee D-NL Germany-Netherlands I-AU - Italy-Austria PAMINA</p>	<p>D-L-B - Ger-Lux-Belgium D-F - Saarland-Moselle-Westpfalz D-NL-B Euregio Maas-Rhein F-CH France-Suisse B-F-Lux - WLL</p>	<p>Alpen-Bodensee PAMINA</p>
<p>Category 3:</p> <p>Programmes with less-favourable cross-border framework conditions, a very high or medium concentration of ERDF-support on INTERREG III "priority topics" and a high or medium level of depth & intensity of co-operation.</p>	<p>FIN-S Skargarden FIN-S-N Kvarken-Mittskandia S-N Sweden-Norway I-FR (Alpes) IRE-UK Ireland-N. Ireland IRE-UK Ireland-Wales</p>	<p>D-DK - Storstrom-Schleswig-Holstein I-CH - Italy-Switzerland DK-S - Oresund FIN-RUS South-East Finland Slovakia-Czech Republic Italy-Malta</p>	<p>Ireland-Northern Ireland Oresund</p>
<p>Category 4:</p> <p>Programmes with less-favourable cross-border framework conditions, a low concentration of ERDF-support on INTERREG III "priority topics" and a medium or high level of depth & intensity of co-operation.</p>	<p>D-DK - Sonderjylland-North Schleswig E-P - Spain-Portugal E-F - Espagne-France S-FIN-N-RUS - Nord</p>	<p>UK-F Espace franco-britannique Estonia-Latvia-Russia Latvia-Lithuania-Belarus</p>	<p>Spain-Portugal Latvia-Lithuania-Belarus</p>
<p>Category 5:</p> <p>Programmes with unfavourable cross-border framework conditions, a low concentration of ERDF-support on INTERREG III "priority topics" and a medium but sometimes also a poor or high level of depth & intensity of co-operation.</p>	<p>A-CZ - Austria-Czech Rep A-HUN - Austria-Hungary A-SLK - Austria-Slovakia D-PL - Brandenburg-Lubuskie</p>	<p>D-CZ - Bavaria-Czech Rep. D-PL - Mecklenburg-Poland FIN-EST - Finland-Estonia</p>	<p>Austria-Slovakia Finland-Estonia</p>
<p>Category 6:</p> <p>Programmes with unfavourable cross-border framework conditions, a mostly very high and sometimes medium concentration of ERDF-support on INTERREG III "priority topics" and mostly a poor/very poor and sometimes a medium level of depth & intensity of co-operation.</p>	<p>D-PL - Saxony-Poland D-CZ - Saxony-Czech Rep. I-Slovenia D-DK - Fyn-KERN E-MRC - Spain-Morocco FIN-RUS Karelia Gibraltar - Morocco (UK) I-Albania</p>	<p>Italy-Adriatics Czech Republic-Poland Poland-Slovakia Poland-Ukraine-Belarus Lithuania-Poland-Russia Hungary-Slovakia-Ukraine Hungary-Romania Serbia&Montenegro Slovenia-Hungary-Croatia</p>	<p>Italia-Slovenia Karelia Czech Republic-Poland</p>

Annex 4: The typology of INTERREG IIIB programmes

Final set of indicators applied for Strand B	
Main Criteria	Assessment indicators & nature of the indicator (qualitative/quantitative)
<p>B.1. Important contextual features characterising the transnational programme area.</p>	<p>B 1.1 The "level of urban-rural relations prevailing in a given INTERREG IIIB programme area", determined by the predominant proportion of the programme area (75%) corresponding to one of the following configurations: high urban influence-high human intervention / high urban influence-medium or low human intervention / low urban influence-high or medium human intervention / low urban influence-low human intervention (quantitative).</p> <p>B 1.2 The "degree of overall accessibility of a given INTERREG IIIB programme area", determined by the overall deviation of the area's aggregated potential multimodal accessibility ratios at NUTS 3 level from the European average (quantitative).</p> <p>B 1.3 The "degree of real transnational convergence existing in a given INTERREG IIIB programme area", determined by the overall deviation ratio between the lowest and highest income levels (i.e. 10 aggregated highest & aggregated lowest GRP/capita values at NUTS 3 level) existing within the programme area (quantitative).</p>
<p>B.2. The success of the programme in addressing the initial priority topics & concentration principles of in the INTERREG Communication.</p>	<p>B 2.1 Extent to which the programme addressed the "priority topics" as listed in the INTERREG III Communication, determined by the number of priority topics covered by all measures of the programme (quantitative).</p> <p>B 2.2 Extent to which the programme has actually achieved a strong focus in addressing "priority topics" and in avoiding a dissipation of effort, determined by the percentage of ERDF-support allocated to the 4 financially most important programme measures addressing such priority topics (quantitative).</p>
<p>B.3. The depth / intensity of programme- and project-level transnational co-operation</p>	<p>B 3.1 "Real Rate" achieved by a B-Strand programme across the 5 INTERREG III-related criteria (quantitative, see also "synthetic indicator").</p>
<p>B.4. The effectiveness and efficiency of the programme's overall implementation process.</p>	<p>B 4.1 The overall "financial performance of the programme", determined by comparing initial expenditure forecast with actual expenditure (quantitative).</p> <p>B 4.2 The overall "degree of programme sustainability", determined by the effect that all content-related & financial re-programming activities had on the initial intervention strategy of the INTERREG programme (qualitative).</p> <p>B 4.3 (eliminated) The overall "degree of achievement for all quantifiable outputs & results at programme level", determined by comparing the initial target values with the most recent values actually achieved under each priority and by calculating an average achievement ratio across all programme priorities (quantitative).</p> <p>B 4.4 (eliminated) The overall "degree of achievement for all non-quantifiable results & impacts at programme level", determined by the extent to which all strategic level programme objectives & operational objectives could actually be achieved (qualitative).</p> <p>B 4.5 The overall "degree of robustness / durability of projects", determined by the ratio of projects continuing to operate 2 or more years after the end of ERDF-support among all approved projects (quantitative).</p>

Status of data gathering

All 13 INTERREG IIIB programmes have provided a sufficient level of data for being included in the statistical analysis.

For the indicators (i.e. B1.1-B1.3, B2.1 & B2.2, B3.1, B4.1-B4.3, B4.5), the overall coverage rate achieved across all Strand-B programmes is 92.3%. Minor data gaps continue to exist in the case of five programmes (i.e. 3 missing values for "Archimed", two missing values for "Espace Atlantique", one missing value for each "Indian Ocean", "Northern Periphery" & "Alpine Space").

Indicator B4.4 was eliminated, as a very substantial data gap did exist.

Statistical data processing (K-means cluster analysis)

A first K-means cluster analysis covering all 13 INTERREG IIIB programmes and all indicators with a high coverage rate (see above) has led to a rather unbalanced cluster allocation which was strongly determined by a very few variables. We therefore decided to run a new cluster analysis which resulted in a more robust outcome.

The new K-means cluster analysis covered all 13 INTERREG IIIB programmes but excluding assessment indicator B4.3. The variables that were most determinant for the allocation of Strand-B programmes to the three pre-defined clusters were

- the degree of overall accessibility of a given INTERREG IIIB programme area (variable with a very strong influence);
- the level of urban-rural relations prevailing in a given INTERREG IIIB programme area (variable with a strong influence);
- the overall degree of robustness / durability of projects (variable with a strong influence);
- the extent to which the programme has actually achieved a strong focus in addressing priority topics to avoid dispersal of efforts (variable with a still important influence).

One can observe a balanced influence of context-related and purely programme-related factors (i.e. depth & intensity of co-operation; effectiveness & efficiency of the implementation process) on the cluster-allocation of programmes.

Strand-specific typologies & selection of case study programmes for Task 5

Category title	Programmes covered by the category	Case study selection
Category 1: Programmes covering the central & continental parts of the EU27, which are characterised by a high degree of overall accessibility and a relatively uniform overall pattern of urban-rural relations (high degree of urban influence & high degree of human intervention).	B09 North West Europe B07 Alpine Space B06 North Sea B10 Cadses	North West Europe
Category 2: Programmes covering peripheral & continental parts of the EU27, which are characterised by varying degrees of overall accessibility and a mixed overall pattern of urban-rural relations (low or high degree of urban influence & medium-high or medium-low degree of human intervention).	B02 Western Mediterranean B04 Baltic Sea B01 South West Europe B05 Northern Periphery	Baltic Sea Western Mediterranean
Category 3: Programmes covering ultra-peripheral / non-continental & some peripheral / continental parts of the EU27, which are characterised by a low degree of overall accessibility and a relatively uniform overall pattern of urban-rural relations (low degree of urban influence & medium-high degree of human intervention).	B08 Espace Atlantique B12 Archimed B13 Indian Ocean - Reunion B11 Caribbean B03 Canarias-Madeira-Acores	(*)

(*) No suggestion was made for this category, as we excluded an analysis of the most remote areas (i.e. Indian Ocean - Reunion, Caribbean, Canarias-Madeira-Acores) and because for other programmes some limitations did exist (i.e. "Espace Atlantique" was not very typical for Category 3; for "Archimed" no information on the Real Rate & Expected Rate did exist).

Annex 5: Framework conditions in Strand-A programme areas at the outset of INTERREG III

Strand-A programmes with favourable framework conditions	
<ul style="list-style-type: none"> ▪ Austria-Bavaria ▪ Oberrhein-Mitte-Süd ▪ Vlaanderen-Nederland ▪ France-Wallonie-Flandre ▪ Austria-Slovenia ▪ Ems Dollart ▪ Alpenrhein-Bodensee-Hochrhein ▪ Germany-Netherlands ▪ Italy-Austria ▪ PAMINA ▪ Germany-Luxembourg-Belgium ▪ Saarland-Moselle-Westpfalz ▪ Euregio Maas-Rhein ▪ France-Suisse ▪ Belgium-France-Luxembourg 	<p>These 15 Strand-A programmes covered mostly “old” internal EU-borders (including CH) and one “old” external EU-border (<i>Austria-Slovenia</i>).</p> <p>Most of these programme areas show low levels of cross-border income-level disparities and some of them even no significant disparities at all (i.e. <i>Germany-Netherlands; France-Suisse</i>). These programmes either cover green borders and river borders or a mix between green-river-low/high mountain borders, where no substantial border control formalities did exist at the beginning of INTERREG III (exception: <i>Austria-Slovenia</i>).</p> <p>A very high density of rail & road border crossing possibilities per 100km of borderline did exist in many programme areas (i.e. <i>Austria-Bavaria, Vlaanderen-Nederland, France-Wallonie-Flandre, Oberrhein-Mitte-Süd, Alpen-Bodensee; Belgium-France-Luxembourg; Euregio Maas-Rhein; Germany-Netherlands</i>) and in most other cases a high density of border crossing possibilities. Only for the two programmes <i>PAMINA</i> and <i>Ems Dollart</i> this density is clearly below the average of all Strand-A programmes.</p> <p>Strong common historic ties and a shared culture exist in nearby all programme areas and in many of them even a common language is spoken in the entire programme area (<i>Belgium-France-Luxembourg; Alpen-Bodensee, Germany-Luxembourg-Belgium, Austria-Bavaria, Vlaanderen-Nederland</i>) or at least in parts of the co-operation area (<i>France-Wallonie-Flandre, Oberrhein-Mitte-Süd, Italy-Austria, France-Suisse</i>).</p> <p>The age and maturity of co-operation existing prior to the start of INTERREG III was mostly very high or high (i.e. <i>Vlaanderen-Nederland, France-Wallonie-Flandre, Oberrhein-Mitte-Süd, Germany-Netherlands, Ems Dollart, Saarland-Moselle-Westpfalz, Germany-Luxembourg-Belgium, Belgium-France-Luxembourg, Euregio Maas-Rhein, PAMINA</i>) and in all other cases at a medium level.</p>

Strand-A programmes with less favourable framework conditions	
<ul style="list-style-type: none"> ▪ Skargarden ▪ Kvarken-Mittskandia ▪ Sweden-Norway ▪ Italy-France (Alpes) ▪ Ireland-Northern Ireland ▪ Ireland-Wales ▪ Storstrom-Schleswig-Holstein ▪ Italy-Switzerland ▪ Oresund ▪ South-East Finland ▪ Slovakia-Czech Republic ▪ Italy-Malta ▪ Sonderjylland-North Schleswig ▪ Spain-Portugal ▪ Espagne-France ▪ S-FIN-N-RUS - Nord ▪ Espace franco-britannique ▪ Estonia-Latvia-Russia ▪ Latvia-Lithuania-Belarus 	<p>These 19 Strand-A programmes covered “old” internal EU-borders and external EU-borders or some mixed (new) internal / external EU-borders.</p> <p>No significant cross-border income-level disparities did exist in nearby all programme areas, but the borders covered by these programmes (i.e. green or river borders, high or low mountain borders, maritime borders) were generally characterised by a more limited degree of permeability.</p> <p>The main reason for this limitation is - with the exception of <i>Slovakia-Czech Republic</i> - the considerably and even extremely below-average density of rail & road border crossing possibilities per 100km of borderline, as many programmes cover a maritime border or a high/low mountain border or sparsely populated areas. In case of <i>Oresund</i>, however, it seems that the existing maritime separation does not represent a major obstacle.</p> <p>In a larger number of programme areas along the external EU-borders (except borders with Switzerland & Norway), this limited permeability was sometimes further reinforced by substantial border control formalities which existed at the beginning of INTERREG III or even continue to exist today (<i>FIN-RUS South-East Finland, Slovakia-Czech Republic, Italy-Malta, Estonia-Latvia-Russia; Latvia-Lithuania-Belarus, parts of the programmes S-FIN-N-RUS-Nord</i>).</p> <p>A more positive aspect was that in all programme areas there had been common historic ties and often also a shared culture which existed at the outset of INTERREG III, but only in a few programme areas a common language is spoken on either side of the border (<i>Ireland-Northern Ireland, Ireland-Wales, Italy-Switzerland, partly in Skargarden</i>).</p> <p>The age and maturity of co-operation existing prior to the start of INTERREG III was partly at a high or medium-high level (9 programmes) and in the other cases at a medium-low or even low level (<i>Slovakia-Czech Republic, South-East Finland, Storstrom-Schleswig-Holstein, Ireland-Wales, Italy-Malta</i>).</p>

Strand-A programmes with unfavourable framework conditions	
<ul style="list-style-type: none"> ▪ Austria-Czech Republic ▪ Austria-Hungary ▪ Austria-Slovakia ▪ Brandenburg-Lubuskie ▪ Bavaria-Czech Republic ▪ Mecklenburg-Poland ▪ Finland-Estonia ▪ Saxony-Poland ▪ Saxony-Czech Republic ▪ Italy-Slovenia ▪ Fyn-KERN ▪ Spain-Morocco ▪ Karelia ▪ Gibraltar – Morocco ▪ Italy-Albania ▪ Italy-Adriatics ▪ Czech Republic-Poland ▪ Poland-Slovakia ▪ Poland-Ukraine-Belarus ▪ Lithuania-Poland-Russia ▪ Hungary-Slovakia-Ukraine ▪ Hungary-Romania-Serbia & Montenegro ▪ Slovenia-Hungary-Croatia ▪ Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy, Greece-Turkey (*) 	<p>These 30 Strand-A programmes covered with a few exceptions (internal border programmes <i>Fyn-KERN, Sardinia-Corsica-Tuscany, Greece-Italy</i>) “old” external borders in EU15 (becoming internal borders in EU27) and new internal borders in EU27 (often mixed to new external EU-borders) or persisting old external EU-borders. Along the latter, very often substantial border control formalities did exist at the outset of INTERREG III or continue to exist at date.</p> <p>No significant or only low levels of cross-border income-level disparities did exist in most of these programme areas, but in certain others one could observe high and even very high cross-border income-level disparities (<i>Austria-Czech Republic, Austria-Hungary, Austria-Slovakia, Brandenburg-Lubuskie, Bavaria-Czech Republic, Mecklenburg-Poland</i>).</p> <p>The borders covered were quite diverse in geo-physical terms (i.e. green borders, river borders, low & high mountain borders, maritime borders) and they were also in most cases characterised by a low overall degree of permeability. This reduced permeability was rather frequently a combined effect of both the political status of the border (i.e. external border) and the limited availability of border crossing possibilities.</p> <p>Only a few programmes had a density of rail & road border crossing possibilities per 100km of borderline which was above the average of Strand-A (<i>Bavaria-Czech Republic, Austria-Czech Republic, Austria-Hungary, Slovenia-Hungary-Croatia, Hungary-Slovakia-Ukraine, Saxony-Czech Republic, Czech Republic-Poland</i>). At all other borders this density was a considerably and even extremely below the Strand-A average, although in one cases it seems that the existing maritime separation does not represent a major obstacle (e.g. <i>Finland-Estonia</i>).</p> <p>With respect to the wider socio-cultural context prevailing in these programme areas, one can observe that common historic ties did frequently exist but that the cultural and linguistic settings were in general different on either side of the border.</p> <p>The age and maturity of co-operation existing prior to the start of INTERREG III was in roughly one third of the programme areas at a high or medium-high level (<i>Bavaria-Czech Republic, Brandenburg-Lubuskie, Austria-Czech Republic, Mecklenburg-Poland, Fyn-KERN, Saxony-Poland, Saxony-Czech Republic, Poland-Slovakia, Czech Republic-Poland</i>), whereas in all other cases it was at a medium-low or low level.</p>
<p>(*) Programmes which could not be considered in the typology due to missing data</p>	

Annex 6: Overall features of the decision-making systems established by Strand-A programmes

Scope of the partnership	Direct influence of partners in decision making	Programmes & type of border (*)
<p>Wide partnership within the MC / SC or other existing structures (39 programmes):</p> <p>Decision making structures generally included representatives of public authorities (i.e. state-level, regional & local authorities), representatives from existing cross-border structures, economic and social partners or other professional / sector-specific organisations and NGOs.</p>	<p>Voting rights allocated to a wide range of partners (15 programmes):</p> <p>National and regional/local authorities as well as cross-border structures (where existing & represented), economic & social partners and NGOs had voting rights.</p>	<p>Internal EU-border (incl. CH & NOR): Ireland-Northern Ireland, Kvarken-Mittskandia, Fyn-KERN, Skargarden, Sweden-Norway, Alpenrhein-Bodensee-Hochrhein, Storstrom-Schleswig-Holstein</p> <p>External & new internal EU-borders: Mecklenburg-Poland, Czech Republic-Poland, Slovakia-Czech Republic, S-FIN-N-RUS-Nord, Poland-Ukraine-Belarus, Lithuania-Poland-Russia, Karelia, Gibraltar-Morocco</p>
	<p>Voting rights allocated to more limited range of partners (24 programmes):</p> <p>Only the national, regional/local authorities and cross-border structures (where existing & represented) had voting rights, whereas the economic & social partners as well as NGOs did not.</p>	<p>Internal EU-border (incl. CH & NOR): Germany-Netherlands, Ems Dollart, PAMINA, Espagne-France, Austria-Bavaria, Spain-Portugal, Oresund, Italy-Austria, Espace franco-britannique, Sonderjylland-North Schleswig, Ireland-Wales.</p> <p>External & new internal EU-borders: Bavaria-Czech Republic, Saxony-Poland, Saxony-Czech Republic, Brandenburg-Lubuskie, Austria-Czech Republic, Austria-Slovakia, Hungary-Slovakia-Ukraine, Austria-Hungary, Slovenia-Hungary-Croatia, Hungary-Romania-Serbia&Montenegro, South-East Finland, Italy-Albania, Italy-Malta.</p>
<p>A well-developed partnership within the MC / SC or other existing structures (4 programmes):</p> <p>Decision making structures generally included national and territorial administrative authorities and socio-economic as well as cross-border structures where existing.</p>	<p>Voting rights restricted to the primary administrative programme partners (i.e. national & regional authorities).</p>	<p>Internal EU-border (incl. CH & NOR): Vlaanderen Nederland, Italy-France (Alpes), Italy-Switzerland,</p> <p>External & new internal EU-borders: Italy-Slovenia</p>
<p>Narrow or even limited partnership within the MC / SC or other existing structures (14 programmes):</p> <p>Representation has met in most cases only the minimum requirements of the partnership</p>	<p>Voting rights restricted to the primary administrative programme partners (i.e. national & regional authorities).</p>	<p>Internal EU-border (incl. CH & NOR): Belgium-France-Luxembourg, Germany-Luxembourg-Belgium, Euregio Maas-Rhein, France-Wallonie-Flandre, Oberrhein-Mitte-Sud, France-Suisse, Saarland-Moselle-Westpfalz.</p> <p>External & new internal EU-borders: Latvia-Lithuania-Belarus, Estonia-Latvia-Russia, Spain-Morocco, Italy-Adriatics, Poland-Slovakia,</p>

principle as outlined by the Structural Funds regulations.		Austria-Slovenia, Finland-Estonia.
(*) Missing information for Strand-A programmes Sardinia-Corsica-Tuscany, Greece-Albania, Greece-FYROM, Greece-Bulgaria, Greece-Cyprus, Greece-Italy, Greece-Turkey.		

Annex 7: Overall features of the management systems established by Strand-A programmes

Group	Sub-group	Programmes & type of border
<p>Truly cross-border programme management arrangements</p>	<p>A “genuine cross-border programme management” (4 programmes):</p> <ul style="list-style-type: none"> ▪ An existing permanent cross-border co-operation structure directly ensured all main management functions (MA, PA, JTS) and also directly delivered the associated management tasks. 	<p>Only internal EU-borders: PAMINA, Saarland-Moselle-Western Palatinate, Euregio Meuse-Rhine, Northern Ireland-Ireland.</p>
	<p>A “largely cross-border integrated programme management” (3 programmes):</p> <ul style="list-style-type: none"> ▪ An existing cross-border structure was in charge of the JTS-function and directly delivered a substantial part of the MA-tasks which were delegated to it by the regional/local authority formally acting as MA. ▪ The PA-function and the delivery of financial management tasks were in those cases ensured by a (regional) public bank or another appropriate structure. 	<p>Only internal EU-borders: Germany-Netherlands; Ems Dollart, Øresund.</p>
<p>Overall management arrangements were more or less decentralised.</p>	<p>A “joint and fully decentralised arrangement” (35 programmes):</p> <ul style="list-style-type: none"> ▪ The regional/local-level programme partners have most often acted as MA/PA and delivered directly the associated management tasks. ▪ In several cases, a few functions/management tasks were also delegated to an existing permanent cross-border co-operation structure (JTS-function & related tasks) and/or to other specialised intermediate bodies / organisations such as a public or private bank (PA- function & related financial management tasks). 	<p>Internal EU-borders (incl. CH & NOR): Sonderjylland-North Schleswig, Austria-Bavaria, Kvarken-Mittskandia, France-Wallonie-Flandre, Storstrom-Schleswig-Holstein, Italy-France (Alpes), B-F-Lux – WLL, Fyn-KERN, Oberrhein-Mitte-Sud, Italy-Switzerland, Italy-Austria, Alpen-Bodensee-Hochrhein, Sweden-Norway, Germany-Luxembourg-Belgium, Skargarden, Espagne-France, France-Suisse, Vlaanderen Nederland, Ireland-Wales, Espace franco-britannique, Italy-France (Islands).</p> <p>External EU-borders: Karelia, South-East Finland, Gibraltar - Morocco (UK)</p> <p>Old external/new internal EU-Borders: Mecklenburg-Poland, Saxony-Poland, Saxony-Czech Republic, Finland-Estonia, Bavaria-Czech Republic, Brandenburg-Lubuskie, Italy-Malta, Italy-Slovenia.</p> <p>Internal borders mixed to new external borders: S-FIN-N-RUS – Nord, Italy-Albania, Italy-Adriatics.</p>
	<p>A “joint and partly decentralised arrangement” (11 Strand-A programmes):</p> <ul style="list-style-type: none"> ▪ Central-state authorities have ensured parts or all of the main management functions (MA/PA). 	<p>Internal EU-border: Spain-Portugal</p> <p>Old external/new internal EU-Borders: Austria-Hungary, Austria-Slovakia, Austria-Czech Republic, Austria-Slovenia, Slovakia-</p>

	<ul style="list-style-type: none"> ▪ Deliberate efforts were made in many cases to introduce a further degree of decentralisation at a more operational level. Austrian external border programmes, Greece-Bulgaria (the JTS-function allocated to regional-level authorities), Czech Republic-Poland (management of small-project funds by Euroregions). 	<p>Czech Republic, Czech Republic-Poland, Greece-Bulgaria</p> <p>New internal borders mixed to new external borders: Latvia- Lithuania-Belarus, Estonia-Latvia-Russia, Hungary-Slovakia-Ukraine.</p>
<p>Overall joint management structure was highly centralised.</p>	<p>Central state authorities ensured all of the primary programme management functions and no direct involvement of regional or local authorities can be observed (11 Strand-A programmes).</p>	<p>Internal EU-border: Greece-Italy.</p> <p>External EU-borders: Spain-Morocco, Greece-Albania, Greece-FYROM, Greece-Turkey.</p> <p>New internal EU-borders: Poland-Slovakia, Greece-Cyprus.</p> <p>New internal borders mixed to new external borders: Slovenia-Hungary-Croatia, Poland-Ukraine-Belarus, Lithuania-Poland-Russia, Hungary-Romania-Serbia & Montenegro.</p>

Annex 8: Framework conditions in Strand-B programme areas at the outset of INTERREG III

Pattern of "urban-rural rural relations" prevailing in the Strand-B programme areas	
Method used	Main characteristics
<p>The ESPON project 1.1.2 has developed a concept for assessing urban-rural relations in Europe. It relates factual information</p> <ul style="list-style-type: none"> ▪ about specific structural and functional features characterising NUTS 3 regions (i.e. population density & status of the leading urban centre of the region according to the ESPON-typology describing the European urban system = "level of urban influence"), ▪ to factual information characterising the physical environment of NUTS 3 regions (i.e. relative share of various kinds of land cover according to the CORINE data base = "level of human intervention"). <p>By combining the two levels of the first main factor "urban influence" (high, low) with the three levels of the second main factor "human intervention" (high, medium, low), a typology with six different types is obtained.</p> <p>In the context of this ex-post evaluation, an average score was calculated for every programme on ground of existing ESPON data for NUTS 3 regions on "urban influence" and "human intervention".</p> <p>The programmes were then allocated to one of the above-mentioned types if the predominant proportion of the programme area (i.e. not all of it) did correspond to the main features of this type.</p>	<p>The overall pattern of urban-rural relations prevailing in different INTERREG IIIB programme areas is quite different and demonstrates where the core centres of human activity in the European Union are located. Three groups can be distinguished:</p> <p>(1) Nearby half of the continental Strand-B programme areas are characterised by a "high level of urban influence" and a "high level of human intervention" (<i>North West Europe, Alpine Space, North Sea, Cadses, Baltic Sea, Espace Atlantique</i>).</p> <p>These areas show an above-EU average population density and host a larger number of functional urban areas having a strategic importance in the wider European and even global context (i.e. Metropolitan European Growth Areas, MEGAs).</p> <p>Their overall pattern of land cover is characterised at the same time by an important proportion of "artificial" or built-up surfaces and a very intensive use of agricultural soil.</p> <p>(2) In the other continental Strand-B programme areas (<i>South West Europe, MEDOCC, Archimed, Northern Periphery</i>), the pattern of urban-rural relations is different.</p> <p>They are all characterised by a "low level of urban influence", which means that they have a below-EU average population density and also host only a few or even no Metropolitan European Growth Areas.</p> <p>Their levels of human intervention are medium or low, which means that the shares of agriculturally used soils and/or the residual (natural) land cover is above the European average.</p> <p>(3) The last group covers the non-continental Strand-B programme areas (<i>Canarias-Madeira-Acores, Caribbean, Indian Ocean-Reunion</i>).</p> <p>The outermost regions are all characterised by a "high level of urban influence", which means that they have an above-EU average population density, but none of them hosts a Metropolitan European Growth Area.</p> <p>The outermost regions are also characterised by a "low level of human intervention", which means that only the share of residual land cover is above the European average.</p>

Aggregated multimodal accessibility of Strand-B programme areas	
Method used	Main characteristics
<p>The concept of potential accessibility has been developed in order to cover several aspects in one indicator: the opportunities to be reached (in this case population) in a certain territory weighted by the effort in terms of time. Multimodal accessibility expresses the combined effect of alternative transport modes, i.e. an aggregated picture of road, rail and air accessibility for a certain location.</p> <p>The ESPON-database provides data for all NUTS 3 regions on their potential multimodal accessibility seen from a European perspective (i.e. a scores related to EU27= 100).</p> <p>In the context of this ex-post evaluation, we have used the potential multimodal accessibility ratios of all NUTS 3 regions covered by a programme area in order to calculate an "aggregated ratio of potential multimodal accessibility" for a given INTERREG IIIB programme (i.e. the average of all NUTS 3-level ratios).</p> <p>The programme's aggregated ratio shows the extent to which the potential multimodal accessibility is above, equal or below EU27 = 100. The average of the 13 INTERREG IIIB programme ratios is at 74.7.</p>	<p>The overall levels of potential multimodal accessibility of the INTERREG IIIB programme areas are quite diverse and illustrate well the wider core-periphery pattern prevailing in the European Union at 27 Member States. Three groups can be distinguished:</p> <p>(1) Several Strand-B programme areas show a very high level of potential multimodal accessibility which is above the EU27 index of 100 (<i>North West Europe, Alpine Space, North Sea</i>).</p> <p>A few other Strand-B programme show a high level of potential multimodal accessibility which is clearly above the Strand-B average but already below the EU27 index (<i>CADSES, MEDOCC</i>).</p> <p>(2) This group of Strand-B programmes shows a level of potential multimodal accessibility which is clearly below the EU27 index but more or less close to the Strand-B average (<i>Baltic Sea, Espace Atlantique, Archimed, South West Europe</i>).</p> <p>(3) This group of Strand-B programmes shows a level of potential multimodal accessibility which is significantly below the EU27 index and the Strand-B average (<i>Northern Periphery, Canarias-Madeira-Acores, Caribbean, Indian Ocean-Reunion</i>).</p>

Annex 9: Overall features of the management systems established by Strand-B programmes

Group	Programme	Managing Authority	Paying Authority	Joint Technical Secretariat
<p>Fully decentralised management arrangements:</p> <p>Regional authorities and/or regional public banks assumed parts of the main programme management functions.</p>	Alpine Space	Regional Authority: Land Salzburg-Abteilung „Regionalpolitik und EU-Regionalpolitik“ (Austria)	Regional Authority: Land Salzburg-Abteilung Wirtschafts- und Technologieförderung (Austria)	Secretariat in Rosenheim (Germany)
	Atlantic Area	Regional Authority: Conseil Régional de Poitou-Charentes (France).	Public Bank: Caisse des Dépôts et Consignations, direction régionale Poitou-Charentes (France)	Regional Authority: Secretariat at Conseil Régional Poitou-Charentes, Poitiers (France)
	Baltic Sea	Public Bank: Investitionsbank Schleswig-Holstein, Rostock (Germany)	Public Bank: Investitionsbank Schleswig-Holstein, Rostock (Germany)	JTS in Rostock (Germany) and Karlskrona (Sweden)
	Canarias-Madeira-Acores	Regional Authority: Gobierno de Canarias, Consejería de Economía y Hacienda (Spain)	Regional Authority: Região de Madeira, Instituto de Gestão de Fundos Comunitarios (Portugal)	Co-ordination unit : Las Palmas de Gran Canaria (Spain)
	Caribbean	Regional Authority: Conseil Régional de la Guadeloupe (France)	?	Espace régional- Cité des Métiers, Abymes, Guadeloupe (France)
	North-West Europe	Regional Authority: Conseil Régional Nord Pas de Calais (France)	Public Bank: Caisse des Dépôts et Consignations, direction régionale Nord Pas de Calais (France)	Joint secretariat in Lille (France)
	Northern Periphery	Regional Authority: Västerbotten County Administration (Sweden)	Regional Authority: Västerbotten County Administration (Sweden)	Joint secretariat in Copenhagen (Denmark)
	Indian Ocean-Réunion	Regional Authority: Conseil Régional Réunion (France)	?	Cellule Europe Saint Denis, Réunion (France)
<p>Partly decentralised management arrangements:</p> <p>Regional authorities and central state administrations assumed parts of the main programme management functions.</p>	South West Europe	Regional Authority: Gobierno de Cantabria, Consejería de Economía y Hacienda, Dirección de Economía y Comercio (Spain)	National Authority: Spanish Ministry of Economy	Joint secretariat in Santander (Spain)
	North Sea	National Authority: Danish National Agency for Enterprise and Housing at the Ministry of Economic and Business Affairs	Regional Authority: County of Vyborg (Denmark)	Regional Authority: Joint secretariat at Vyborg Amt (Denmark)

Centralised management arrangements	CADSES	National Authority: Italian Ministry of Infrastructure and Transports	National Authority: Italian Ministry of Infrastructure and Transports	Secretariat at the Town Hall of Dresden (Germany)
Central state administrations assumed the main programme management functions.	MEDOCC	National Authority: Italian Ministry of Infrastructure and Transports	National Authority: Italian Ministry of Infrastructure and Transports	National Authority: Italian Ministry of Infrastructure and Transports
	Archimed	National Authority: Greek Ministry of National Economy	National Authority: Greek Ministry of National Economy	National Authority: Greek Ministry of National Economy

**Annex 10:
INTERREG IIIC Programmes:**

Indicators relating to the objective "expanding the effects of structural funds"

		West Zone			North Zone			East Zone			South Zone		
		Target (1)	Achieved (2)	Ratio achieved /target (2)/(1)	Target (1)	Achieved (2)	Ratio achieved /target (2)/(1)	Target (1)	Achieved (2)	Ratio achieved /target (2)/(1)	Target (1)	Achieved (2)	Ratio achieved /target (2)/(1)
Outputs	No of good SF-related practices identified	1000 (13)	1623 (21)	162%	180 (5)	321 (9)	178%	612 (8)	796 (10)	130%	-	585 (7)	-
	No of good practices identified related to other local/regional development strategies/policies	2000 (26)	2814 (37)	141%	90 (3)	257 (7)	286%				-	505 (6)	-
Results	No of good SF-related practices transferred	100 (1.3)	187 (2.5)	187%	82 (2.3)	162 (4.6)	198%	252 (3.4)	282 (3.8)	112%	-	316 (3.7)	-
	No of good practices related to other local/regional development strategies/policies transferred	200 (2.6)	314 (4.1)	157%	43 (1.2)	121 (3.5)	281%				-	105 (1.2)	-

First value = absolute value.

Second value in brackets = ratio [absolute value / total number of operations (WZ=75, NZ=35, EZ=75, SZ=85)]

Annex 11: Aggregated outputs achieved during the INTERREG III programme period

Common indicators per indicator category	Definition of common indicators	#
Activities undertaken		
Projects	Number of projects implemented	18.057
Interventions / operations	Number of interventions (in any field) implemented	1.499
Events	Number of (social, cultural, tourist, educational) events, promotion or information campaigns, competitions, manifestations, exhibitions, or fairs organised	1.428.371
Activities	Number of activities (various fields) implemented	134.073
Measures/ actions	Number of measures or actions (various fields) implemented	201.114
Educational output		
Studies and evaluations	Number of studies, evaluations, assessments, analyses, or surveys carried out	4.495
Courses and training	Number of courses and trainings organised	632.327
Exchanges of knowledge and best practices	Number of exchange projects, internships, study trips, personnel exchanges, transfers of research results and concepts, or other types of exchanges of experience and knowledge organised	11.027
Seminars/meetings/conferences/consultations	Number of seminars, meetings, conferences, or consultations organised	22.163
Hours of educational activity	Number of hours of courses or trainings organised	606.942
Certificates / diplomas / scholarships	Number of certificates, diplomas, or scholarships approved	475
Informational output		
Informational products and material	Number of informational, tourism, and education products or material developed, supported, commercialized, or used	123.571
Databases	Number of databases set up	98.913
Press releases	Number of press releases	65
Websites	Number of websites established	7.938
Institutional output		
Plans and concepts	Number of plans and concepts initiated	1.285
Publications/strategy papers / planning documents/reports	Number of publications/strategy papers/planning documents/reports developed	35.050
Agreements/protocols/conventions/arrangements	Number of agreements/protocols/conventions/arrangements implemented	62.991
Strategies	Number of strategies or approaches (joint or otherwise) proposed or developed	356
Best practices	Number of innovative or exemplary solutions, models, scenarios, standards, methods, recommendations, guidelines proposed or realized	5.344
Monitoring procedures or systems	Number of monitoring procedures or systems developed	4
Organisational or management structures	Number of organisational or management structures set up (or resulting from exchanges of knowledge and best practices)	51
Networks		
Networks and co-operation structures created or supported	Number of networks, partnerships, collaboration, linkages, platforms for exchange, co-operation structures established or consolidated	11.971
Networks operating	Number of networks, partnerships, collaboration, linkages, platforms for exchange, co-operation structures operating	3.745

Other		
Programmes	Number of (education, exchanges, other) programmes developed or supported	159
Initiatives	Number of initiatives (various fields) initiated	1.795
Applications	Number of applications (various fields) received	12.681
Physical output		
Reduced border obstacles	Number of reduced border obstacles or removals of formal border barriers	25
New or supported sites and tourist routes	Number of natural, cultural, urban, rural, tourist sites and routes established, supported, or affected	25.238
New or improved services	Number of (institutional, technological, administrative, transportation, tourist, social, health) services created or supported	113.685
New or supported pathways	Number of roads, railways, lakes, running water, bicycle, or hiking trails created or supported	212
Instruments/tools/systems/equipment	Number of (technological or other) instruments, tools, systems, installations developed	6.033
Transport infrastructure; new or supported	Number of transport related infrastructure or border stations built or supported	1.030
Other infrastructure; new or supported	Number of other (enterprise, university, educational, research, other) infrastructure built or supported	728
Environmental infrastructure; new or supported	Number of environment related infrastructure built or supported	170
Communication infrastructure; new or supported	Number of communication related infrastructure built or supported	240
Km2 of area supported	Km2 of land or water surface supported or affected	46.983.757
Km of new or supported pathways	Km of road, railway, lake, running water, bicycle, or hiking trail created or supported	105.798

Source: Own calculations based on data from the latest Annual Report (2007)

Annex 12: Aggregated results achieved during the INTERREG III programme period

Common indicators per indicator category	Definition of common indicators	#
Socio-economic results		
Jobs created or secured	Number of jobs/employment opportunities directly or indirectly created or number of individuals directly or indirectly employed	115.220
New businesses created	Number of start-ups and businesses directly or indirectly created	5.796
Temporary jobs created	Number of temporary jobs/employment opportunities directly or indirectly created or number of individuals temporarily employed	3.349
Businesses enhanced, diversified or using new strategies or technology	Number of businesses enhanced, diversified or using new strategies or technology	3.911
Participants		
Persons participating in networks	Number of individuals participating in networks	1.502.348
Actors participating in networks	Number of enterprises, organisations, institutions, partners, authorities, public bodies, political sectors, civil society actors, towns, or regions participating in networks	43.442
Actors participating in projects	Number of enterprises, organisations, partners, authorities, political sectors, research and other institutions, civil society actors, public bodies, towns, regions participating in projects	68.199
Persons participating in programme related activities or events	Number of individuals participating in programme related activities	3.376.695
Persons participating in projects	Number of individuals participating in projects	1.079.543
Actors participating in programme related activities	Number of enterprises, organisations, partners, authorities, political sectors, institutions, civil society actors, public bodies, towns, regions participating in programme related activities	6.526
Affected actors/individuals		
Visitors and tourists	Number of visitors or visits to tourist sites supported by the programme	14.445.651
Persons participating in educational activities	Number of individuals (including students) who participated in courses, trainings, seminars, workshops, meetings, or other educational activities	544.531
Passengers	Number of passengers in air, road, sea traffic	29.840
Actors supported by or benefiting from programme related activities or interventions	Number of enterprises, organisations, partners, authorities, public bodies, political sectors, institutions, civil society actors, towns, regions supported or affected by programme related activities or interventions	13.732.559
Users of programme related products or services	Number of individuals making use of programme related products or services	71.701
Persons affected by or benefiting from programme related activities	Number of individuals who benefited or were affected by programme related interventions or activities	73.080.955

Source: Own calculations based on data from the latest Annual Report (2007)

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