ESPON

TERCO
European Territorial Co-operation as a Factor of Growth, Jobs and Quality of Life

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This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

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This basic report exists only in an electronic version.

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Introduction

Over the last decade, a great number of policy documents have addressed the role of territorial approaches in regional development. In its Green Paper on Territorial Cohesion, the European Commission emphasises the role of territorial co-operation and attaches great importance to it in the framework of European territorial development and in the 'long-term and sustainable growth performance of the EU as a whole' (Green Paper, 2008).[1] In order to deal with environmental, economic and social challenges, the co-operation of stakeholders across national borders, different policy sectors and policy levels is required. The European Commission notes that '…in the new Member States … much remains to be done to develop coherent policies for infrastructure and economic co-operation' and that '…external border regions lag further behind in economic development and GDP per head' (Green Paper, 2008).

The main objective of EU territorial co-operation (TC) is to overcome the negative effects of borders as barriers, maximise potential synergies, promote joint solutions to common problems and, as a result, promote further harmonious and balanced integration of the EU territory and enhance the quality of life for citizens. Hence, over time the expectations of TC have expanded to encompass contributions to **economic development and competitiveness**,[2] **territorial integration**,[3] **city networking**,[4] **good neighbourhood relations**,[5] **labour markets**,[6] and the **unification of natural ecosystems** divided by borders.[5]

In contrast to the growing expectations, TC currently faces a number of challenges. For example, it is biased towards old Member States (MS) – e.g. the great majority of leaders in INTERREG projects are from the old MS. A positive development in this respect is the implementation of the new European instrument of the 'European Grouping of Territorial Co-operation' (EGTC): it has been used - albeit to a limited extent – in both old and new Member States, and is regarded in new Member States as of major assistance in organising territorial co-operation for less experienced actors. Co-operation across EU borders is still cumbersome. At the level of specific EU-neighbouring state partnerships, the ENPI-CBC programme envisaged the creation of a single funding vehicle with joint management authorities (JMAs), but in practice it has limited authority to decide on project funding and management. Furthermore, the application of development aid rules presently appear inappropriate for CBC in the area of regional development, as joint projects are burdened by onerous contracting rules. Some more weaknesses (but also strengths) of territorial co-operation are mentioned in Section 2.5.4 with reference to particular case studies.

Accordingly, strengthening territorial co-operation to make it achieve what is expected requires further research on understanding the drivers of co-operation, determinants and governance structures, which may result in greater interest by regions, cities and countries in entering into co-operation arrangements. TERCO investigated the issues by applying new research methods that have never been used in research on territorial co-operation (i.e. models of successful co-operation and network analyses of twinning cities), it established the working definition of territorial co-operation, and it created a pan-European database on twinning city networks. It analysed five types of territorial co-operation (twinning cities, cross-border, interregional, transnational, and transcontinental) for the

[1] Commission of the European Communities (2008), Green Paper on Territorial Cohesion. Turning territorial diversity into strength. Brussels.
[2] Territorial Agenda of the European Union 2020 (2011), Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions, Gödöllő, Hungary, p.7; Fifth Cohesion Report (2010), Investing in Europe's future. Fifth report on economic, social and territorial cohesion, European Commission, p.235; The Territorial State and Perspectives of the European Union (2011), Background document for the Territorial Agenda of the European Union 2020, Gödöllő, Hungary, p.13; Böhme K., Doucet P. *et al.* (2011), How to strengthen the territorial dimension of 'Europe 2020' and the EU Cohesion Policy. Report based on the Territorial Agenda 2020, Warsaw, p.20.
[3] Fifth Cohesion Report (2010), p.202.
[4] Territorial Agenda of the European Union 2020 (2011), p.7.
[5] The Territorial State and Perspectives of the European Union (2011), p.28
[6] Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European Territorial Co-operation goal (2011), European Commission, p.3.

whole ESPON area as well as within nine case studies covering 19 countries.[7] TERCO investigated the impact of those TC types on socio-economic development (indicated by economic growth, job creation, and quality-of-life improvements) and various types of international flows (such as FDI, migration, and international trade). TERCO investigated the current adequacy and future needs of TC in terms of geographical coverage, thematic domains, governance and good practices. It also addressed the issue of the TC contribution to territorial integration.

This report presents the main results of the TERCO project with references to the detailed explanations in the Scientific Report (ScR). The reader is also encouraged to refer to two other files: (i) Bibliography, and (ii) Abbreviations and Glossary, and also to four databases provided with the Final Report. The Introduction of this report aims to highlight the problem by showing the discrepancy between the high expectations towards TC to face regional development challenges versus its own weaknesses and drawbacks. Chapter 1 defines the objectives and hypothesis of the project, and provides the main definitions related to TC derived within the project. Chapter 2 presents the key findings resulting from each method applied. In particular, it leads to the verification of the project hypothesis and addresses the first two objectives of the TERCO project. Chapter 3 addresses the research and policy questions listed in the project specification and project application and fulfils the remaining two objectives of the project. Chapter 4 proposes future policy options for European Territorial Co-operation, and Chapter 5 suggests follow-up analytical work and European research on TC.

1 Main objectives and hypothesis

Territorial Agenda 2020 states that 'Co-operation is key to fostering smart, inclusive and sustainable growth and territorial cohesion in the EU'. This hypothesis, however, needs scientific verification, and this project contributes to this challenge. **TERCO's main hypothesis** is in fact very similar to the one of TA2020, but narrowed as follows: '**Territorial co-operation (TC) is one of the factors underpinning the socio-economic development of territorial units'**. In order to verify this hypothesis, different types of co-operation have been analysed to establish their links to various aspects of development. Hence, the TERCO project provides a valuable insight into the overall policy relevance of territorial co-operation as a contributing element to European cohesion, with participants demonstrating a high degree of motivation to network their local authorities and regions across borders and internationally. However, in order to develop policy-relevant suggestions for the future design of TC support programmes, the considerable shortcomings of the present mechanisms must be addressed – particularly with a view to improving the overall workings of EU policies.

Following the research logic of the project (read more in ScR Part I, Ch.1) the **main goal of TERCO was to assess the relationship between territorial co-operation and the socio-economic development of EU and neighbouring regions.** Three aspects of the development were of special interest, i.e. economic growth, job creation and quality of life, as manifested in the project's title.

Four subordinate objectives were also defined to facilitate structuring the analyses:

1. to estimate the impact that various types of TC have on socio-economic development;
2. to identify key determinants of successful TC;
3. to assess the adequacy of existing TC geographical areas and thematic domains; and
4. to establish good governance structures and practices of TC.

Discussion on objective 1 can be found in MR Ch.2.1.2, ScR Ch.3; on objective 2 in MR 2.1.1, ScR Ch.3; on objective 3 in MR Ch. 3.1, 3.2, ScR Ch.4; and on objective 4 in MR 3.5, ScR Ch. 2.10.

[7] Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Germany (DE), Spain (ES), Finland (FI), France (FR), Greece (EL), Latin America (LAT.A.), Morocco (MO), Norway (NO), Poland (PL), Russia (RU), Sweden (SE), Slovakia (SK), Turkey (TR), Ukraine (UA), United Kingdom (UK).

Thirty-seven questions were addressed within the project which specified the above objectives in greater detail. They comprised research questions, policy questions and TERCO-specific questions, where the former two originated from the project specification and the latter from the project application (see Table A1, which lists all questions and includes references to their answers within the report).

The working definition of territorial co-operation proposed by the project allows for a broad coverage of territorial co-operation while at the same time is specific enough to allow a systematic and standardised analysis of TC across countries. **Territorial co-operation is defined as a collaboration between administrative bodies and/or political actors in Europe and beyond, representing their respective territories, which can also engage other stakeholders as long as their involvement is within the same institutionalised framework.** Accordingly, it is acknowledged that there are numerous non-governmental and non-public institutions involved in such co-operation, but the scientific tools focus on municipalities and public actors because they establish the institutional frameworks for each type of co-operation, within which the TC becomes official and possible to follow in a systematic way. It is important to underline that this report analyses TC that goes beyond national boundaries, so that TC can be understood as *international territorial co-operation*, especially since the project included co-operation not only within the ESPON area but also beyond the European continent (South America and North Africa in particular).

Five types of territorial co-operation satisfying the above definition were investigated by means of standardised tools (electronic surveys and in-depth interviews), where each type was distinguished mainly by two criteria: (i) level of the territorial unit involved (NUTS2, NUTS3 or LAU2), and (ii) relative location of the co-operating units, adjacent vs. distant (read more in ScR, Part I, Ch.2 Tab.1 in Conclusions). The types are:

1. **Twinning city co-operation** - the units are LAU2 (cities or communes) and they are either adjacent (i.e. twin cities) or distant (i.e. sister cities), but they need to have twinning agreements.
2. **Cross-border co-operation -** takes place among larger administrative units, such as NUTS3 regions (and their non-EU equivalents), which are neighbours across a national border. An example of such co-operation would be an INTERREG A programme.
3. **Interregional co-operation** - co-operation of NUTS2 regions (and their non-EU equivalents) located in different countries, which are not directly neighbouring across a national border. An example of such co-operation would be an INTERREG C programme.[8]
4. **Transnational co-operation** – NUTS2 regions (and their non-EU equivalents) co-operating within close proximity to each other within boundaries of some larger geographical macro-region, e.g. Baltic Sea, Alpine, Mediterranean regions, etc. An example of such co-operation would be an INTERREG B programme.
5. **Transcontinental co-operation** – regions and cities in the EU (at NUTS3, NUTS2, and LAU2 levels) undertaking co-operation with equivalent non-EU territorial units located in other continents.

Apart from that, considerable attention was devoted to **European Groupings of Territorial Co-operation (EGTC)** based on separate case studies: Eurometropole LIKOTO, the EGTC Greater Region, and two EGTCs in the Danube Region. Interviewees also referred to other types of TC in the case studies (CS), including the following: URBACT, EUROCITIES, ESPON projects, Municipalities' agreements (other than twinning cities), European Neighbourhood and Partnership Instrument (ENPI), Co-operation with EUROREGIONs and Regional Development Agencies (for a full list, see Table A2).

[8] The networking programmes (URBACT, INTERACT and ESPON) were not analysed within this type of co-operation by standardised tools (such as electronic survey - CAWI), only INTERREG C.

2 Key methods and findings

The methods in the project were chosen to complement each other and investigate TC at various levels: projects/beneficiaries (TERCO-SEM model), TC programmes (network analyses), individual regions (case studies) and the regional level of the ESPON area (factor/cluster analyses and typology derived from them). The links among the methods are as follows. Firstly, the desk research resulted in a comprehensive literature review and extensive data collection. The literature review provided ideas and concepts of determinants and outcomes of TC used in formulating: (i) conceptual model of successful territorial co-operation, (ii) electronic standardised questionnaire (CAWI) and (iii) factor and cluster analyses. Generally, the literature review suggested seven determinants of co-operation (culture, regional and local self-government, funding, history, legal background, socio-economic background and geographical conditions), which were turned into measurable indicators used by various methods.[9] The collected data constituted four databases: (i) a pioneering pan-European database on twinning cities, (ii) a database on INTERREGs III and IV strands A, B and C, (iii) a database on regional socio-economic determinants of TC, and (iv) a database on transcontinental co-operation (see databases in ScR, Part I, Ch. 1). The case studies (CS) were carried out in 19 countries in order to collect primary data on co-operation and to complement quantitative data with qualitative information. The two main tools applied in the CS were: in-depth interviews (IDIs) and standardised electronic questionnaires (Computer Assisted Web Interviewing - CAWI). Once the primary data had been collected, they were used as a basis for calibrating the Structural Equation Model (TERCO-SEM). Additional cases studies were carried out to investigate governance issues and the EGTC in greater detail. Secondary data, on the other hand, facilitated the creation of a typology of territorial co-operation and a typology of TC determinants. Network analyses were also applied primarily to analyse twinning city co-operation and to create indicators of co-operation to use later in the typology. The main findings from each method are presented below (detailed descriptions can be found in ScR, Part I).

2.1 Model of successful territorial co-operation (TC)

Based on the project's literature review (see ScR Part I, Ch.2), a theoretical model of territorial co-operation was proposed (see Figure 1a). As far as can be determined, this is the first concise model of this type, attempting to put into one consistent framework all the factors shaping territorial co-operation while at the same time assessing their relative importance for successful co-operation. Accordingly, TERCO-SEM is a pioneer in this respect.

The model draws on key theoretical concepts related to territorial co-operation. In particular, it uses: Colomb's (2007: 358) concept of the scope of co-operation, according to which the lowest level is 'exchange of experience' and the highest is 'jointly producing and implementing a transnational spatial strategy' (see Abbreviations and Glossary for full description); Barca's (2009: 161) notion of the value-added that TC can generate 'by dealing with relevant, over-the-border interdependencies and promoting co-operation networks and collaborative learning involving both public and private actors'; and the expected effectiveness of TC in 'facilitating worker mobility' (Manifesto, 2008), etc.

The model represented an effort to capture and empirically estimate the determinants and outcomes of successful territorial co-operation. Following the hypothesis, **successful territorial co-operation is defined as that which brings the highest, joint socio-economic development to the co-operating territorial units**.[10]

[9] The number of determinants used in different methods varies. They all originate from those seven, but their operationalisation differs, so that some were combined while others had to be omitted due to lack of data. Those methods based on primary data (such as SEM) had a different operationalisation of the determinants than those relying on secondary data (such as factor analyses). Accordingly, the number of determinants may differ even if they originate from the same literature review. For a detailed explanation on how the determinants used in the factor/cluster analyses relate to the seven determinants from the literature review, see the footnote in ScR, Part I, Ch. 5 section on 'Variables used in quantitative surveys'.

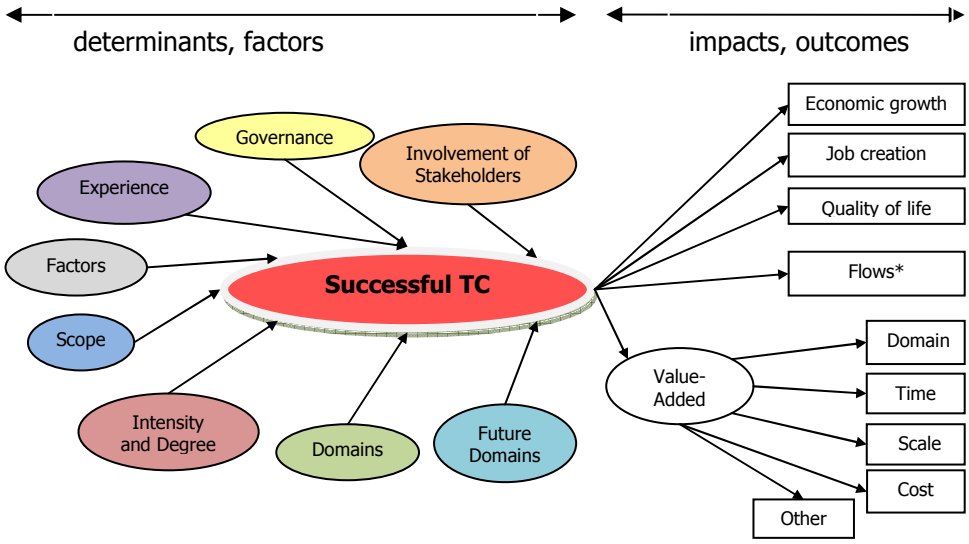
[10] In practice, it is difficult to assess whether this socio-economic development is jointly achieved by all co-operating regions only through the TC. This project tackled this issue by assessing not only the level of development in the co-operating regions

The development referred to comprises economic growth, job creation and increasing quality of life. In addition, two other elements were added to the right-hand side of the model indicating the impact of TC on socio-economic development, including transnational flows and value-added. On the other hand, the left-hand side of the theoretical model indicates determinants and factors influencing TC. The theoretical model (see Figure 1a) was verified empirically by constructing the Structural Equation Model TERCO-SEM (see ScR, Part I, Ch. 3), using data collected via electronic questionnaires (CAWIs) from all the TERCO case studies (see Section 2.5). The theoretical model evolved after statistical procedures were applied, e.g. eliminating statistically insignificant links, modifying variables according to respondents' views, standardising variables, etc. All these procedures were aimed at improving the quality and consistency of the model to produce the best fit with reality. The final model is depicted in Figure 1b.

The most visible difference between the empirical model and its theoretical counterpart is that the empirical model has more elements on both the left-hand side (determinants, factors) and the right-hand side (impact, outcomes). This is because the theoretical model assumed determinants and outcomes in aggregated forms, whereas in reality they occur in certain sub-groups. The determinants form sub-groups that influence the success of TC in different ways, while the outcomes form two sub-groups of mutually correlated impact variables. For example, the TC determinant 'Governance' (which, in the model, indicates key stakeholders initiating TC) influences the probability of TC success, but differently depending upon who initiates the TC.

Figure 1: Models of successful territorial co-operation

a) Theoretical model of successful co-operation

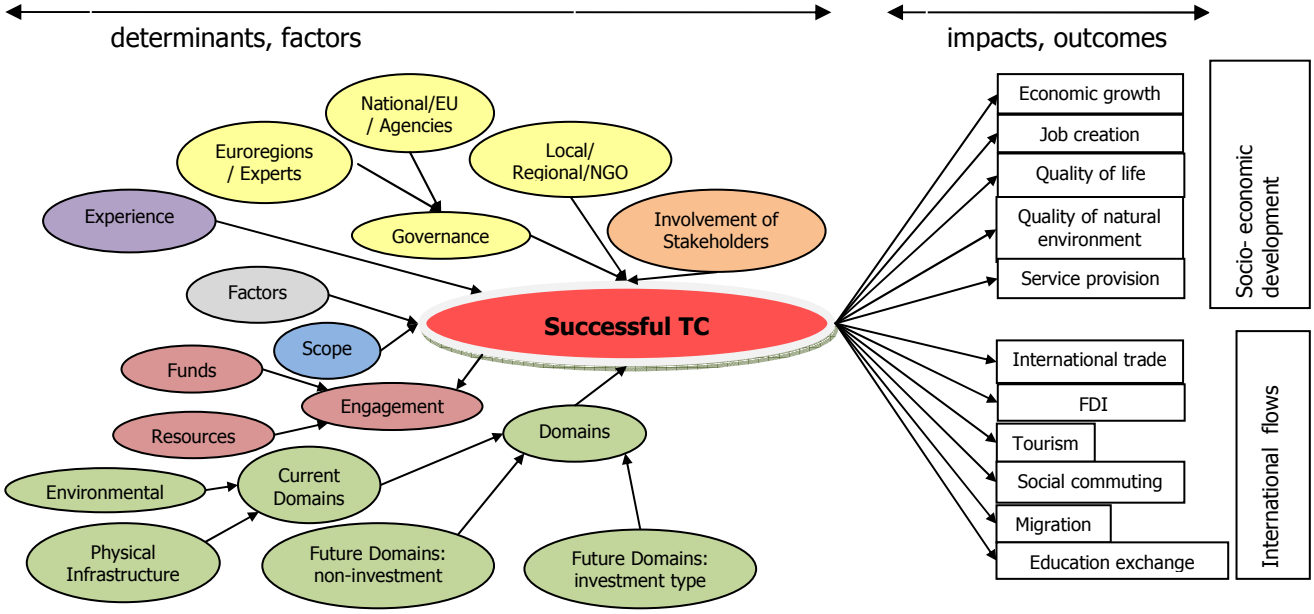


Determinants, factors:
- Involvement of Stakeholders – various actors involved in TC (*5 variables: e.g. NGOs, business, local residents, etc.)*
- Governance – various stakeholders initiating TC (*10 variables: e.g. EU bodies, local government, etc.)*
- Experience – length of experience in TC (*i.e. when TC was started*)
- Factors – facilitators and hindrances of TC (*17 variables: e.g. historical links, language, level of development, etc.*)
- Scope – extended to 6 steps in Colomb's (2007) scale of co-operation (*e.g. exchange of experience, common actions, … read more in 'Abbreviations and Glossary' file*)
- Intensity and Degree – number of projects and partners, engagement of resources
- Domains – thematic domains of current TC (*8 domains*: e.*g. economy, natural environment, tourism, etc.)*
- Future Domains – domains that are most important for future development (*8 domains: as above*)

Impact, outcomes:
- Flows: International trade, Foreign Direct Investment (FDI), commuting to work, tourism, social commuting (e.g. visits to friends, shopping, etc), educational exchange (students, pupils), migration, etc.

but also the scope of the co-operation. The greatest scope related to 'joint solving of cross-border, transnational or transcontinental problems by means of co-operation', which was treated as a proxy to strive for in territorial integration.

b) Empirical model of successful co-operation



- Local/Regional/NGO – stakeholders initiating TC are NGOs, local and regional governments
- Governance: National/EU/Agencies – stakeholders initiating TC are national government, EU bodies, development agencies and chambers of commerce
- Governance: Euroregions/Experts – stakeholders initiating TC are Euroregions and other cross-border institutions, consultants, external experts
- Experience – length of experience in TC and changeability of TC partners
- Engagement: Funds – source of funding *(five types of sources)*
- Engagement: Resources – availability of funds and staff resources
- Future Domains: 'soft' – tourism, cultural events, educational exchange
- Future Domains: 'hard' – economy, natural environment, physical infrastructure
- Current Domains – economy, cultural events, educational exchange, social infrastructure, tourism, joint spatial (physical) planning
- Current Domains: Environmental – natural environment and risk prevention
- Current Domains: Physical infrastructure – roads and other physical infrastructure

[See ScR, Part I, Ch.3 for exact variables behind the factors]

Source: Based on literature review and data from TERCO case studies.

The probability of successful TC is smaller if it is initiated by 'Euroregions/Experts'[11] and by 'National/EU/Agencies'[12] and much higher if initiated by 'Local/Regional/NGO'.[13] In practice, the initiating role of NGOs, local and regional government in TC was one of the most important determinants of successful TC (as explained in the next section).

Similarly, the right-hand side of the model (reflecting impact, outcomes of TC) also changed after applying data, because the theoretical model assumed that the outcome of successful TC occurs in five separate areas: economic growth, job creation, quality of life, international flows, and value-added. During the modelling process, however, it became evident that all the outcomes of successful TC are strongly correlated with each other, and they constitute conglomerates of socio-economic variables and of various flows (see Figure 1b). Respondents described the impact of TC on all elements of socio-economic development and flows similarly, i.e. similarly low or similarly high. This means that the differences between the influence of successful TC on each area (economic growth, quality of life, job creation etc.) are relatively small.

[11] This group consists of Euroregions, other cross-border institutions, consultants and external experts.
[12] This group consists of local, regional, national and EU bodies.
[13] This group consists of professional organisations such as NGOs, development agencies and chamber of commerce.

2.1.1 Main determinants of successful TC

Analysis of the electronic survey data[14] (statistics reported in ScR, Part I, Ch.3) identified that the **success of territorial co-operation depends primarily on** factors related to the **scope of co-operation, current domains of TC** projects, and **resources engaged in TC** in terms of staff and funds. In addition, **longer experience in TC** and **stability of partners** have positive, though relatively small, impacts on successful TC. **The type of stakeholders who initiated the TC and the determinants behind its initiation** are **less important in determining success.** Whereas the influence of the factor related to desired future domains and governance (stakeholders initiating TC) is middling, the factor related to the initiating role of NGOs, local and regional government is the most important determinant of successful TC. This may lead to the conclusion that **for successful TC, the most important factors are those that initiate co-operation (both people and resources), while factors that might affect on-going co-operation are less important.**

If more detailed results are analysed, the most important variables can be distinguished in each of the above-mentioned factors. These variables describe types of domains, sources of funding, and the scope of TC that contributes to successful TC to the greatest extent. From the point of view of the beneficiaries involved in TC, the probability of achieving higher socio-economic development through territorial co-operation is higher if:

- **Scope** comprises exchanging experience (at early stage co-operation), and sharing tools to tackle a common problem or advising each other on how to solve similar problems (*rather than jointly implementing common actions or investments to solve local problems, or jointly implementing a spatial strategy*);
- **Current domains** of co-operation are cultural events, tourism, economy, natural environment or physical infrastructure (*rather than educational exchange, social infrastructure, risk prevention and joint spatial planning*);
- **Sources** of funding are own or EU funds (*rather than public-private, from foreign partners or national other than own*); and
- **Stakeholders** initiating TC are NGOs, local or regional government (*rather than Euroregions and other cross-border institutions, national government, EU bodies, development agencies or chambers of commerce*).

In conclusion, the probability of success of territorial co-operation - defined as bringing socio-economic development - is highest when TC projects are initiated by NGOs, local or regional government, funding comes from own or EU sources, co-operation is based on simple forms of collaboration, and it relates to culture, economy, tourism, natural environment or physical infrastructure.

2.1.2 Impact of TC on socio-economic development

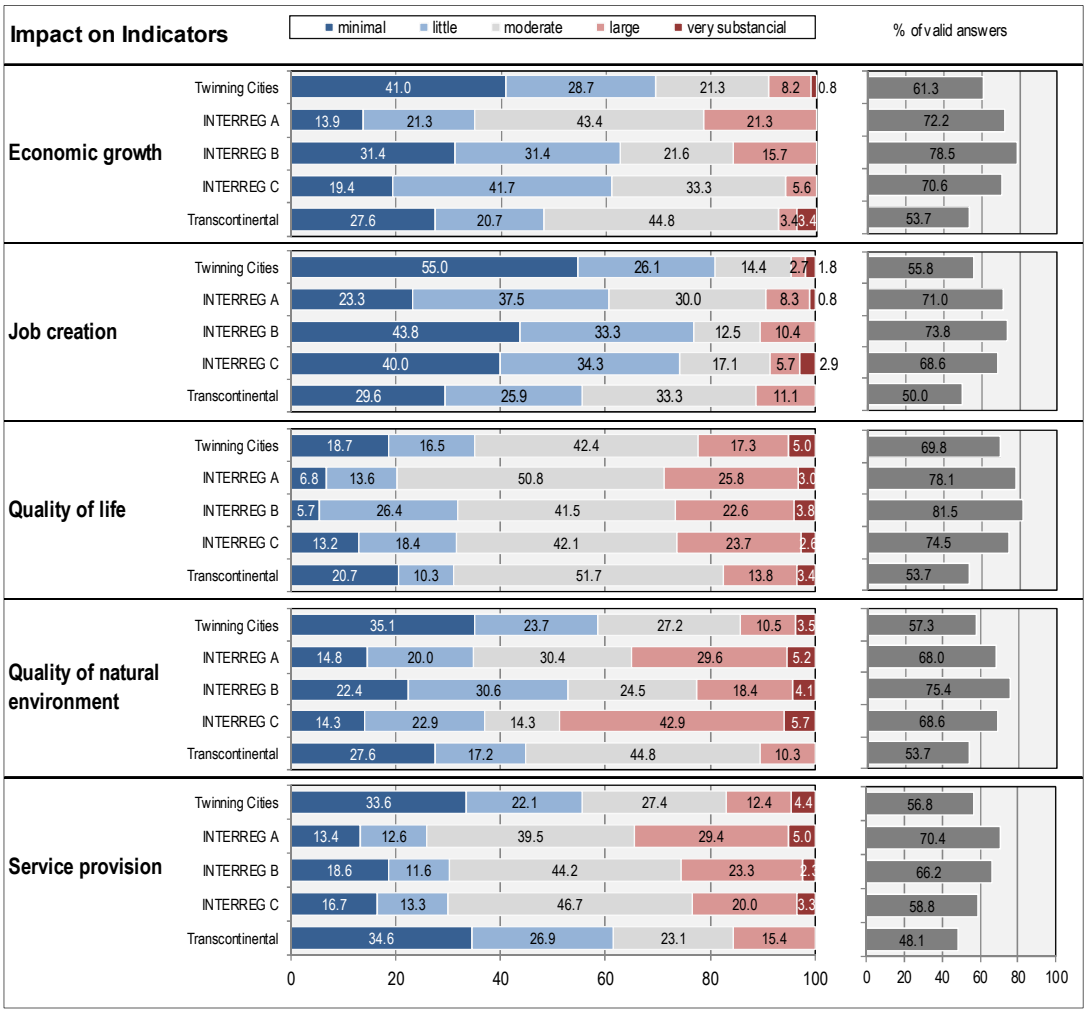
Using the TERCO-SEM model and other methods based on both primary data (survey and advanced internet queries) and secondary data (public statistics) **the hypothesis that territorial co-operation underpins socio-economic development was verified.** At the outset, it was assumed that such a relationship theoretically existed, and then significant results were obtained by applying empirical data to the model. In particular, it was proved that:

- **Territorial co-operation contributes to joint socio-economic development of co-operating regions,** as its impact on growth, jobs, and quality of life is statistically significant and positive there.
- The impact of TC on socio-economic development is, nevertheless, evaluated by beneficiaries of TC programmes as only minimal to moderate (see Figure 2).

[14] Respondents were municipal and supra-municipal authorities of territorries covered by the case study area.

- The most noticeable influence that TC had on development, in the opinion of the respondents, related to quality of life, natural environment and service provision in terms of all the indicators of development covered in the survey (see Figure 2).
- The impact of TC on flows (such as international trade, FDI, migration, etc) is, in the opinion of respondents, much smaller. Thus, it seems that TC translates more into overall socio-economic development rather than functional integration of co-operating areas represented by flows.
- Consequently, it can be interpreted that, in the respondents' views, TC contributes more to socio-economic development of co-operating regions than to reducing the role of barriers related to borders represented by various flows. And this is the case not only within the EU and Schengen areas, but also for co-operation with non-EU countries.

Figure 2: Opinions of respondents on the impacts of TC types on socio-economic indicators*

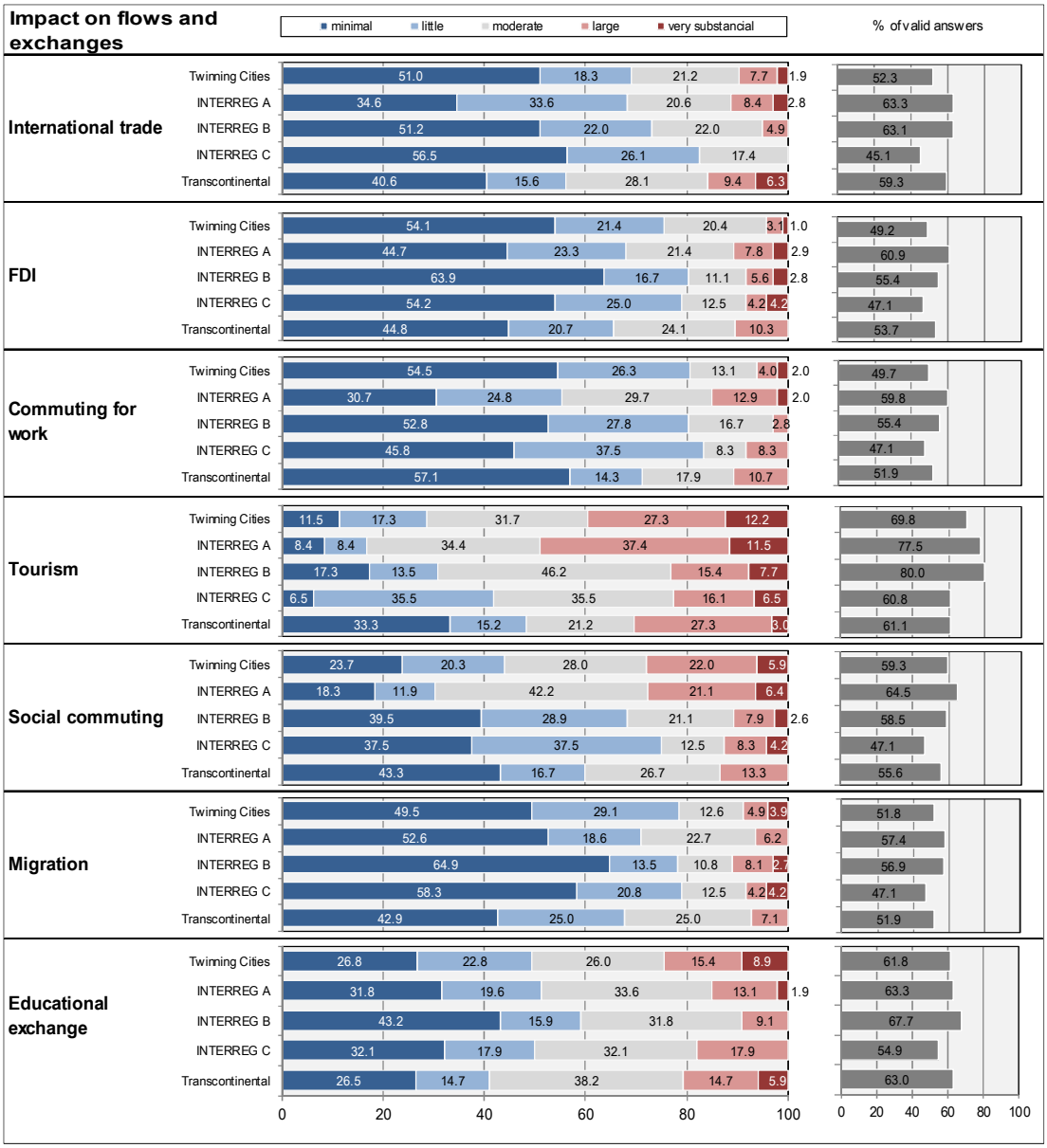


Source: TERCO findings based on case studies.
*Among the indicators of socio-economic development, *quality of natural environment* is listed as a sub-indicator of life's quality.

- There is also variation in the impact of TC on socio-economic development by TC types. The most influential type of TC on socio-economic development is INTERREG A, where 65 percent of respondents claimed that it had a moderate-to-very-substantial impact on economic growth, 39 percent on job creation, and 78 percent on quality of life (see Annex, Table A3).
- TC has also, according to respondents, small but significant and positive **impacts on various flows and exchanges**, the largest of which are on **tourism**, **educational**

exchange and **social commuting**. There is almost no influence on FDI or migration, according to beneficiaries. INTERREG A has the highest influence on tourism, INTERREG B on social commuting, INTERREG C on educational exchange, Transcontinental on tourism, educational exchange and international trade, and Twinning Cities on tourism and educational exchange (see Figure 3 and Annex, Table A4). Such flows are vital for territorial integration; accordingly, it is especially important that TC continues to develop these flows and exchanges in future.

Figure 3: Opinions of respondents on the impact of TC on flows and exchanges by type of TC



Source: TERCO findings based on case studies.

- All types of TC have **large-to-moderate impacts on building mutual trust**, **joint project preparation and networking among firms**, while the remaining activities investigated in the survey (i.e. networking among NGOs, joint spatial planning, and other not pre-defined) appear to have minimal impact in most cases (see ScR, Part II, Ch.1). This evidence suggests that TC in general helps in building mutual understanding among the key stakeholders preparing and launching common initiatives in the social sphere, in particular

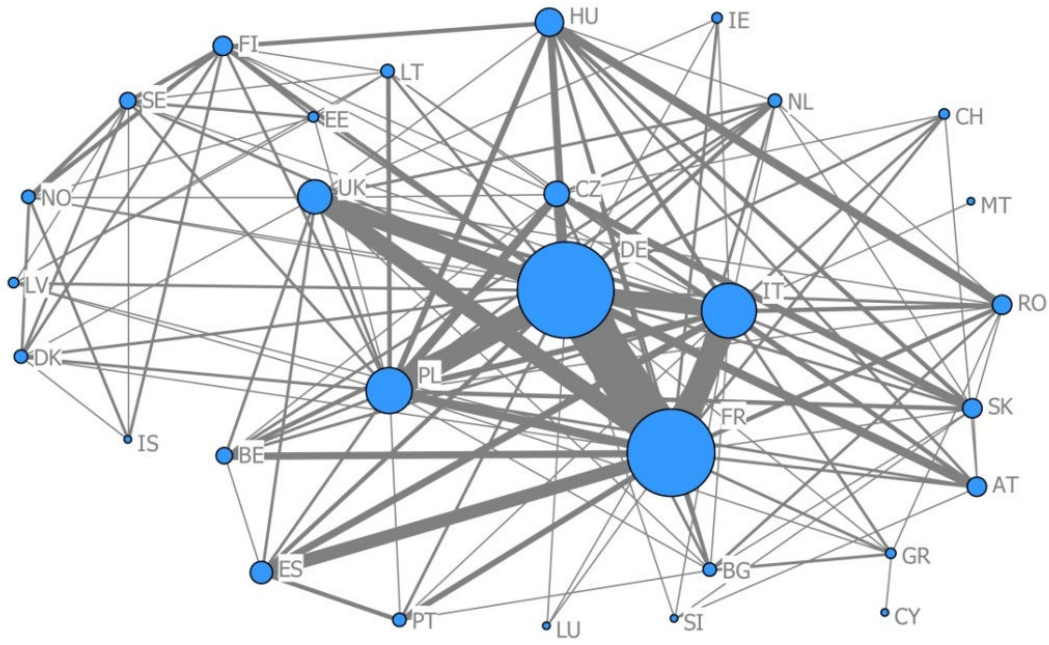
(see Annex, Table A5). The greatest influences are on *networking of firms* (by INTERREG C), on networking of *NGOs* (by Transcontinental co-operation), on *building mutual trust* (by Twinning Cities and INTERREG A), on *joint project preparation* (INTERREG A) and on *joint spatial planning* (INTERREG B and INTERREG A).

2.2 Networking of Twinning Cities

Territorial Agenda 2020 states that 'The co-operation and networking of cities could contribute to smart development of city-regions at varying scales in the long run'. Hence, this project investigated one such network – 'twinning cities' defined as communes/cities that cooperate within formal co-operation agreements made between local commune/city authorities – based on a unique database created especially for this project through advanced internet queries (read more in ScR Part I, Ch.1 and Ch.4). Such co-operation usually takes place between communes/cities located in different countries, and therefore the analyses covered both the entire ESPON area and transcontinental links. The quantitative analyses of twinning city networks were further enriched by qualitative analyses within the case studies.

The number of twinning city agreements in a certain country clearly depends on the size of the country, and in particular on the number of communes (cities) that can enter into such agreements. The largest number of twinning city agreements with foreign countries was recorded in Germany (3.3 thousand), France (2.5 thousand), Italy (2 thousand), Poland (0.9 thousand), Spain (0.9) and the United Kingdom (0.8 thousand). Taking into account the frequency of interactions between particular countries, there is a very high number of mutual agreements between communes/cities of France and Germany (0.65 thousand), France and Italy (0.35 thousand), Germany and Poland (0.31 thousand), France and the UK (0.24 thousand), Germany and Italy (0.22 thousand), and Germany and the UK (0.22 thousand). This is depicted in Figure 4 by the thickness of the lines connecting the countries and reflects the **intensity of co-operation.** The thicker the line, the higher is the intensity, measured by the number of common projects/agreements between them.

Figure 4: Twinning Cities at country level



Source: Authors' elaboration.

Note: The size of the nodes corresponds to the number of twinning cities agreements in a given country. The thickness of the lines joining the nodes corresponds to the number of twinning cities agreements between specific countries.

It must be noted, however, that intensity measured in this way does not determine the **scope** of co-operation (as defined by Colomb, 2007). In other words, co-operation can be very intensive (involving many agreements between the countries or regions), but its scope can be limited to 'exchanging experience', which is the lowest level on Colomb's scale (see Main definitions). For example, in the case of Belgium and France, the intensity of twinning city co-operation is medium-ranking, hence the line between the two is of medium thickness (in Figure 4). At the same time, the case study revealed that the scope of the co-operation there is mostly 'exchanging experience' and 'advice on solving similar problems' (see Table 1). Another example is co-operation between Germany, Poland and the Czech Republic, which is rather intensive, especially between Germany and Poland (as indicated by the thick line). In that case, it was observed that the scope of the co-operation is higher, as the majority of cases encompass up to four levels of co-operation scope – from 'exchange of experience' up to 'common actions to solve local problems' (see Table 1).

Table 1: Scope of twinning city co-operation within CS areas

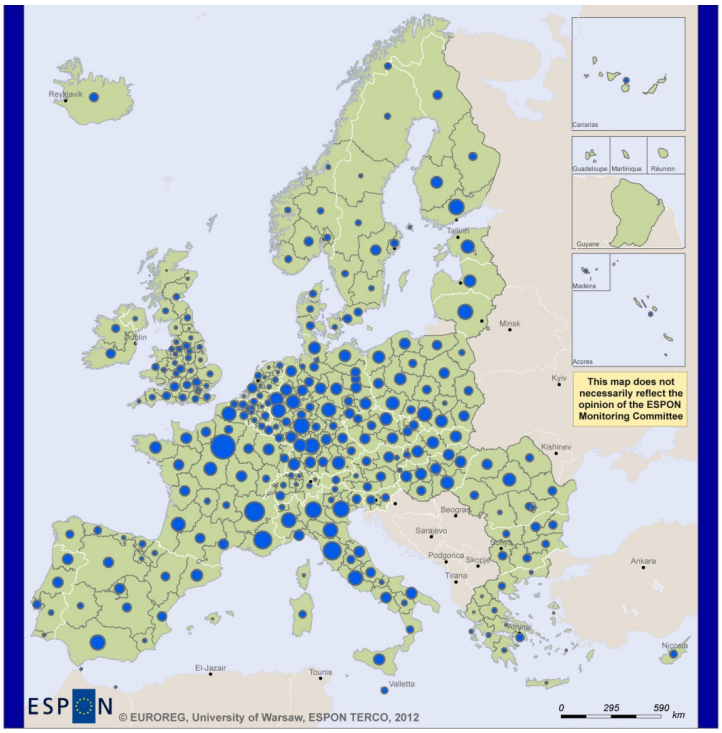
Theme	Mode	CS1:BE/FR	CS2:FI/RU	CS3:PL1/UA/SK	CS4:PL2/DE/CZ	CS5:BG/GR/TR	CS6:UK/SE/NO	CS7:ES	Total
Twinning Cities	Exchanging experience	63.6	90.0	78.0	88.9	79.3	94.3	70.0	83.9
	Advising to solve similar problems	27.3	30.0	62.0	55.6	58.6	64.2	60.0	57.3
	Sharing tools to tackle a common problem	0.0	30.0	60.0	50.0	55.2	56.6	50.0	51.3
	Common actions to solve local problems	9.1	60.0	70.0	66.7	55.2	30.2	40.0	51.3
	Implementing a spatial strategy	0.0	10.0	34.0	22.2	34.5	17.0	10.0	23.1
	Solving cross-border problems	0.0	20.0	22.0	27.8	48.3	28.3	10.0	26.6

Source: Based on TERCO case studies.
Note: Relative shares are indicated as high (red), medium (black) or low (blue).

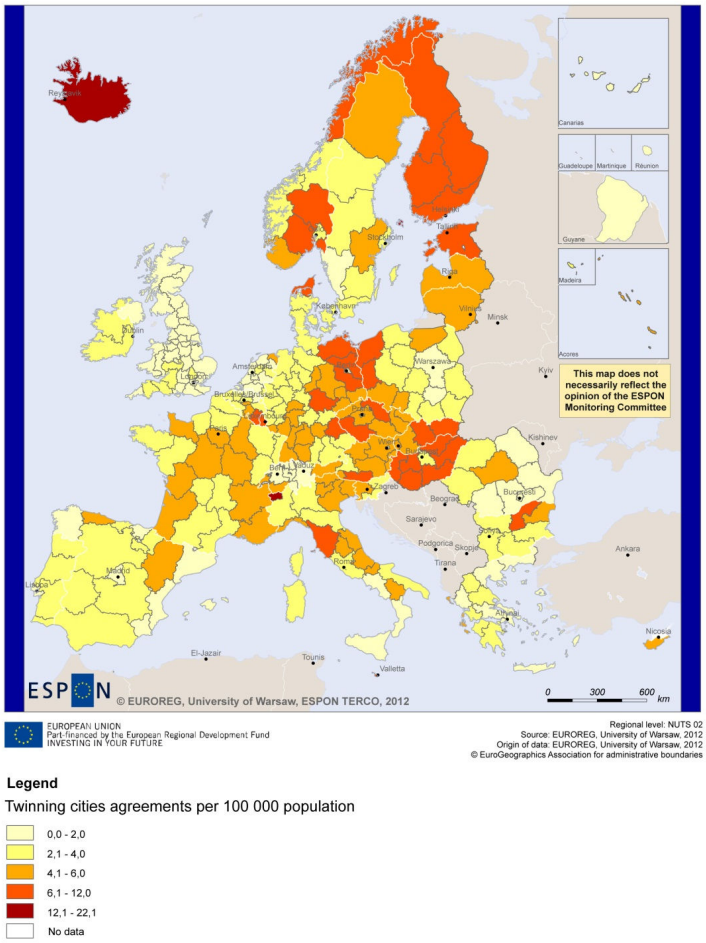
Twinning cities were also analysed at the regional level (aggregated at NUTS2 level), and it was concluded that by and large **all NUTS2 regions within the ESPON space are involved in Twinning City co-operation but with different intensities** (see Map 1a). The largest number of twinning city agreements among ESPON regions is recorded in the Île-de-France region (474 agreements). The number of twinning city agreements related to regions' populations is highest in the regions of Iceland and Finland, some regions of Norway, Estonia, regions of Eastern Germany and Western Poland, the Czech Republic, Slovakia, and Hungary (see Map 1b). At the same time, the lowest number of twinning city agreements per capita is recorded in Great Britain. This probably results from relatively limited competences of local authorities in that country, meaning that they have no potential for developing co-operation. In addition, it should be kept in mind that the regions there are quite populous. Looking at the number of twinning city agreements relative to the size of regional GDP, Central and Eastern Europe occupies a high position (see Map 2) – in this instance, the results depend both on high activity in this form of co-operation and on relatively low values of regional GDP in the area. Regions with the highest number of twinning city agreements per local authority (even up to 63) are in the Nordic countries (excluding Denmark, however) and in North-Western Germany (Ruhr region) (see Annex Map A1). In the majority of European regions, only a small percentage of communes have twinning city agreements – up to 20 percent (see Annex Map A2). In certain regions, this form of co-operation extends beyond 50 percent and even up to 100 percent of communes – these occur in Sweden, Norway and Finland, Belgium, Netherlands, North-Western Germany, Western Poland, and Central Italy. Taking into account the mean number of twinning city agreements per commune (with at least one such agreement), it can be seen that most regions have an average of 2-3 agreements (see Annex Map A3). Higher values of the index, i.e. 4-5 or more agreements, are mostly recorded in regions located in the eastern part of the ESPON space (particularly in Finland, the Baltic countries, Poland, Slovakia, Hungary, Romania, and Bulgaria).

Map 1: Intensity of twinning cities co-operation at NUTS2 level

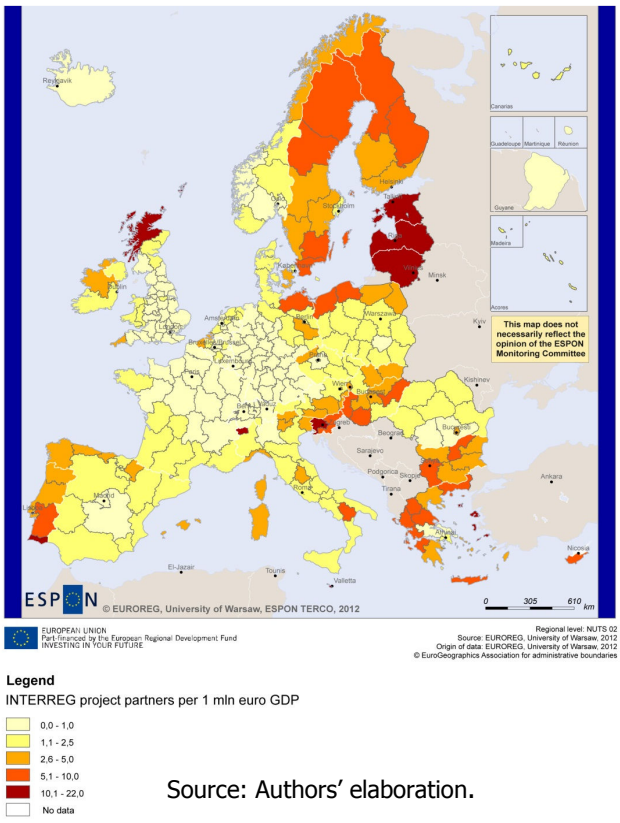
a) Absolute number of twinning cities



b) Twinning city agreements per 100,000 population



Map 2: Twining City agreements per 1 million EUR GDP

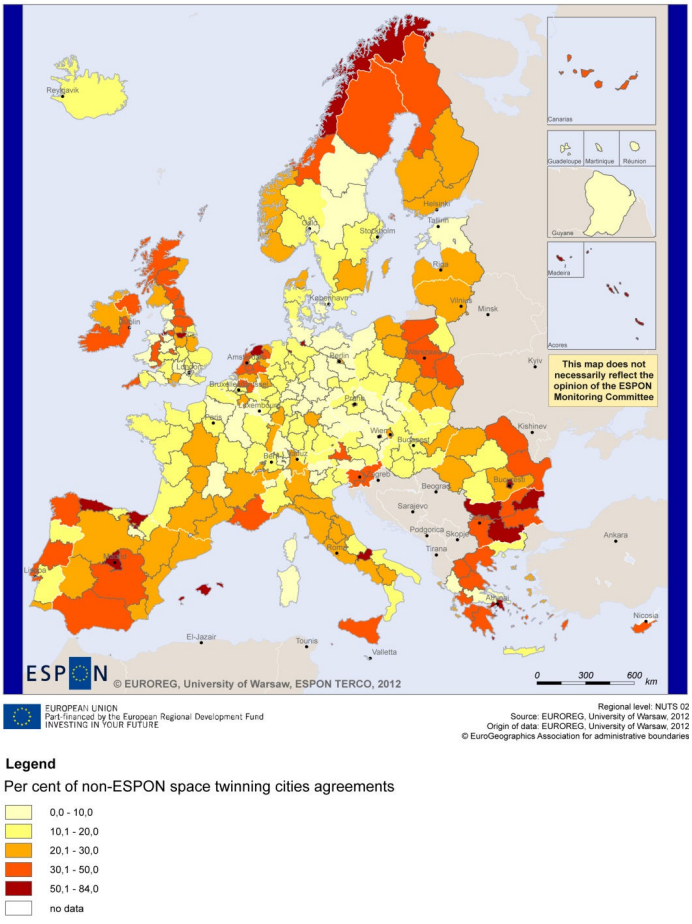


Source: Authors' elaboration.

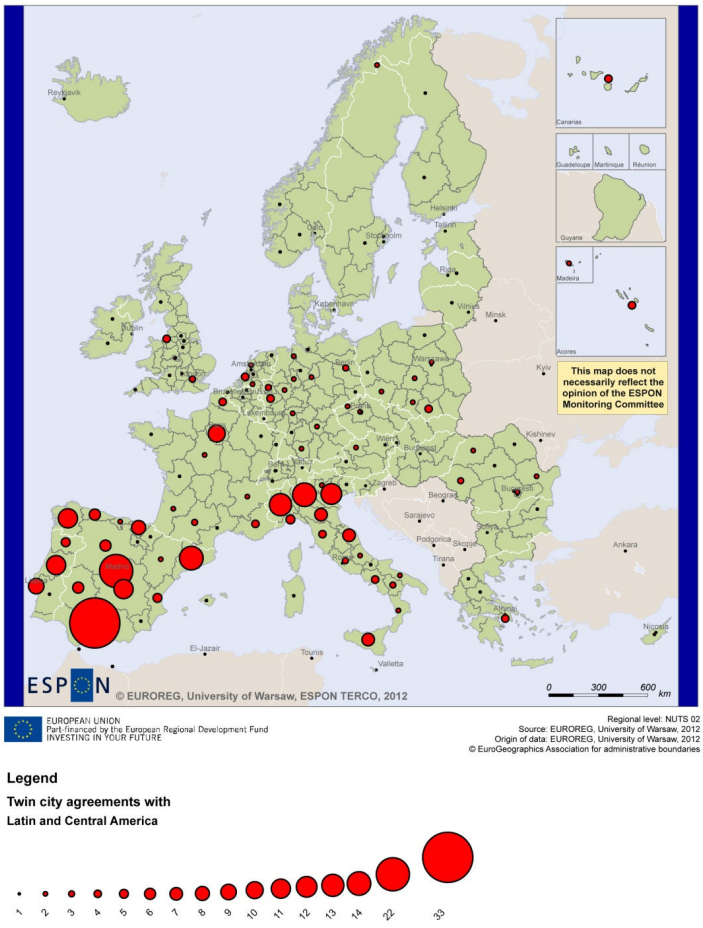
Spatial proximity plays the most important role in establishing twinning city co-operation. In all the countries analysed, it is apparent that co-operation is particularly intensive with the closest neighbours, whereas interactions with regions located some distance away occur relatively rarely. **Other important factors determining twinning city co-operation comprise historical and cultural links** (it should be underlined that they are also usually connected with spatial proximity). These are precisely the factors that explain the intensive co-operation between communes and cities from Hungarian and Romanian regions (ScR I, Fig. 35: 115): North-West, Centre, and West, which in the past used to be the Transylvania region belonged to Hungary until the Trianon Treaty (1920).

The direction of twinning city co-operation depends considerably on the location within the ESPON area. As a rule, a more peripheral location facilitated the establishment of co-operation with partners from outside the ESPON area, particularly those located in the direct vicinity; it also made the range of co-operation within the ESPON area potentially the largest (see Map 3). Even though involvement in co-operation outside ESPON space is generally visible in regions located on the peripheries of the analysed space, the regions of the Netherlands are the exception to this rule, being located in the geographical and economic centre of the EU but with significant co-operation beyond the ESPON space.

Map 3: Twinning cities with non-ESPON space



Map 4: Twinning cities with Latin and Central America



Source: Authors' elaboration.

Co-operation of various regions with selected countries (regions) of the world is illustrated in Map 4, and Maps A5 to A7. **Twinning city co-operation with communes and cities in the USA takes place in almost all regions within the ESPON space, but it is significantly more frequent in the west of the continent** (see Map A5). The significant involvement of Irish communes and cities is particularly noticeable in co-operation with communes and cities in the USA. On the other hand, **Spain, Portugal, and Northern regions of Italy are particularly active in co-operation with countries from Latin America** (see Map 4). This shows the importance of cultural similarities as well as the influence of history on the directions of twinning city co-operation. A similar explanation may be offered for co-operation with Russia and the Ukraine, although in this case cultural similarity and spatial proximity are both important factors (see Map A6 and Map A7).

2.3 Spatial patterns of interregional and transnational territorial co-operation[15]

Interregional co-operation (within INTERREG IIIC and INTERREG IVC[16] initiatives) is an example of a relatively flexible type of co-operation (in terms of geographical participation), although it is more restrictive than Twinning Cities, which involves unlimited grassroots arrangements. The consortia within INTERREG C could have been built within the entire ESPON space, which means that the partners from particular regions had equal opportunities to be involved in INTERREG C projects. Thus, it seems in this case that the co-operation network has a more natural character[17] than the more restrictive co-operation networks within transnational co-operation (INTERREG IIIB and IVB), in which co-operation has to fit the predetermined areas.

Under the INTERREG IIIC and IVC initiatives, 384 projects were implemented (as of January 2011), involving over 4,000 partners. The spatial distribution of project partners is presented in Map 5. In the case of INTERREG IIIC and IVC, a small number of project leaders can be identified as coming from regions in the new Member States (EU12) (see Map 6).

Correlation analysis of the number of projects and the number of partners in particular regions, as well as the basic measures describing the regional co-operation network within INTERREG IIIC and IVC – the number of activities with partners from other regions and the number of regions within which there is at least one activity – shows very high correlation coefficients, amounting to over 0.9 (see Table 2). This means that **the main factor explaining the spatial distribution of the interregional co-operation network is simply the number of implemented projects in regions.[18]**

Table 2: INTERREG IIIC and IVC[16] correlations on NUTS2 level

	Number of partners	Number of projects	Links to partners	Connected regions
Number of partners	x	0.99	0.97	0.90
Number of projects	0.99	x	0.96	0.91
Links to partners	0.97	0.96	x	0.92
Connected regions	0.90	0.91	0.92	x

Source: Authors' elaboration.

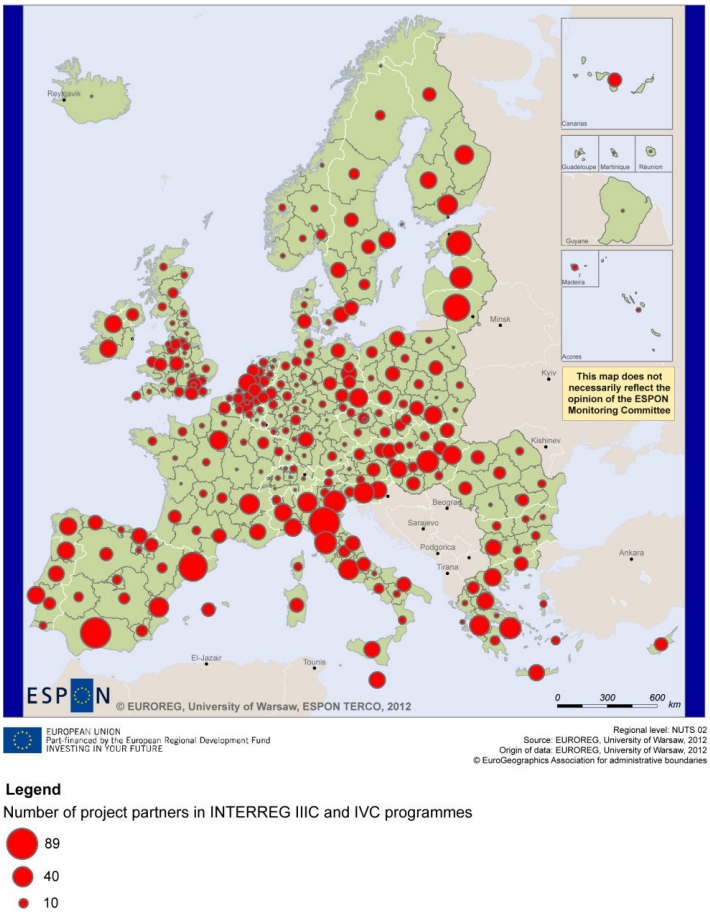
[15] The spatial patterns of cross-border co-operation are not analysed here for two reasons: (i) there is no available database with information on projects and partners within all INTERREG A projects; and (ii) spatial patterns of cross-border co-operation are strictly determined by delimitation of the INTERREG A areas, so there is no interesting variability to analyse at the ESPON spatial level.

[16] The names INTERREG IVC and IVB are used in this report as abbreviations for interregional and transnational cooperation programmes launched since 2007 (read the explanation in ScR I, Ch.4).

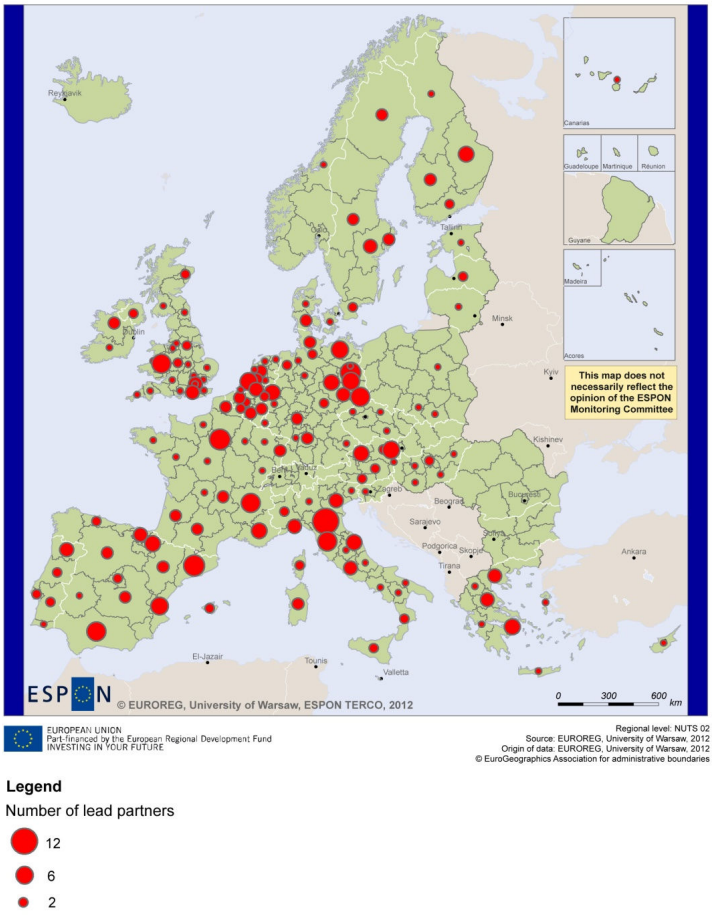
[17] However, it should be noted that the INTERREG IIIC and IV programme requirements also have an impact on the form of the co-operation network, as they prefer project consortia consisting of representatives of various European regions and macro-regions.

[18] Moreover, the spatial pattern based on all four analysed measures is very similar, and consequently there is no need to make detailed analyses – i.e. to create and analyse maps – for each of these dimensions.

Map 5: INTERREG C III and IV partners



Map 6: INTERREG C III and IV lead partners



Source: Authors' elaboration.

Implementation of projects within INTERREG IIIB and IVB[16] programmes – the most restrictive TC in terms of geographical areas of all those analysed – took place within the frames of predetermined areas, including both the EU countries and the neighbouring countries (see Maps A8 and A9). Hence, European regions (NUTS3) differ significantly in terms of involvement in the implementation of projects within INTERRREG IIIB and IVB initiatives. To some extent, this is related to the diversity of particular programmes. An important factor determining the diversity is the fact that some regions could have benefited from more than one programme during the period of implementation of both the INTERREG IIIB initiative and the INTERREG IVB initiative. Therefore, it seems that the observed diversity should be perceived as resulting largely from the accepted structure of INTERREG IIIB and IVB initiatives and particular programmes within them.

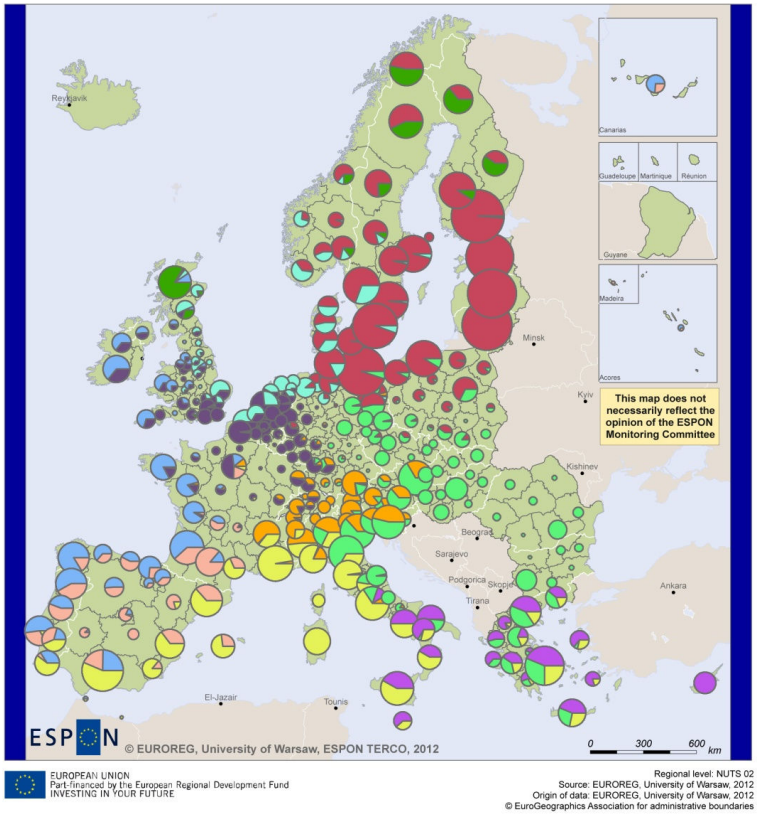
In the case of projects within the INTERREG IIIB initiative, there is a very high level of activity of institutions in the area included in the Baltic Sea Region programme. Italian regions are similarly characterised by a large number of projects, as are French, Spanish and Portuguese regions located in the Mediterranean or Atlantic Ocean region, where projects were implemented within more than one programme. For some countries – in particular Spain, France, Germany and Poland – there are marked differences in the level of activity between coastal regions, which generally involved a large number of project partners, and hinterland regions, where the number of partners implementing projects was significantly smaller (see Map 7).

In the subsequent period (INTERREG IVB), the pattern of participation in the implementation of transnational co-operation projects is quite similar (see Map 8). There is still a greater interest in projects in coastal regions than in the hinterlands. One of the more pronounced changes is the relative decline in the number of project partners in the Baltic Sea basin. Moreover, there is a notably

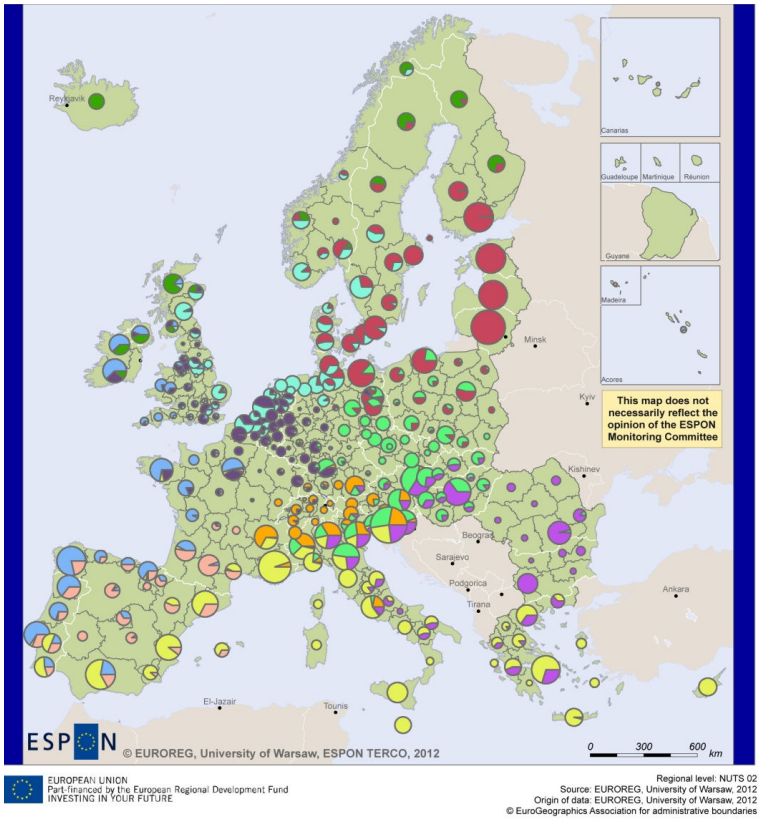
large involvement of regions in Northern Italy and Slovenia, which are active in as many as four programmes (which should be interpreted as a further manifestation of the influence of the set-up of the initiative under discussion, i.e. the entities from regions ascribed to more than one programme use the opportunities to implement projects within various macro-regions designated in those programmes).

An important factor determining the European transnational co-operation space is the location of project leaders. Despite the partner-based, co-operative character of the projects, the role of consortium leader brings privileges, which can usually be seen in the decisive influence on the subject-related shape of the project (determined largely at the stage of preparation of the project concept by the future leader, who can, but does not have to, take into account propositions from the partners), and also in the higher level of financing associated with the greater extent of coordination that the project leader must perform. The fact that the project leader has a large degree of freedom in selecting partners for the implementation of the project is also important.

Map 7: Number of partners in INTERREG IIIB



Map 8: Number of partners in INTERREG IVB



Source: Authors' elaboration

The analysis of the spatial distribution of INTERREG IIIB project leaders mostly shows a small number of leaders coming from new Member States, i.e. from the EU12 (see Map A10). This confirms that co-operation within this initiative was dominated by partners from old Member States, concentrated in certain regions. This situation probably results from the lower experience in project implementation by entities from the new Member States. Consequently, the benefits from co-operation may be unevenly distributed, to the disadvantage of regions in the new Member States (on the assumption that coordinators from old Member States, more or less consciously, shape projects in a form better suited to the needs of their home regions). **In the subsequent programming period (INTERREG IVB), the situation remains very similar** (see Map A11), which may result from continuing limited experience and the slow pace of organisational learning by entities from the new Member States (or constantly growing potential and competitive advantage resulting from accumulation of experience in the case of the old Member States).

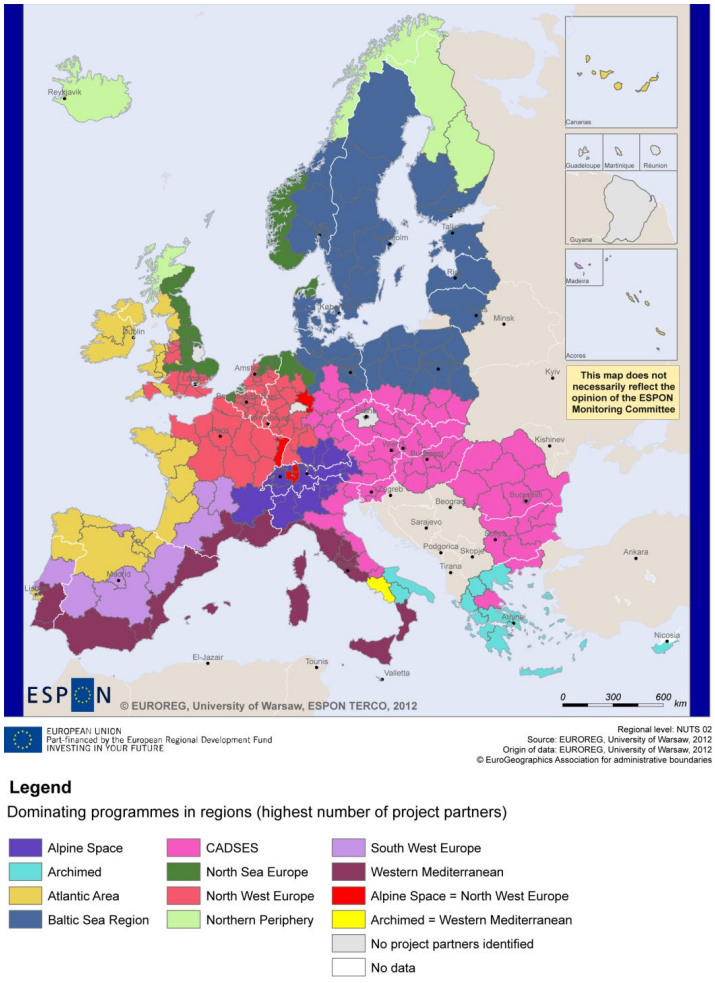
The involvement of partners in co-operation within INTERREG III and IV strands B and C can be measured by the ratio relating the number of project partners to the number of inhabitants of the regions. The highest values of this index are recorded in regions with a large number of projects, but also in those with a small population. The activity of Scandinavian regions in particular complies with a general trend for greater intensity of co-operation in regions located in the spatial peripheries as compared to the European centre. Especially noteworthy is the small relative involvement in project implementation in the vast majority of regions constituting the continental centres, i.e. the so-called Pentagon (see Map A12).

Typology of TC based on transnational territorial co-operation

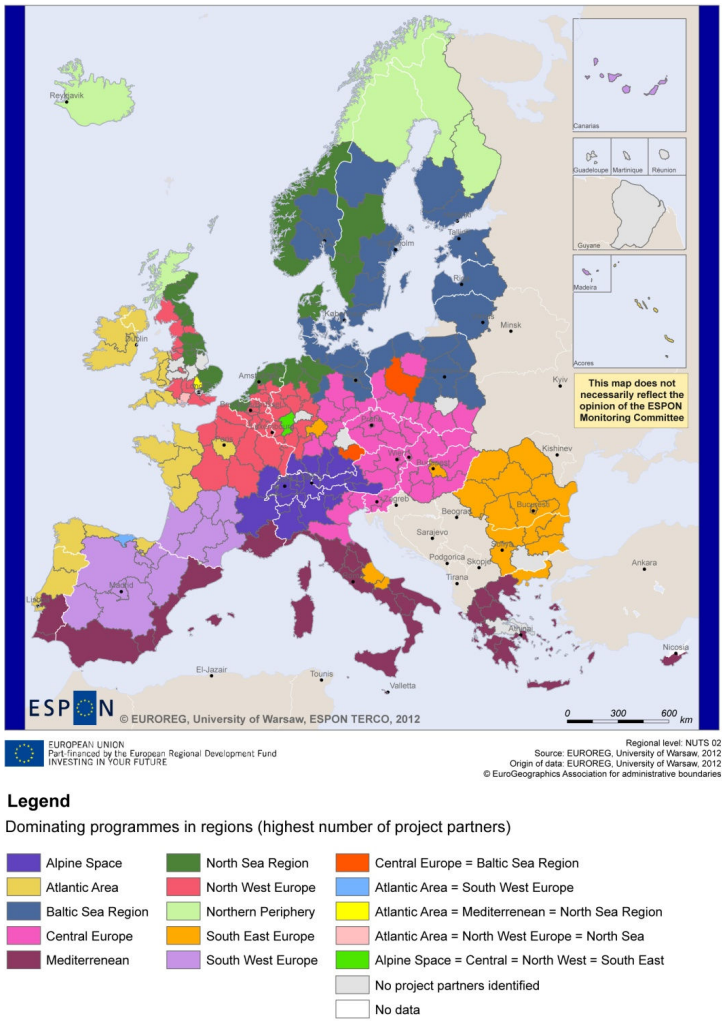
In a substantial part of the regions, entities could take part in more than one transnational co-operation programme (as can be seen on Map 7 and Map 8), and this allows an analysis of their preferences for participation in particular programmes. By ascribing each region to the programme in which the highest number of its partners participated, a simpler typology of co-operation areas within transnational co-operation is obtained. Due to the predetermined areas of particular programmes and the fact that some regions were included in only one programme, the results of such a typology must be interpreted with caution. At the same time, an unquestionable benefit of the proposed typology is that it divides up the whole ESPON space (as opposed to the areas specified in particular transnational co-operation programmes, which are not mutually exclusive) in a complete and exclusive manner.

In the case of INTERREG IIIB, the typology of areas of preference in co-operation within particular programmes seems to form functional areas (see Map 9), such as the Baltic Sea basin, the North Sea basin, the Alpine Space, the Mediterranean coast, the Atlantic coast, hinterland areas of Spain and France, and the European Pentagon area (but excluding its southern part). Of particular interest is the division in the area of the countries included in whole or in significant part in more than one programme. Therefore, in the case of Poland a sensible and obvious division can clearly be seen with the northern part predisposed towards co-operation with the Baltic Sea area and the southern part co-operating with the Central and Eastern European regions. The typology resulting from the analysis of INTERREG IVB is very similar (see Map 10). Larger differences are connected with changes in the programme areas. This applies in particular to the division of the CADSES programme (from the INTERREG IIIB initiative) into two programmes, Central Europe and South East Europe, as well as combining two previously separate areas of the Western Mediterranean and Archimed into one area of the Mediterranean programme. The pattern emerging from the analysis of predominance of INTERREG IVB programmes is less pronounced than in the previous initiative. This results from the fact that the programmes are still under implementation, and therefore the number of partners and projects taken into account is two times lower than in the case of INTERREG IIIB – it would be expected that once all projects are taken into account, the coherence of the areas thus established will increase.

Map 9: Dominating INTERREG IIIB programmes



Map 10: Dominating INTERREG IVB programmes



Source: Authors' elaboration.

All in all, the presented simple typology seems to support two findings. First, **areas of particular programmes are determined quite broadly,** and second, that **such delimitation allows (or rather, does not prevent) the entities implementing the projects to reconstruct the functional areas of co-operation**. Such results seem to confirm that the current delimitation of INTERREG B areas, which is generally rather broad, meets the needs of beneficiaries. Most beneficiaries cooperate in networks limited to functional areas. However, the broad delimitation of programme areas allows opportunities for unconventional co-operation and the involvement of more differentiated groups of project partners.

2.4 Typology - regional determinants of territorial co-operation

The aim of the typologies was to link territorial co-operation indicators (developed in Sections 2.2 and 2.3) with the socio-economic indicators underpinning such co-operation. It brings more understanding of the reasons behind the current geographical distribution of various TC types.

The techniques used for creating the typology were: correlations (between indicators of TC and regional determinants of TC), principal component analysis (for grouping variables into homogenous determinants of TC) and cluster analysis (for classifying regions according to socio-economic factors of TC determinants) (read more about the details of the analyses in ScR Part I, Ch.5).

Data used for the typology included co-operation indicators for Twinning Cities and INTERREG III and IV strands B and C. Due to the limited availability of statistical data, the spatial extent of the analysis was narrowed to the regions of the EU Member States. Nevertheless, whenever possible, and particularly with regard to the presented typologies of the determinants of co-operation, the situation in all the ESPON countries was discussed (i.e. with the addition of Norway, Switzerland and Iceland). The data was collected for the NUTS2 level, although some supplementary analyses were conducted for selected large cities for which Urban Audit data was available.

The socio-economic determinants of TC used in the analyses were based on suggestions from the project's literature review (read more in ScR Part I, Ch.2). Only those that registered as significant in at least one aspect of TC indicators are presented below.

Table 3: Significant correlations between indicators of TC and determinants of TC*

Indicators of TC **Determinants of TC registered as significant**	Twinning cities per 100,000 population	Twinning cities per 1 mill EUR GDP	Twinning cities per local government	INTERREG B and C projects per 100,000 population	INTERREG B and C projects per 1 million EUR GDP	INTERREG B and C projects per local government	Percentage of municipalities with twinning cities	Average number of twinning cities	Share of linkages beyond the ESPON area	Average distance between twinning cities within ESPON area
Share of taxes in local government (LG) revenues	**0.35**	*0.14*	*0.07*	*0.07*	*0.02*	*0.13*	*0.12*	*0.06*	*-0.15*	**-0.33**
GDP per capita 2008 (indicator of block ii)	*-0.08*	**-0.57**	*0.08*	*0.08*	-0.29	*0.22*	*0.22*	*-0.13*	*-0.05*	*-0.07*
Inhabitants per municipality (indicator of block iii)	**-0.20**	*-0.03*	**0.79**	*0.04*	*0.01*	**0.62**	**0.76**	0.32	0.25	*0.11*
Distance to the ESPON centre (indicator of block i)	*0.02*	0.32	*0.04*	**0.43**	**0.55**	0.22	*-0.09*	0.24	**0.34**	**0.42**

Source: Authors' elaboration.

* Significant correlations are in bold.

The significant correlations from Table 3 can be interpreted as follows:

- The greater the financial independence of territorial government, the stronger is the co-operation with twinning cities (Pearson's correlation r=0.35).
- Less-developed regions show a greater propensity to engage in twinning city territorial co-operation than well-developed regions (r=-0.57).
- The more populous the municipalities are in a given region, the more twinning agreements they sign (r=0.79). This is due to the fact that twinning city co-operation was mostly pursued by large cities, and scattered municipalities had less opportunity to engage in twinning cities territorial co-operation. This suggests that the administrative systems in place in individual countries can potentially strongly affect the scale of transnational territorial co-operation.

- More INTERREG projects are located in the peripheral rather than the central part of the ESPON area (r=0.43, r=0.55).
- More populous municipalities have more INTERREG projects (r=0.62).
- There is a strong correlation between peripheral location within the ESPON area and co-operation beyond the ESPON area (r=0.34). In particular, municipalities located in the peripheral regions – on the edge of the ESPON area – had an advantage in establishing co-operation with twinning cities located beyond the ESPON area. In practice, two groups of regions could be observed: one group pursued co-operation over a substantial distance (regions of Ireland, Scotland, Wales, northern England, Bretagne, Finland, Portugal, Greece and some regions of Poland, Bulgaria and Romania) and the other group over a considerably shorter distance (some Central European regions in the Czech Republic, Slovakia, Hungary, former GDR, Austria).
- There was also a positive statistical correlation between the distance from the centre of the ESPON area and the percentage of twinning cities located beyond this area. This could be explained above all by co-operation with neighbouring countries that were not part of the ESPON area (land or sea borders), pursued mostly by the regions of the border countries. However, being located within the ESPON area did not in any way affect the percentage of twinning agreements of a transcontinental nature which, as noted above, were in most cases concluded by large cities.

After applying factor and cluster analyses (see ScR, Part I, Ch. 5 Table 7, p. 147), the typology of regions based on territorial co-operation determinants emerged. From the characteristics of territorial co-operation indicators (average values), the following general types of territories could be distinguished:

Type 1: Twinning-city-oriented territorial co-operation. This type prevails in regions that can be denoted as economic peripheries of the EU and not very attractive, and it includes practically all of the Central and Eastern European regions (with the exception of western Slovenia and the city of Prague). In this type, twinning city co-operation per the number of the population, the regional income and number of municipalities was the strongest. It seems that it prevails in low GDP countries, because it is relatively easy and cheap co-operation. At the same time, it brings benefits in that it connects the regions at the edge of the EU on the one side with the core of Europe and on the other with neighbouring countries.

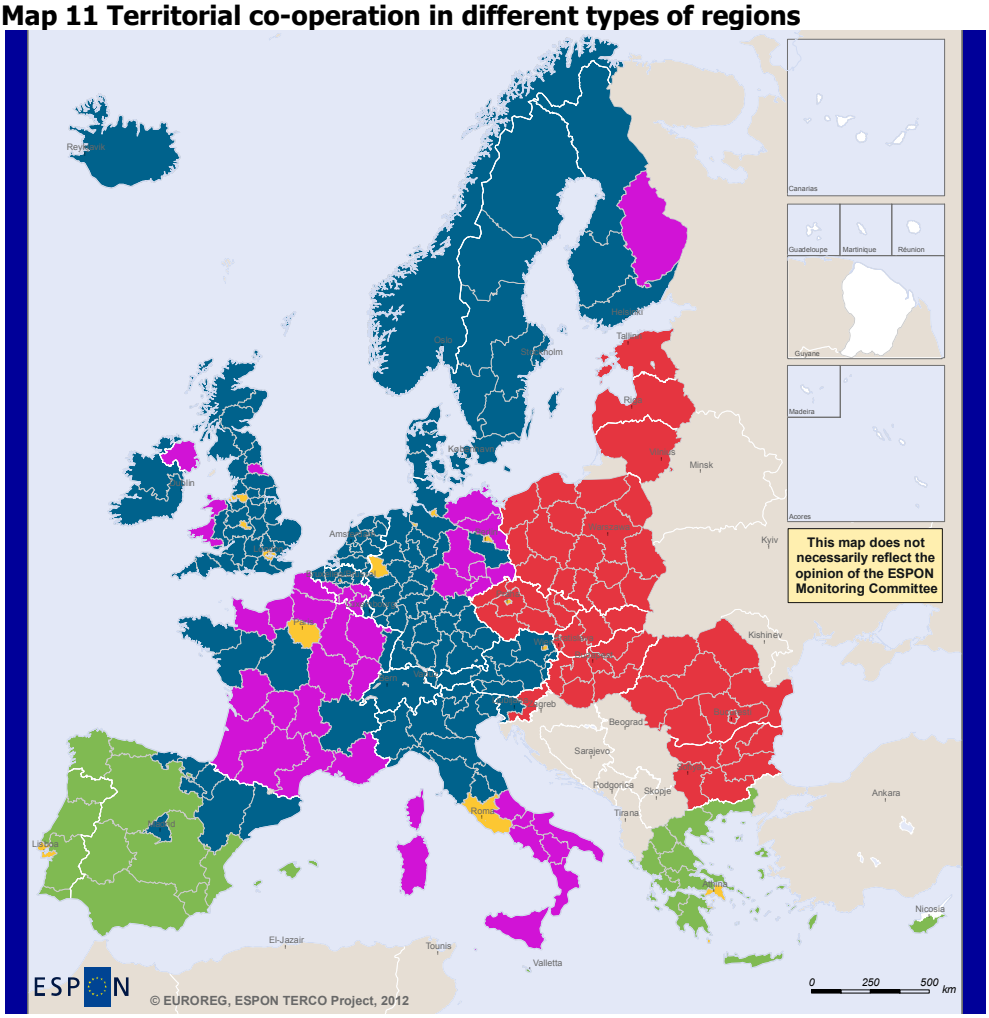
Type 2: INTERREG-oriented with high co-operation beyond the ESPON area. This type prevails particularly in the countries with good overseas connections and which are relatively attractive in Europe. Hence they include regions of Greece, Portugal and the majority of the Spanish regions excluding Madrid, Catalonia, Navarra and the Basque Country. This type is characterised by the largest average distance between the twinning cities within the ESPON area and a very high share of linkages reaching beyond this area. On the other hand, co-operation initiatives per inhabitant, regional income and the number of territorial governments were rather poorly developed.

Type 3: Relatively low range and intensity of territorial co-operation. This type prevails in regions that are performing below their national average, and hence are economically dependent on outside flows/support. They include eastern Germany and southern Italy on the one hand, and the majority of the French regions, Wallonia in Belgium and certain regions in the United Kingdom on the other hand. In those regions, co-operation is relatively well developed with regard to demographic and economic indicators, but amongst the weakest in terms of the number of municipalities. Likewise, the spatial extent of this co-operation was rather modest both within and beyond the ESPON area.

Type 4: Hubs of territorial co-operation. This type occurs in city-regions, so it mainly comprised regions which, due to the respective administrative divisions, were encapsulated within the boundaries of large cities. Territorial co-operation per territorial government is most extensively developed in this particular type.

Type 5: Medium range and intensity of territorial co-operation (constituting ESPON average). In regions belonging to this type, both the intensity and the range of territorial co-operation occurred at around the average for ESPON TC activities.

Map 11 Territorial co-operation in different types of regions



Source: Authors' elaboration.

2.5 Case Studies[19]

Nineteen countries were analysed, grouped into nine case studies (CSs): (i) Finland-Russia, (ii) Poland-Ukraine-Slovakia, (iii) Poland-Germany-Czech Republic, (iv) Scotland-Sweden-Norway, (v) Belgium-France, (vi) Greece-Bulgaria-Turkey, (vii) Spain-Argentina, (viii) Spain-Uruguay, and (ix) Spain-Morocco. CS areas capture examples of all possible combinations of the old and new Member States as well as co-operation between the Member States and non-Member States (i.e. EU external neighbours). They also include co-operation over land and sea of the European and transcontinental borders (see Figure 5). The three main objectives of the case studies were: (i) to examine the

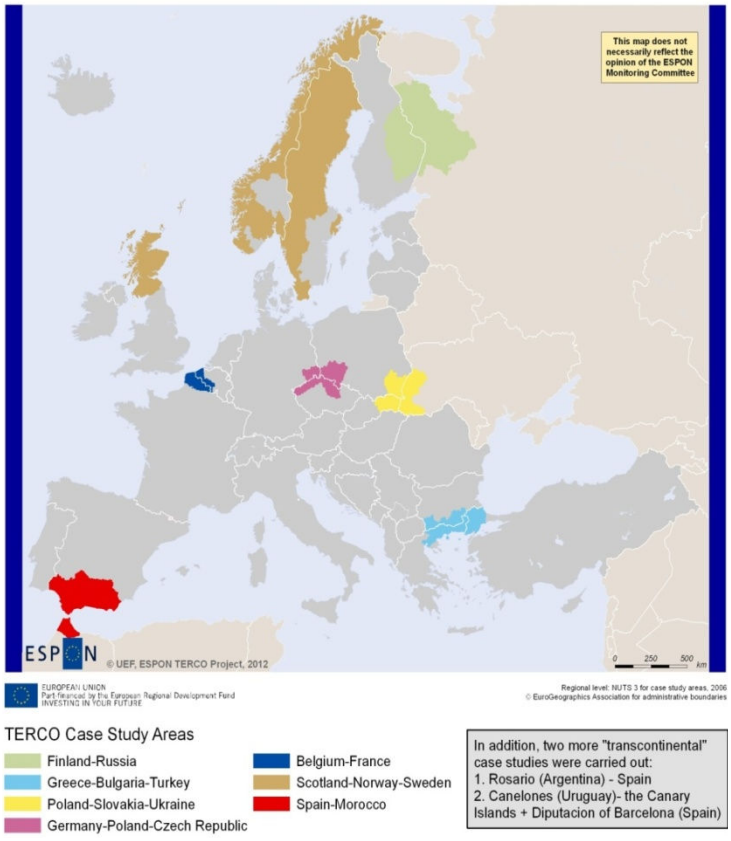
[19] Methodological description of the case studies, such as the main goals and selection criteria, can be found in ScR I, Ch.1 p. 11.

differences in operationalisation and effectiveness of various TCs in different geographical contexts; (ii) to provide data for calibration of the TERCO-SEM model of TC; and (iii) to investigate future options for Cohesion/ETC Policy based on lessons learnt on what worked well / went wrong (read more on fulfilment of the objectives and on selection criteria in ScR Part I, Ch.1).

The case study analyses were based on local statistical data, standardised computer-assisted web electronic interviews (CAWI) and in-depth interviews (IDI). CAWI questionnaires and IDI scenarios were translated into 16 national languages and applied to all cases (with small modifications in transcontinental cases). The questions referred simultaneously to five types of TC defined in the project but also asked about co-operation beyond ETC. CAWI's blocks of questions were consistent with the TERCO-SEM model, so included questions on: (i) domains prevailing for each TC, (ii) scope of co-operation by TC, (iii) determinants of TC, (iv) resources utilised in TC, (v) involvement of TC stakeholders, (vi) governance issues of stakeholders initiating TC, (vii) socio-economic impact of TC, (viii) value-added from TC, and (ix) future domains of TC. The English versions of CAWI and IDI are presented in Annex 1.

CAWI targeted local officials within CS municipalities or LAU2 areas involved in TC. CAWI also targeted institutions that had not participated in any territorial co-operation in order to investigate the reasons. Directed at the municipalities, CAWI was conducted in all of the NUTS2 regions affected by the case studies. This allowed for an estimation of the 'geographical penetration' of cross-border contacts as well as other types of TC within those areas. Overall, 549 CAWIs were collected and 269 interviews were carried out within nine case studies.

Figure 5: TERCO case study areas



Border/ Member State	New-New	New-Old	Old-Old
INTERNAL	PL-CZ PL-SK	PL-DE CZ-DE BG-EL	UK-SE BE-FR
EXTERNAL	PL-UA SK-UA		EL-TR UK-NO FI-RU ES-LAT.A. ES-MA

BE – Belgium, **BG** – Bulgaria, **CZ** – Czech Republic, **DE** – Germany, **ES** – Spain, **FI** – Finland, **FR** – France, **EL** – Greece, **LAT.A.** – Latin America, **MA** – Morocco, **NO** – Norway, **PL** – Poland, **RU** – Russia, **SE** – Sweden, **SK** – Slovakia, **TR** – Turkey, **UA** – Ukraine, **UK** – United Kingdom.

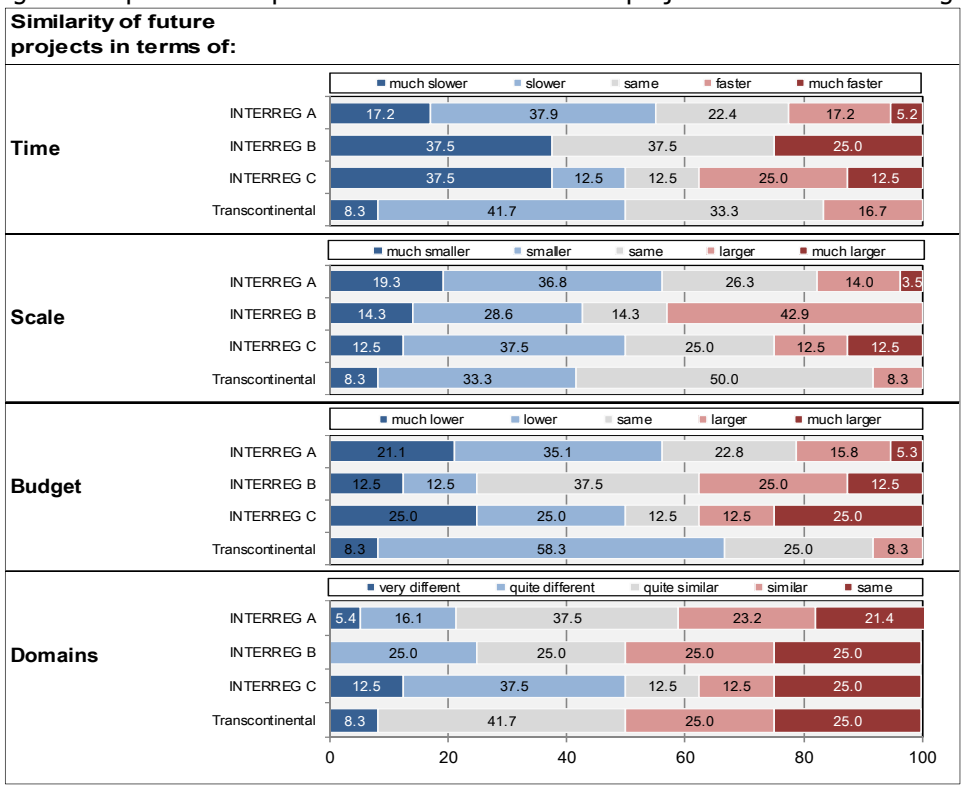
Source: Authors' elaboration.

The main finding of this analysis is that **if territorial co-operation funds were unavailable, the co-operation activities would not be undertaken by the prevailing number of the current TC project participants.** This finding can be interpreted as a sign of inability to undertake similar projects based on domestic funds only. In more detail, and in relation to INTERREG A, the highest frequency of 'no' is found in the old Member States (75 percent), followed by non-Member States (58 percent), while for new Member States the negative responses are slightly lower (51 percent). It is

remarkable that all the respondents from the new Member States would not undertake TC activities similar to INTERREG B without financial support from European Territorial Co-operation (ETC). The same is true for INTERREG C and Transcontinental co-operation. This evidence clearly reflects the vital role that EU funding plays in territorial co-operation.

An interesting issue for examination is to explore which type of territorial co-operation brings the highest value-added in terms of time, scale, budget and domains (see Figure 6). Focusing on INTERREG A in particular, and examining the dimension of *time*, empirical evidence suggests that the most of the municipalities that would be able to undertake territorial co-operation of a similar kind would, however, implement those activities at a slower pace in new and non-Member States, but in the same pace in old Member States. This evidence indicates that the public local actors in the former two groups would not be able to carry out the projects as fast as they can now with the INTERREG support. In terms of *scale*, the old Member States would implement a TC project at the same or smaller scale, and a similar pattern is detected in the new Member States. For the non-Member States, it is worth noting that most of the municipalities would implement projects of a smaller scale, indicating that TC programmes are necessary for the implementation of successful co-operation at large geographical scales. As far as the *budget* is concerned, the findings show that the vast majority in all three groups would have a lower, much lower or the same project budget. It is thus a clear-cut observation that the level of TC budgets is strongly influenced by the existence of funds, revealing the funding-driven nature of TC activities. Looking at *domains*, it is evident that municipalities from the old and new Member States would initiate the same fields of territorial co-operation implemented so far. As far as the non-Member States are concerned, the perceptions appear to be slightly different, since one-third of the municipalities would undertake quite different co-operation initiatives and one-third would undertake quite similar domains. Based on insights gained from this evidence, it could be argued that a future challenge for International Territorial Co-operation (ITC) is to set out common approaches for all the domains that can easily be applied to a wide range of different territorial units in Europe. To sum up, the accumulated empirical evidence suggests that TC programmes bring high value-added since they allow for larger scale, faster changes and richer budgets, and this is especially true for new Member States and non-Member States.

Figure 6: Opinion of respondents on realisation of TC projects without EU funding



Source: Based on TERCO case studies.

2.5.1 Contribution of TC to territorial integration

The TERCO survey shows that territorial co-operation contributes to **territorial integration** – **defined as jointly solving cross-border problems on both sides of the border by means of co-operation** – in certain cases.

The highest percentage of respondents indicated that territorial integration was achieved thanks to INTERREG A. In fact, this type of co-operation was the only one in which respondents from all case studies confirmed evidence of territorial integration (ca. 39 percent of respondents from the CS on Greece-Turkey-Bulgaria, ca. 28 percent from the CS on Finland-Russia, and ca. 26 percent from the CS on Poland-Czech Rep.-Germany – see Table 4). In Belgium-France case study it may seem quite surprising, from the first sight, that territorial integration was indicated by only c.a. 11 percent of respondents of INTERREG A and by 0 percent of twinning city type of co-operation. It is because Belgium-French border is a special case, where territorial integration has been achieved to high extent by means of previous programs, due to a long tradition of co-operation among those regions. Hence, the new programs are not contributing that much to territorial co-operation anymore, because the level of integration is quite high already. Examples of territorial integration on the Greek-Bulgarian border include initiation of cross-border health and social service provision, co-operation on flood mitigation and joint water resource management; examples from the Finish-Russian border include an increase in border crossings and cross-border transportation (e.g. new railway lines); and on the Polish-Czech border, more touristic traffic was achieved through cross-border tourist routes in the Sudeten Mountains (read more in Sections 2.5.2, 2.5.3 and 2.5.4 below, and also in particular case study reports from ScR II).

Quite often, territorial integration was also declared in twinning cities co-operation, especially in the cases of Greece-Turkey-Bulgaria, Poland-Czech Rep.-Germany, UK-Norway-Sweden, and Poland-Slovakia-Ukraine. In most case studies, 20-26 percent of respondents declared that territorial integration was achieved within this type of co-operation (see Table 4).

Table 4: Territorial integration declared by respondents in case studies

	Jointly solving cross-border problems by co-operation				
Case Sudy	Twinning Cities	INTERREG A	INTERREG B	**Share of respondents declaring joint solving cross-border problems**	**All respondents**
CS1: Belgium-France	0.0	11.1	18.5	***29.6***	**100.0**
CS2: Finland-Russia	11.1	27.8	0.0	**38.9**	**100.0**
CS3: Poland-Slovakia-Ukraine	19.6	8.9	1.8	***30.3***	**100.0**
CS4: Poland-Czech R.-Germany	23.3	25.6	2.3	**51.2**	**100.0**
CS5: Greece-Turkey-Bulgaria	25.9	38.9	13.0	**77.8**	**100.0**
CS6: UK-Norway-Sweden	21.1	19.7	14.1	**54.9**	**100.0**
CS7: Spain-Morocco, Uruguay, Argentina	4.5	4.5	0.0	***9.0***	**100.0**

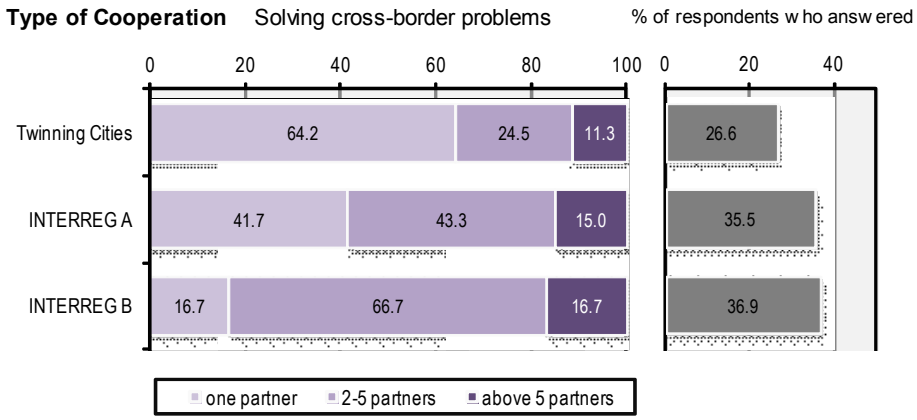
Source: Based on TERCO electronic survey (CAWI)
Note: Relative column shares are indicated as high (red), medium (black) or low (blue).

In the case of twinning cities, most respondents who experienced territorial integration from TC had only one co-operation partner, in contrast to INTERREG B, which mostly involved between two and five partners jointly solving cross-border problems (see Figure 7).

Examples of city networks contributing to territorial integration include the 'Network of Cities of the Carpathian Euroregion', which integrates cities by promoting the Carpathian Euroregion as a network of cities worth visiting in each country, and the 'WHO European Healthy Cities Network', which integrates cities through the exchange of good practices, knowledge and internationalisation of their business.

Within INTERREG B, greatest experience in joint-solving cross-border problems was visible in the case study of Belgium-France co-operation, where ca. 18.5 of respondents experiencing territorial integration declared it was thanks to INTERREG B. Evidence of territorial integration was also reported in the co-operation between UK-Norway-Sweden and Greece-Turkey-Bulgaria (see Table 4). The Northern Periphery Programme (NPP) is an example of co-operation contributing to territorial integration, as it increased accessibility through providing advanced information and communication technologies and transport within the programme area. In addition, the programme integrated sparsely populated areas by providing services of general interest to remote and peripheral regions (read more in Section 2.5.2).

Figure 7: Number of partners who jointly solved cross-border problems with respondents



Source: Based on TERCO electronic survey (CAWI).

2.5.2 Contribution of TC to territorial keys

In order to increase the territorial dimension of Europe 2020, five major 'territorial keys' were formulated by Böhme, Doucet *et al.* (2011) during the Polish presidency of the EU. They included: accessibility, services of general interest, city networks, functional regions, and territorial capacities/ endowments/assets. The keys aim to bridge the Europe 2020 and TA 2020 priorities through different types of policies. Some evidence was found in the case studies on how activities financed by European Territorial Co-operation policy support (or should support) those territorial keys.

Accessibility

Accessibility is a major theme within the case study of Scotland, Norway and Sweden. Many regions are peripheral and have low multi-modal accessibility scores. Several strategies such as the Northern Sparsely Populated Areas Strategy, Northern Dimension and the Arctic Strategy address these issues directly and give them a transnational focus. Many of the INTERREG programmes active within the area include accessibility issues as a key priority. For example, the Northern Periphery Programme's accessibility priority states its aim as 'to facilitate development by the use of advanced information and communication technologies and transport in the programme area'. Roadex is a 'best practice'

example of a concrete project in this area. It aims to implement the road technologies developed by ROADEX on to the partner road networks to improve operational efficiency and save money.

Low levels of accessibility (global, national and regional) are also a fundamental feature of the case study area (CSA) covering Eastern Finland and the Russian Republic of Karelia. On the one hand, vast distances and low population densities make physical exchanges within the CSA difficult. On the other hand, the limited number of crossing points in the external EU border (two in approximately 200 km) is a major obstacle, as well as the underdeveloped secondary road network on the Russian side. Additionally, from the European perspective, this north-eastern edge of the EU is distant and difficult to reach from major economic and population centres and markets. Therefore, physical infrastructural investments are seen as necessary for increased 'territorial cohesion' across the border. The improvement would be achieved by the modernisation of existing border crossings and the establishment of new ones in the region, the opening of passenger railway connections, and larger-scale development of the freight railway lines crossing the border here (from Western Europe to Russia). Among the developments supported by INTERREG/TACIS and non-EU-funded cross-border projects, border crossing points are seen as the most beneficial ones. The same issue exists in the case studies of Poland-Slovakia-Ukraine and Greece-Bulgaria-Turkey, where accessibility within the CSAs was increased by cross-border road and railway investments and by opening new local border crossings. This applies especially to the internal EU border.

Regarding e-connectivity, ITCs have considerably improved conditions for communication between actors in the Finland-Russia CSA and are still seen as an important part of future development. Cross-border communication skills (i.e. language, e-skills and other aspects) are seen as vital for enhancement, and they have undergone some improvement through CBC projects.

Services of general economic interest

The Northern Periphery Programme can serve as an example of an INTERREG programme that focuses on these issues in relation to sparsely populated areas. It aims to include 'private, public and voluntary sectors co-operation and networks to develop new and innovative service solutions for remote and peripheral regions'.[20] For example, in relation to improving health services in sparsely populated areas, the programme envisages projects that bring together private medical firms and medical research staff – to take advantage of potential economies of scale and to implement measures aimed at increasing efficiency of healthcare delivery to rural and peripheral regions. It advocates a 'triple helix' approach to improving these services.

Under the current ENPI Karelia programme, all six themes can be linked to 'services of general economic interest', especially objectives of social wellbeing (i.e. development and modernisation of social services, creation and improvement of regional models for welfare services, promotion of models to adjust social services to the harsh local conditions, and development of entrepreneurship in the welfare sector) and culture, which are seen as important in preparing human capital for co-operation in business and economic development. The local government system and administrative division in Finland are in flux due to demographic challenges to even basic service provision. Accordingly, healthcare and social services, also because of the challenge of an ageing and declining population in the CSA, were also important targets of territorial co-operation in previous programmes and initiatives. The DART project (INTERREG IVC, 'Declining, Ageing, Regional Transformation'), in which two regional authorities from the Finnish side of the CSA took part, is a good example of knowledge and good practice exchange among 13 European regions, exploring potential solutions to this widespread problem.

From the Greece-Bulgaria co-operation, good examples include the creation of a network for the transfer of technology and innovation aiming to develop enterprise in the Greece-Bulgaria cross-border area and implementation of advanced methods in computer sciences and the use of grids with applications in the physical sciences and engineering.

[20] Northern Periphery Programme.

In Polish-Czech co-operation, such provision mainly relates to flood prevention and dealing with flood aftermath (discussing and planning hard investment together; information, warning and evacuation systems). Environmental concerns (floods and water management) are also one of the major driving forces in the Belgium-France CS.

The major impacts of Spanish influence in Latin America and in Canelones especially can be found in the provision of services and improvement in the standard of living and the environment. Significant positive impacts can also be identified in the area of economic growth and job creation. These issues are also important in the Spain-Morocco CSA, where work in social and cultural spheres has led to intervention in other areas such as infrastructure or local economic development linked to improved standards of living in general.

Use of capacities / endowments / territorial assets

There is an increasing focus on Arctic issues, not least because of the vast wealth of natural resources the area possesses and which are unlocked by climate change (fossil fuels, renewable energies, marine resources). To date, no comprehensive strategy exists for the Arctic, but on 20 January 2011 the European Parliament adopted a resolution that emphasises the need for a united, coordinated EU policy on the Arctic region, in which the EU's priorities, the potential challenges and a strategy are clearly defined. Furthermore, there is an Arctic focus in the Northern Dimension framework. A coordinated transnational approach that includes non-EU States such as Norway, Greenland, Iceland, Canada, Russia and the United States is required in order to ensure that the resources the Arctic offers are managed in a sustainable manner.

There is considerable concentration by recent TC and CBC projects in the CSA on how to utilise the special resources of the North shared by the regions covered by the CSA to raise the competitive profile of the regions and to facilitate sustainable socio-economic development. The main natural asset, the vast area of boreal forests, is seen as a resource to be used in multiple ways for different innovative branches of the wood-processing industry, climate-friendly bio-energy, environmental protection and research (i.e. biodiversity), as well as high-quality nature tourism. Considerable knowledge exchange and innovation is expected from the utilisation of this natural resource, reflected by the high number of related TC projects and the separate theme defined within the current ENPI Karelia programme ('Forest-based co-operation'). The common 'Karelian' cultural-historical resources of the CSA are utilised by a range of CBC projects in culture, education and tourism development. In addition, the idea of being the 'northern gateway to the east' has been taken up by actors from Karelia in the CSA on occasions during the past two decades as a geographical-location asset to draw upon as well as an aspect of special know-how (familiarity, experience) related to Russia that may be capitalised upon.

In the Greek-Bulgarian case, the evidence of TC based on territorial assets relates to the development and implementation of a common system for monitoring water quality and quantity and the situation of the Strymonas river between Greece and Bulgaria. Other examples include the creation of an integrated system for the monitoring and management of the cross-border river basin of the Nestos river, and a mobile centre for information on environmental awareness-raising for the Kerkini–Petritsi cross-border area of ecological interest.

In the Poland–Czech Rep.–Germany case study, the evidence of asset-based co-operation comprises: investments into new and restructured recreational and tourism infrastructure and products such as historical parks and mansions; a system of post-military pre-war bunkers; swimming pools, walking, skiing and biking trails; information and promotional activities (maps, brochures, websites, festivals etc); and popularisation and protection of the historical and natural heritage.

In the Poland-Slovakia-Ukraine case study, use of territorial assets is significantly limited due to poor economic development and the proximity of the EU external border. Accordingly, examples are limited mainly to the Polish-Slovak border and are focused on the development of tourism potential. Furthermore, a project was carried out by NGOs from both countries to develop a strategic network

of co-operation between the regional development actors in the area. It was aimed at making better use of territorial capacities.

City networking

On the Finnish side of the case study area, the regional centres have considerable experience in the networking type of TC. These are usually thematic networks, such as the 'WHO European Healthy Cities Network' of which Kuopio is an active member. These networks provide opportunities for the towns in this distant European periphery to be part of knowledge flows, exchange good practices and internationalise their business and non-profit sectors. Traditional partnerships between Eastern Finnish and Russian Karelian towns can also be mentioned in terms of CBC, which could be the beginnings of a wider network among Finnish and Russian towns in relative proximity to the border. However, they currently remain limited to bilateral relations, such as friendship towns and co-operation agreements in the fields of culture, education and, to a lesser extent, economic development.

In the area of Greek-Bulgarian co-operation, a structure has been established for the common recording and promotion of cultural elements in the cross-border area between Agistro in Serres (Greece) and Koulata in Bulgaria. Other examples in this area are the creation of a network of cultural historical monuments in the southern Balkans and restoration of the 'Arsana' listed building.

With regard to networking cities fulfilling local needs and aspirations for closer and deeper co-operation, an initiative known as the 'Little Triangle' was established in 2001, comprising a Towns' Union linking the three adjacent towns of Zittau (DE), Bogatynia (PL) and Hradek nad Nisou (CZ).

In the Poland-Slovakia-Ukraine case study, city networking is mainly found in the form of developed bilateral relations and real interactions between the largest cities in the CSA, mainly as twinning city agreements. However, there are also other initiatives implemented in the framework of the cross-border co-operation programme between Poland and Slovakia. For example, in the 'Network of Cities of the Carpathian Euroregion' project, four Polish and three Slovakian cities created a formal platform for the systematic and co-ordinated collaboration of municipalities in the Eastern Carpathians in carrying out strategic objectives and multilateral projects to more effectively promote cities, facilitate the organisation of joint ventures and exploit potential by influencing the development of tourism, and increasing investment, innovation and the employment rate.

Linkages between Rosario and, for example, Spanish cities occurs via participation in numerous international networks linked to urban problems (URB-AL, CIDEU), emphasising its distinction as a city with international ties and projection.

2.5.3 Contribution of TC to harnessing common and complementary potentials

According to TA2020, different regions co-operate in different ways depending on their mutual relations. In particular, 'territories with **common potentials or challenges** can collaborate in finding common solutions and utilise their territorial potential **by sharing experience.** Territories with **complementary potentials**, often neighbouring, can **join forces and explore their comparative advantages** together, creating additional development potential' (TA2020: 4). TERCO brings some more insight into how this works in practice.

Regions with common potentials (PL and CZ): Tourism potential of Sudety mountains

The example of regions with common potentials comes from Poland and the Czech Republic, two countries that border the mountainous region with a long tradition of tourism, particularly spa-type treatment in Lądek Zdrój/Landeck (from the XVI century). Over time, the Sudeten Mountains became one of Europe's most popular tourist destinations in Central Europe, where natural assets (not only Sudeten) are a major strength. On that basis, high-class cultural tourism (concerts, festivals etc) and active sport tourism (skiing, biking, canoeing etc) have been developed. As the regions on both sides

of the border have similar tourism potential, they started co-operation. Within the new tourism paradigm, the adjacent areas faced the same problem of the need to develop a rich and differentiated range of tourist services that would, first, fit the needs of a target group that was differentiated and expected high-quality products, and second, ensure provision of interesting activities and events throughout the year. It was much easier to organise it at the scale of the whole border region, rather than separately, and so they have cooperated to achieve synergy. They developed new (or modernised) tourism products and infrastructure which are interconnected and complement each other, thus widening the options for visitors (and increasing endowment). This is supported by a tourist information system, maps, brochures and other promotional materials prepared in at least two languages and made available on both sides of the border. Upgrading the transport infrastructure has also helped to improve accessibility. The IDIs show that **the prevailing way of co-operation there is *exchanging experience* and *jointly implementing common actions* addressing tourism*.***

Regions with common challenges (PL and DE): Oder river challenge

The Germany-Poland border area that was the subject of the case study is located along the upper Nysa/Neisse river and its tributaries. Due to the mountainous character of most of the area, where rainfall is high and the water level rises fast, and due to environmental pressures related to the existence of large-scale brown coal mines on the Polish side and a power station on the German side (deforestation), plus a high level of urbanisation along the river and main roads (including the A4 transport corridor), the whole area is exposed to flood risk. Over the last few years, serious floods hit the area 2-3 times each year. Despite large and differentiated flood prevention and anti-flood investments (infrastructure, monitoring and information systems, rescue system), floods pose a serious problem, in particular on the Polish side, where more investment is needed. Success in coping with the floods requires very close, formal and informal co-operation on both sides of the border (as well as in the Czech Republic, as some river-heads are located on the Czech side, but flow north, to Poland and Germany). From this point of view, cross-border co-operation helps to maintain direct, personal contacts that may be a key asset in emergencies. Improved information systems, whatever their objectives, prove vital in the face of unpredictable, stormy floods, and improved transport networks help to secure logistics/evacuation lines, if and when needed. This is one aspect of building functional areas based on interconnections, common planning in a growing number of spheres, and common action. Floods were extremely dangerous, but rescue operations, with support from German medicopters (fitted with night thermo-location vision systems), helped to save lives on the Polish side as well. And their assistance was triggered by one phone call. The interviewees from that CS area declared that **the prevailing form of co-operation in those regions with common potential is *sharing tools to tackle a common problem,* i.e. sharing equipment and know-how to deal with flood prevention*.***

Regions with complementary potentials (EL and BL): health and social protection services

In the framework of INTERREG A Greece-Bulgaria, a large number of projects were implemented as part of a joint solution for cross-border health problems associated with the mobility of people, goods, and animals (such as the creation of the Cross-border Centres for Public Health, Cross-border Veterinary Centre for Rare Diseases, etc.), as well as problems related to the pollution of water, air and soil (such as the creation of the Laboratory for Molecular Biology). There were several issues that concerned the health authorities on both the Greek and Bulgarian sides of the border. For example, the Bulgarian part was placing great emphasis on infectious diseases whose mortality rates were significantly higher in their part of the border in comparison with the other side. Also, for that part of Greece, the levels of Hepatitis B were detected as higher than the country's average. Furthermore, there was a need to jointly keep animal diseases under control, such as foot and mouth disease, sheep pox, swine ruminants, bluetongue, etc. The two parts of the border worked in a complementary way in terms of know-how, human resources and activities implementation (e.g. collecting samples for analysis, conducting controls on hygiene standards, etc.). **In this case study, the surveys revealed the highest share of co-operation as *jointly solving cross-border problems.***

2.5.4 Lessons learnt from the case studies

One objective of the case studies was to investigate 'future options for Cohesion/ETC Policy based on lessons learnt on what worked well / went wrong'. Accordingly, the main lessons learnt from TC are presented in this section, and the future options/requirements for ETC formulated in the CS are provided in the next section. Both are based on summaries of case studies presented in the individual CS Reports (ScR Part II).

The case studies revealed strengths and weaknesses of territorial co-operation related either directly to the TC projects (their products/results) or to wider socio-economic and cultural benefits. Strengths within direct products from projects included more economic opportunities for local residents in the border areas through border infrastructure and more varied cultural choice for the local population. This mostly occurred in PL-SK-UA, where projects were adapted to local specific needs, especially in the form of micro-projects. On the other hand, some infrastructural projects focused on local needs but neglected cross-border effects for the sake of 'near-border effects'. In that case there was little value-added in terms of TC follow-up activities (EL-TR-BG).

The issue of skills and knowledge gained during the realisation of TC projects is a positive lesson confirmed in many case studies, and the involvement of different types of stakeholders in TC represents another positive aspect. However, this feature is still much higher in 'old' EU Member States (FI, UK, SE, FR, BE) than in new ones. It involves a public sector which initiates a knowledge transfer, flexibility in a wide range of TC activities, innovative approaches, and long-term strategic reflection. Nevertheless, an insufficient involvement of the private sector, NGOs and other local stakeholders is still identifiable. In the PL-SK-UA co-operation, the restricted role of knowledge transfer was also an issue.

Among the more general strengths of TC, the most common was a shared cross-border cultural background. Major factors included the use of historical and cultural links (DE), similarity of languages (PL-SK-UA), a long history of co-operation (FR-BE) and a long-established framework for TC and cultural propinquity (SE-NO). On the other hand, weaknesses in cultural background comprised the lack of experienced and skilled staff (including language skills), bureaucracy and administrative burdens (TR, UA, SK, PL, RU, UY).

It should also be noted that social and attitudinal changes as well as procedural changes occur as a result of TC. Non-EU countries (RU, UA, UY, TR, AR) perceive co-operation as an asset and opportunity for transferring good experience. Similarity in problems/needs, strong motivation for internationalisation and mutual interest in CBC, as well as political will, are also prevalent. The uneven/unfair distribution of funds for infrastructure between EU and non-EU partners still creates imbalances and undermines the overall effectiveness of CBC/TC initiatives.

In general, the physical areas of territorial co-operation (often defined by CBC programmes or Euroregions) are appropriate in the CSA. Common borders mean the presence of common problems, which is why projects aimed at addressing those problems are a priority. Physical barriers often play a positive and uniting role, as neighbours need to come together to work out joint solutions (PL-SK-UA). A variety of TC programmes with a different focus in terms of themes and beneficiaries was considered of benefit to regions, as this provides opportunities to develop relations at less intense levels, which can subsequently be followed up with more intense efforts (UK-NO-SE).

The main driving forces and domains of co-operation differ within case study areas. Less-developed regions prefer infrastructure projects that compensate for previous deficiencies as well as cultural and educational projects that do not require large funding. More developed regions with more experience in TC are likely to choose more advanced, soft projects. The weakness of co-operation in this field is manifested mainly through insufficient funds in the less-developed regions. As a consequence, they are limited in co-operation to the closest-located partners. Moreover, they perceive themselves as uninteresting partners for more-developed regions. The primary driving forces include political will (BE-FR), availability of funds (PL, SK, non-EU countries), established personal contacts (PL-CZ-DE), and the opportunity to learn from others' experiences.

With regard to territorial structures and specific border co-operation, it is worth mentioning initiatives such as the 'Green Belt of Fennoscandia', which stretches along the Norwegian-Russian and Finnish-Russian borders, and the 'Northern Gateway to the East', conceptualised to promote infrastructural and logistic/economic links between Russia and the Nordic countries in the Barents region. However, there are few examples in the CSAs of large-scale macro-regional co-operation projects. Common problems at the local/regional scale also generate specific border co-operation. An example from the PL-CZ-DE case study would be flood prevention and dealing with flood aftermath, where services from one side of the border may take action on the other side. However, such initiatives are rare, and TC actions often stop at the moment the project ends, with little follow-up value-added and no future perspective (e.g. EL-TR-BG).

Governance structures and the implementation of co-operation have frequently been experienced from both positive and negative perspectives. Creating networks for the provision of new ideas, and the promotion of entrepreneurship and sustainable social and economic development, can produce good results (EL-TR-BG). Furthermore, the EGTC is perceived as an instrument designed to facilitate and promote ICT. Bottom-up approaches are regarded as positive, because they ensure local relevance, create more innovative partnerships, create local buy-in, and facilitate project generation. Weaknesses in TC management systems identified in numerous CSAs include bureaucracy, centralisation, poor communication, complicated rules and a lack of strategic focus. The distance from the national centre, where key decisions are made, was also a major obstacle and reduces the influence of TC programme objectives (BE-FR, SK).

2.5.5 Future expectations towards TC from the case studies

Based on experience from the particular CS reports, some key policy recommendations can be proposed for future European Territorial Co-operation. First, a change in the governance, management and administration of TC should be implemented. Case studies located on the external EU border and involving New Member States (FI-RU, PL-SK-UA, EL-TR-BG) indicate that decreasing administrative burdens could have a positive effect on the scope and intensity of co-operation. Weakening the visa regime, especially in CBC, and supporting small border traffic could enhance linkages across the border. Furthermore, a bottom-up and locally-driven approach (further decentralisation) in TC governance (FI-RU, PL), accompanied with open/flexible institutionalisation (FI-RU, PL-SK-UA) and taking the voice of local actors into consideration in defining the priorities of TC programmes (SK), should benefit co-operation in future. Taking into account the ENPI objectives, a more equal role should be afforded to non-EU partners in TC project decision-making and funding allocation.

The UK-NO-SE and EL-TR-BG case studies indicate that involving different types of partners (widening the range of TC programmes, new groups of stakeholders) would strengthen co-operation. This could be achieved for example by the provision of seed/preparatory funds that give partners an opportunity to develop quality applications, encourage the participation of smaller (poorer) partners (lack of start-up funds is an insurmountable barrier to entry for some municipalities in PL-SK-UA), integrate an effective feedback mechanism, and facilitate project implementation particularly for large projects. The Northern Periphery Programme has positive experience of such financial mechanisms.

Another issue relates to the necessary improvement of the human resources involved in TC. There is a need to increase their capacity through introducing different types of skills and training. In addition to supporting enterprises as partners in TC projects (FI-RU, PL-SK-UA, DE), increased capacity would facilitate the implementation of more advanced models of governance (e.g. multi-level governance/ MLG) for more advanced projects (PL-CZ-DE).

The experience of the case studies indicates that programmes and projects deliver numerous benefits when they are tailored to local conditions and their objectives relate to problems encountered in daily life. For example, in the FR-BE case, the stakeholders have an interest in issues related to meeting citizens needs (security/emergency services, health), environmental concerns (flood protection) and harbour strategy. Accordingly, clear objectives directly relevant to the specific territory and defined through negotiations and analysis of needs should precede the final approval of TC programmes.

Hitherto, territorial co-operation has not always been suited to the regional strategies. UK-NO-SE practices indicate that macro-regional strategies enable synergies between TC programmes and projects. This may be achieved by ensuring and supporting the longevity and continuity of existing programmes, transforming TC into State policy (ARG) and matching the regional development strategies (UY). Other possible actions could involve a more active utilisation of Euroregions (PL-SK-UA) and other territorial structures focused on co-operation. Supporting new and existing networks of co-operation should also be considered. In future, it should be seen as important to secure a wider dissemination of results and good practices as well as effective management models.

3 Addressing the research and policy questions

Chapter 3 aims to address all the research and policy questions explicitly formulated in the Project Specification document (summarised in Table A1 in the Annex). They fall into five main blocks, which form the following sub-chapters: (3.1) geographical areas of TC, (3.2) thematic domains of TC, (3.3) specific territorial structures for TC and specific border situations, (3.4) driving forces and determinants of TC, and (3.5) good governance structures and practices of TC. Sub-chapter 3.1 investigates the adequacy of TC programmes in terms of their current geographical coverage and the possible extension of coverage in future ETC programmes. Sub-chapter 3.2 considers which themes of co-operation should be prioritised for TC, and in particular discusses the circumstances within which infrastructural themes should be supported. Sub-chapter 3.3 focuses mainly on specificity of co-operation with non-EU countries and also provides examples of territorial structures that are especially suitable for TC. Sub-chapter 3.4 shows the main driving forces and determinants of TC that are pre-requisites of any co-operation and which must be taken into account during TC policy-formulation. Sub-chapter 3.5 investigates which forms and structures of TC governance work well and hence can constitute 'good practice' with the potential to be mainstreamed.

3.1 Adequacy of geographical areas of territorial co-operation

3.1.1 Current co-operation areas

In general, the **current three-strand system (CBC/transnational/interregional) of European Territorial Co-operation (ETC) seem appropriate, because they complement each other and also offer a good alternative for non-ETC types of co-operation**. The analyses of territorial coverage of all TC programmes showed that, due to their specific requirements, they complement each other very well (see Section 3.1.2).

For co-operation in general (also for transcontinental TC), the areas of historical interrelations and cultural proximity (also in language) are important; however, economic factors have recently been increasing in importance (business co-operation of firms). At the same time, the involvement of private partners in EU-funded TC projects is very limited because of the formal restrictions and non-commercial bias. For transnational TC, adequate co-operation areas are based on macro-regional strategies, usually related to sea basins or other geographical structures. A common strategy (not limited to EU territory) facilitates the creation of synergies. For obvious reasons, the most appropriate regions for cross-border co-operation are border regions, because in this type of co-operation partners usually have similar problems and needs (because of geographical proximity), forming one of the most important drivers of co-operation. In this type of TC, however, restrictions in EU programmes related to eligible areas of specific programmes (such as INTERREG A) are seen as too rigid – they make it impossible to co-operate with partners outside the programme area, and sometimes these partners have valuable resources that consequently cannot be utilised. It should also be emphasised that, despite new technologies in communication (ICT), proximity still matters, especially when tight and intensive co-operation is considered, whereas for softer projects (related to knowledge exchange, sharing experiences etc.) co-operation with more distant regions is possible. Therefore, in defining new co-operation areas, there is a need for more flexibility and a functional

approach on administrative borders (not based on arbitrary distances from borders, as currently in INTERREG A) and divisions.

Transcontinental co-operation where geographic expansion would be possible and desired represents a special case, but for that to happen a specific programme would need to be established taking into account the specificity of the countries involved and with rules similar to INTERREG A (read more in Section 3.3).

3.1.2 Establishing new co-operation areas throughout Europe

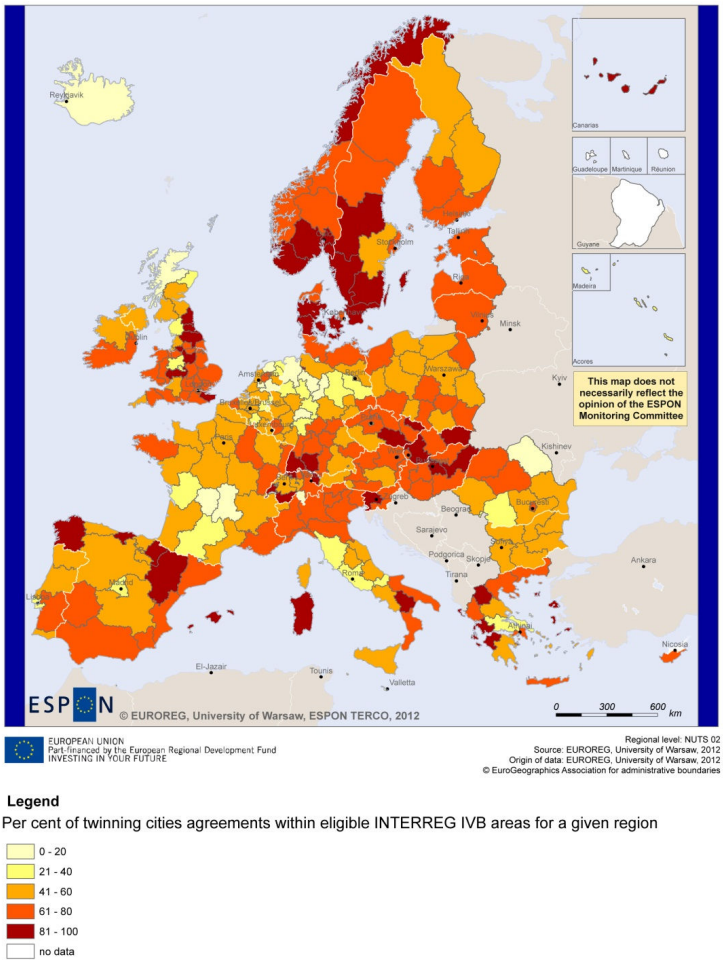
Based on above diagnosis of current CBC co-operation areas **it is proposed that the basis for future INTERREG A delineation of co-operation areas should not be the NUTS system but instead a range of specific domains** (touristic areas, infrastructure, etc.), **issues** (e.g. risk prevention, environmental problems, etc.) and **functional areas**. When considering any changes in EU TC programmes, links, relationships and partnerships established through previous programmes should not be lost.

In order to identify potential new co-operation areas for transnational and interregional co-operation, the current territorial coverage was analysed for INTERREG B and INTERREG C versus Twinning Cities. The idea was to confront the free-will type of co-operation, as with Twinning Cities, with policy-regulated interregional and transnational co-operation in order to find out whether the geographical patterns differed. If so, it could be claimed that there were some geographical areas that would like to co-operate but for which no EU programmes were organised within ETC.

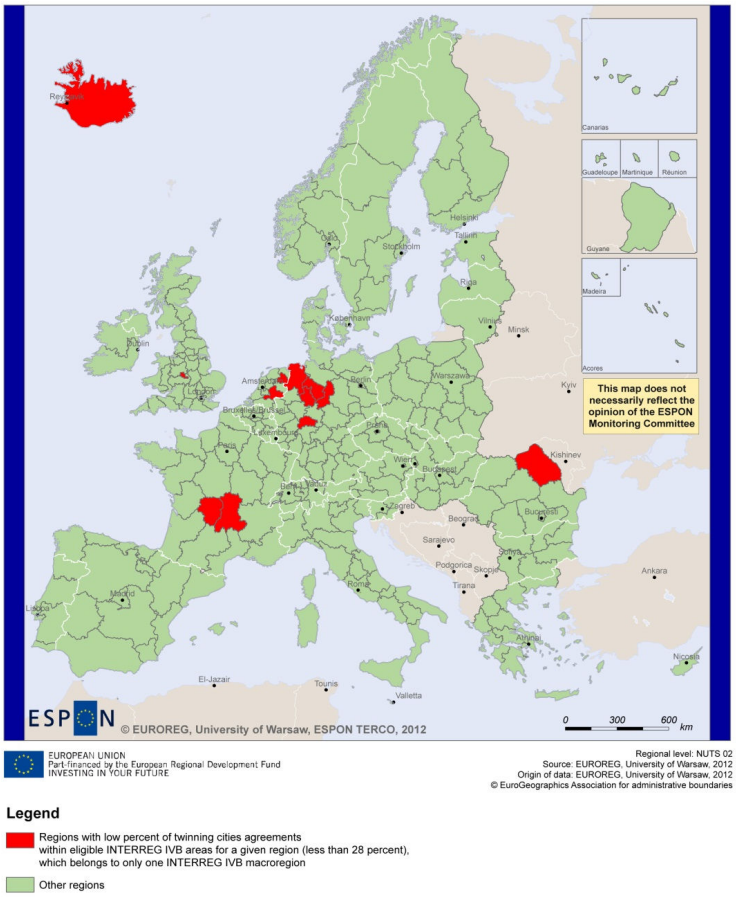
Hence, the first comparison was between co-operation within INTERREG C (III and IV) and Twinning Cities. The results of the analysis based on Pearson's coefficients showed very low correlation between the two programmes. For three countries (Iceland, Germany, and Poland), the correlation coefficient was a bit higher (though still low) at about 0.3 (the highest value is for Iceland, 0.34). For the remaining countries, the values were much lower (see Scientific Report). This means that the spatial patterns of co-operation (or the co-operation networks) at regional level in both analysed forms are rather different. This is, to some extent, connected with the different character of the analysed forms of TC. Co-operation within Twinning Cities is largely influenced by spatial proximity, whereas in the case of INTERREG C spatial closeness is not important, and in fact quite the contrary: the preferred projects are those that link partners from different parts of the continent. **The results indicate that there is a high complementarity in terms of the co-operation areas involved – within Twinning Cities the co-operation takes place with spatially close partners, but in the case of INTERREG C the spatial scope of co-operation is significantly broader.**

Secondly, the spatial pattern of twinning cities co-operation was compared with co-operation among cities located within INTERREG IVB. Of course, the specificity of INTERREG B was that this co-operation must take place within predetermined macro-regions, and the twinning cities located there could co-operate wherever they wanted. The results of the analysis show that in a significant majority of regions the co-operation within Twinning Cities is limited to the INTERREG IVB macro-regions to which they are ascribed; in other words, they could go beyond the region, but they do this only to a very limited extent. In the case of some macro-regions, the index of coverage by twinning cities within the same region is very high, and exceeds 80 percent. Only for a few regions is the index lower than 40 percent and 20 percent. The latter pertains in particular to the central and north-west regions of Germany, eastern regions of the Netherlands, regions of the Massif Central in France, the Romanian North-East region and Iceland (see Map 12).

Map 12: Twinning cities agreements within eligible INTERREG IVB areas



Map 13: Areas that could potentially be extended to two INTERREG B programmes



Source: Authors' elaboration.

The results presented can be interpreted firstly as **confirming a good delimitation of INTERREG IVB across macro-regions, because they correspond to the preferences regarding the directions of co-operation expressed in grassroots relations** in the form of twinning cities. Secondly, in any consideration of **new areas for co-operation,** the candidates are within INTERREG B, among the regions that are restricted to only one INTERREG programme, but which are active in unrestricted co-operation such as twinning cities. Accordingly, two criteria for the delimitation of new areas of TC are: (i) belonging to only one INTERREG B programme, and (ii) having a twinning city co-operation network that operates beyond the assigned macro-region. **Map 13 shows those new areas of co-operation that would most probably benefit from extended eligibility of INTERREG B to more than one macro-region**. They are: **the central and north-west regions of Germany, eastern regions of the Netherlands, regions of the Massif Central in France, the Romanian North-East region and Iceland.**

3.1.3 Prospects for competitiveness and cohesion driven by TC

Joint co-operation actions can in principle increase the competitiveness of the actors/regions involved. However, competitiveness has a different meaning in different groups of countries in relation to TC. In non-EU countries and new Member States, competitiveness is very often identified with the development of infrastructure (since it is often the major barrier for regional development there) or common spatial planning. In old Member States, the impact of TC on competiveness is identified with joint business promotion, technology transfer, social services or utilising complementary assets (also to reach a *masse critique* needed for investment). In many cases, it is hard to observe or indicate any

impact of TC on competitiveness, partly because of the non-profit character of EU programmes (so competitiveness cannot be measured by profits) and the relatively small budgets of the programmes (so no substantive impact is actually possible). More direct effects are observed in national policy programmes which are directly devoted to increasing competitiveness. It is also visible that a more strategic approach to TC operates in old Member States, where TC projects are viewed as one of the measures for meeting global challenges such as global competitiveness, cohesion or climate change, e.g. seeing TC projects in the context of wider strategies, positioning cross-border metropolitan areas in the global economy, and harmonisation of EU legislation. Participation in TC projects also has a very significant impact on improving and intensifying working relations between actors within and between co-operating regions (especially in EU Member States). Although there is some (currently rather limited) impact of TC on competitiveness, some measures and solutions can increase combined competitiveness through joint actions, such as greater involvement of the private sector (especially in new Member States and non-EU countries), more emphasis on economy, innovation and promotion, infrastructure development (especially in non-EU countries), higher programme budgets and linkages with mainstream Structural Funds, joint spatial planning, and management of development activities.

Based on all the case studies, it can be stated that physical barriers (mountain ranges, rivers etc.) are regarded as an opportunity for TC rather than a constraint. They are simply geographical structures along which common problems and concerns exist, but there are also potentials that create the basis for TC initiatives on both sides of the borders. However, in addition to natural barriers, problems relate to distance, remoteness, almost uninhabited areas (in Finland-Russia CS), and issues related to the external EU border/Schengen zone limitations, strict border regime, overstretched border infrastructure, corruption, low administrative capacity etc. Some of these barriers can be overcome by TC developments and technological means (internet).

3.2 Adequacy of thematic domains of territorial co-operation

No single domain of co-operation is able to solve complex problems, while at the same time there is financial pressure on TC to focus on a more thematically focused approach. However, those apparently contradictory requirements can be met simultaneously, not by limiting the choice of TC domains but by prioritising the issues that TC should address - issue-based approach. The case studies show that those issues could be five 'territorial keys' (Böhme, Doucet *et al.*, 2011): accessibility, services of general interest (cross-border public health, cross-border transport services in particular), city networks, functional regions, and territorial capacities/endowments/assets). Solving particular problems within those issues may still require supporting several domains at the same time, and therefore domains as such should not be restricted because they will differ from issue to issue. This approach seems to be in line with the Commission's draft regulation on European Territorial Co-operation.[21]

This research has focused on analyses of single domains in accordance with the formulation of research and policy questions specified in the project specification (see Table A1). However, the issue-base approach is recommended for the future, if data allows.

3.2.1 The right scales and themes for territorial co-operation by TC types

The most popular domains of TC, in all types of CS areas, are culture, education, tourism, environmental protection and infrastructure development. Much less popular are domains/issues such as social and health care, technology transfer, spatial planning, cross-border employment, mobility and transport, sustainable management of the rural character and economic exchange. All these domains can be addressed appropriately by different types of TC, since it is always a matter of the specific situation/problem to be solved, the domain of the project, the scale of investment etc.

[21] Proposal for a regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial co-operation goal, Brussels, COM(2011) 611 final,2011/0273,(COD).

However, twinning cities are seen as better adapted to soft projects and issues (such as cultural and sports events, establishing and maintaining good neighbourhood relations, educational exchanges), INTERREG A to most typical, local problems (such as local physical, environmental and social infrastructure, cultural and natural heritage protection, tourism product development, environmental and economic activities), and INTERREG B and C to more advanced and macro-level issues (business co-operation and entrepreneurship, exchanging experience, macro-economic and environmental issues, innovation and sustainable development). The most desirable domains of future TC projects were those related to economic growth and competitiveness, such as innovation, R&D, tourism services and business co-operation, but also environment, renewables, maritime, and risk management and environment, especially within more strategic projects.

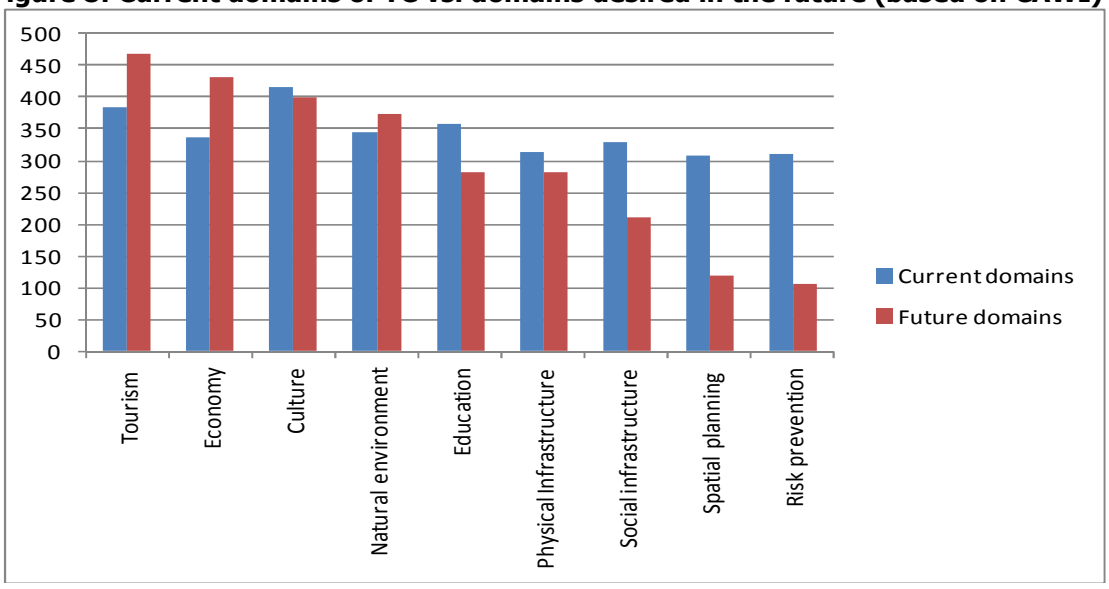
The IDIs revealed that the best-addressed global challenge within TC comprises **climate change** and **associated environmental problems** such as flood prevention (CS on PL-CZ-DE), tackled *inter alia* by exchanging technology in the renewable energy sector and knowledge-intensive industries, nature protection and sustainable tourism (CS on FI-RU). In non-EU countries, these domains are seen as future types of TC initiatives that should receive more attention (e.g. in future, UA seeks more disaster prevention and increasing effectiveness in energy/resources. In new Member States, TC forms a basis for more global thinking and cross-border consideration of environmental problems (CS on PL-CZ-DE). In old Member States, this kind of thinking (and practice) is more advanced, and in these countries reference is made to opportunities to increase the impact of TC, such as linkages and synergies with other TC programmes as well as Structural Funds programmes, wider strategies to ensure impact (UK-NO-SE), positioning of metropolitan areas or the harmonisation of EU legislation (BE-FR). Generally, it seems that global challenges are better addressed by TC in old Member States rather than in non-EU and new Member States.

Since each project is unique and dependent on the local situation, it is very difficult to point out specific synergies that can be created. Nonetheless, some **synergies do occur: in space** (within one country and cross-border), **in complementary domains**, and **over time** (long run effects of co-operation). **As for synergies in space, a different approach is observed in old Member States versus new Member States.** What is observed is that in most old Member States (and also in Norway), synergies between different projects are planned at the very early stages of programming new TC projects. By contrast, in new Member States synergies are investigated *ex post* after completion of the projects, and in non-EU European countries synergies are rather rare. In old Member States, synergies are considered unnecessary at the individual project level but appropriate for groups of projects or even the whole programme, and the role of higher-level institutions (e.g. regional councils, joint technical secretariats) is often very important in this process. In other cases, it is based on informal activities and reflection, evolving towards a stable framework such as the EGTC and national and international positioning. In these cases, the synergy effect is often one of the factors taken into consideration during planning and programming, e.g. pro-active project clustering in which programme bodies identify projects with similar themes that can address a strategic issue in the programme area and make available some additional budget. In new Member States, synergies are not often considered, not only before but also after a project's completion. And because of the lack of comprehensive planning and reflection in this regard, some synergistic effects are obtained accidentally. **As for synergies in domains, they occur among any domains that complement each other to resolve a specific problem**. Good examples are: i) culture - education - tourism-infrastructure, ii) risk prevention - disaster management - education, iii) social infrastructure - social entrepreneurship. **Synergies over time include follow-up projects, long record of exchanging experience, building mutual trust**.

Actors with experience in TC co-operation have slightly different preferences regarding future domains, hence accordingly **there could be a shift in themes of TC programmes in future compared to the current ones** (see Figure 8). The domains that should, in the actors' view, gain more attention in future include: economy, tourism and natural environment. Domains that will probably lose popularity in future are: risk prevention, infrastructure and spatial planning. In more detail, the three most important domains perceived for the future of Twinning Cities are *cultural*

events, *tourism* and *educational exchange*, though a range of variations are detected among particular groups. In the case of INTERREG A, the most desired domains in the future are *tourism*, *economy* and *natural environment*, whereas in INTERREG B, the order of importance is *economy*, *natural environment* and *tourism*. In the case of old Member States, *natural environment* is in first place, while for new and non-Member States *tourism* takes the lead. Similar to strand 'B' of INTERREG, *economy*, *natural environment* and *tourism* seem to be the most important domains for future development within INTERREG C. Exactly the same order is detected for old and new Member States, whereas for non-Member States *natural environment* takes first place. At the Transcontinental level, the most important domains generally appear to be *economy*, *tourism* and *social infrastructure.* The least important domains in the future seem to be *joint spatial planning* and *risk prevention*. Nevertheless, this is only a rough generalisation, and at the local level the domains will depend on the particular issues addressed.

Figure 8: Current domains of TC vs. domains desired in the future (based on CAWI)

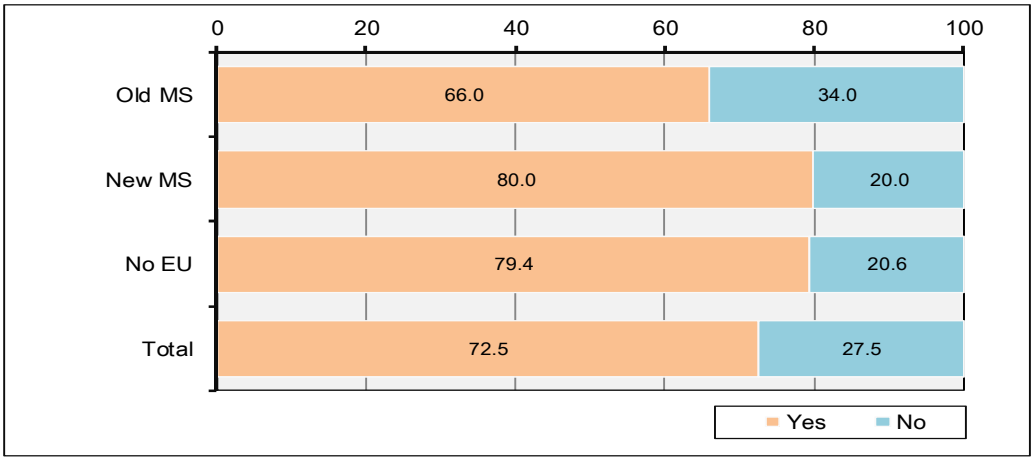


Source: Based on answers from TERCO standardised electronic survey (frequency of responses).

3.2.2 Infrastructure investments

Infrastructure investments, even if losing importance as a theme of TC (as explained above), still seem to be an appropriate domain of TC programmes. In the electronic survey (CAWI), the majority of the respondents were involved in this type of activity, and 72 percent of them stated that infrastructure investments should constitute a theme for TC programmes (see Figure 9).

Figure 9: Opinions of respondents on whether infrastructure should be a theme of TC



 Source: Authors' elaboration

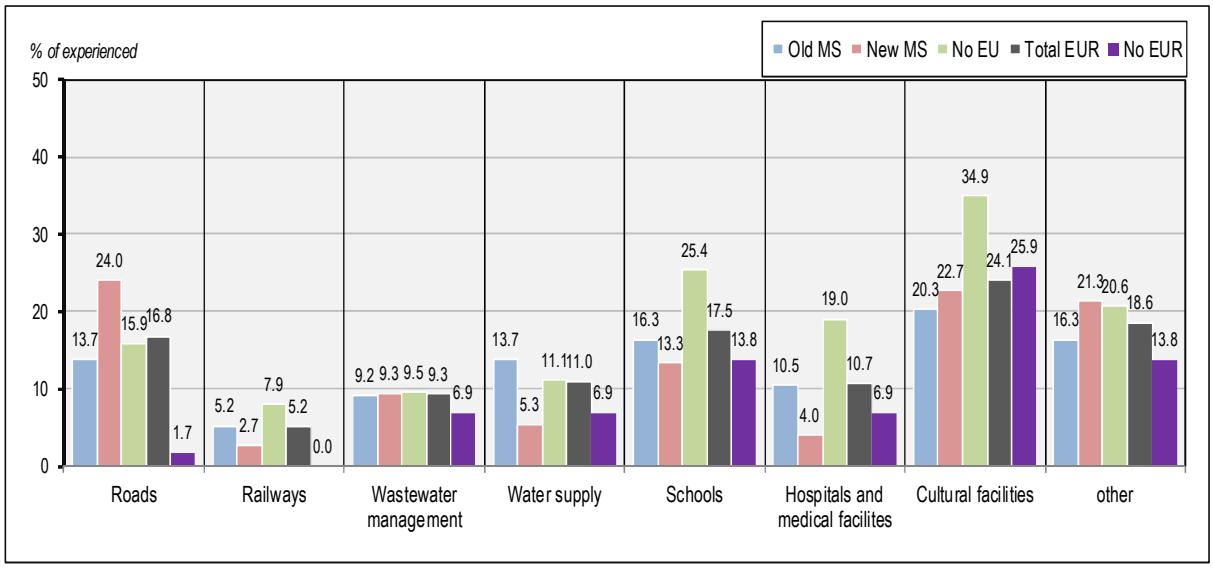
Those most in favour of infrastructure were new Member States (80 percent) and non-Member States (79 percent); old Member States were less in favour, though the majority of respondents (66 percent) still wanted infrastructure to be a theme of TC.

In relation to the type of infrastructure investments, *cultural facilities* comes first, followed by *schools and roads*, while *railways* represented the least important theme.

In more detail (see Figure 10), the old Member States have their greatest investments in *cultural facilities* and *schools* and the smallest percentages in *railways*. In comparison, the new Member States have been more involved in *roads* and *cultural facilities*, and the smallest percentages recorded by this group were in *railways* and *hospital and medical facilities*. The non-Member States prioritised *cultural facilities* and *schools*, while *railways* and *wastewater management* accounted for the smallest percentages.

In relation to the Non-continental group, the 'experienced' respondents indicated their preference firstly for *cultural facilities* (26 percent) and *schools* (14 percent), while the category of *roads* seems to have had very little significance for these respondents (1.7 percent).

Figure 10: Respondents' involvement in joint international infrastructure investments



Source: Authors' elaboration.

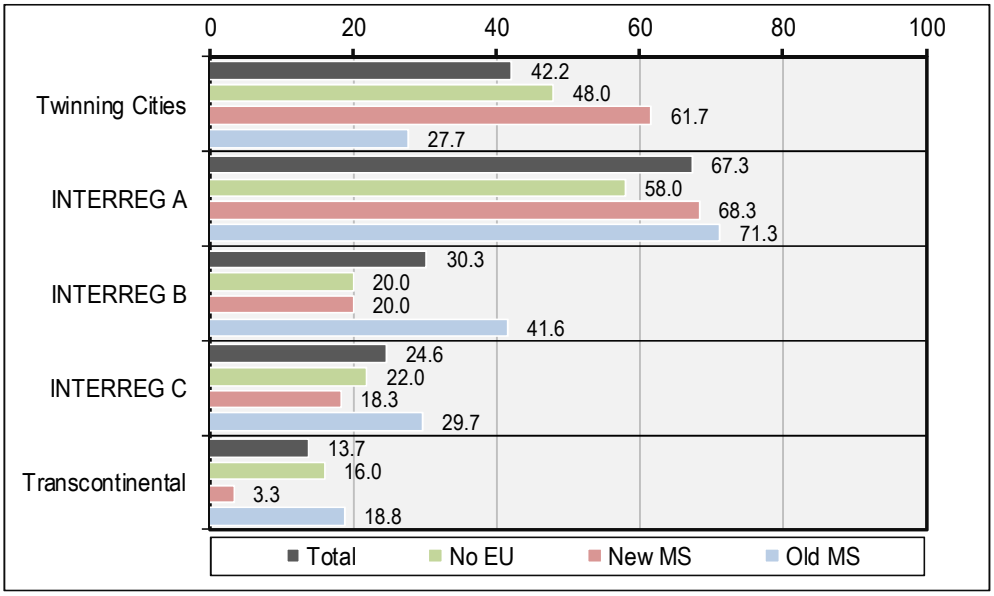
The **majority of respondents identified INTERREG A as the type of co-operation within which infrastructure should occur**, **followed by Twinning Cities[22] and INTERREG B**. The percentage of respondents favouring INTERREG A is greater in the old Member States than in the new and non- Member States, while Twinning Cities is favoured more within the new and non-Member States (see Figure 11).

It should be noted that the above findings are in line with the main objective of INTERREG A, to assist border areas in overcoming their continued and observable 'isolation' caused by borders,

[22] In the case of twinning cities, different types of infrastructure relate to neighbouring vs. distant twinning cities. In the former case, roads and buildings infrastructure are justified, while for distant cities ICT infrastructure and other types of communication investments are more required.

physical geography and distance. To achieve this, INTERREG A should focus its support upon both physical and social infrastructure.

Figure 11: Opinion of respondents on whether infrastructure investments should be a subject of TC



Source: Authors' elaboration based on case studies.

The IDIs broadly confirm the findings from the electronic questionnaires. There is a general tendency that support for infrastructure as a TC domain is stronger in non-EU countries and new Member States rather than in old Member States. But even in the latter group, the attitude towards this issue is diversified: from focusing directly on border infrastructure or small projects due to small budgets, through infrastructure investments under TC projects or infrastructural investments in pilot projects that can be 'scaled up' in mainstream/domestic programmes, to support for large-scale infrastructural projects within TC, but only if they support an EU dimension (e.g. missing links in EU networks). This positive attitude towards infrastructure investments is evident in the new Member States, especially for investments dealing with environmental problems and when a lack of infrastructure or its poor condition (especially in transport) presents real barriers for development. In almost all the old Member States, the respondents pointed out that they have access to more appropriate funding mechanisms and sources for infrastructure projects, especially for large-scale investments.

Hence, it can be concluded that infrastructure is generally an important theme of TC, first because it contributes to one of the territorial keys (accessibility), and second, because the programme participants want it, especially in new and non-Member States. Furthermore, supporting infrastructure is consistent with the Community strategic guidelines on cohesion, which states that, within territorial co-operation, 'support should be given to actions that seek to improve the physical interconnection of territories (e.g. investments in sustainable transport) as well as intangible connections (networks, exchanges between regions and between the parties involved). The actions envisaged include cross-border sections for the prevention of natural hazards, water management at the river basin level, integrated maritime co-operation and R&D/innovation networks' (CEC, 2005b: 32).

3.3 Specific Territorial structures for TC and specific border situations

Territorial structures

In the electronic survey, the most frequently-mentioned structures of TC were natural territorial structures – mountain ranges, river basins, natural parks – which are the focus of TC projects mainly because of their potential (tourism) and associated requirements (flood prevention, environment protection, transport infrastructure). Respondents from old Member States also mentioned functional structures not related to the natural environment – urban and rural/peripheral areas, and metropolitan area transport corridors. At the same time, respondents stressed the need for flexibility and openness and a more functional, rather than administrative, approach in defining TC areas (also in the context of eligibility).

Co-operation with non-EU countries

The increasing significance of co-operation among cities and regions geographically located outside of the European continent requires that Transcontinental Territorial Co-operation (TTC) is specifically taken into account in the creation of European Territorial Co-operation policy. This necessarily requires an evaluation and consideration of the accumulated experience acquired over years of practice in co-operation, both within the EU and with other non-member European countries. The rules have to be robust, predictable, transparent and sustainable over time. However, the challenges involved in this type of co-operation are often greater than within EU TC, because the participating agents generally belong to different cultures and institutional and legal systems, even to different economic frameworks. Thus, the model of TTC should have the following characteristics:

- The model should be flexible in order to accommodate the multitude of possible practices within the ambit of co-operation, as well as the plurality of circumstances and contexts in which co-operation takes place. Although it would be difficult to foresee all the circumstances that could arise, a catalogue of co-operation profiles should be included in the model.
- There are two basic types of transcontinental co-operation: centralised (initiated and co-ordinated by central government) and decentralised (initiated and co-ordinated by the regions involved). Since centralised co-operation is already sufficiently developed and its legal and administrative practices are well known and managed, the future model of TC should place particular emphasis on analysing and evaluating the results of decentralised co-operation and transfer good practices from the former to the latter. Concretely, decentralised co-operation lacks an adequate framework to involve participants in the optimal management of its actions.
- Decentralised co-operation should encourage participation, basing the willingness to co-operate on the principles of freedom, autonomy, legitimacy and responsibility of the participating actors. The objective is to achieve non-exclusive co-operation aimed at autonomous individuals or groups, on both sides of the co-operation, with the will and the capability to carry out actions. Co-operation can only make sense within the framework of bi-laterality in which both parties are aware that there is an exchange of culture, projects, ideas, information and values that benefits both sides and whose cost both parties should support, although not necessarily in equal proportion. This requires separating the concept of co-operation from that of aid with no return. In some of the TTC examples, the interviewees, and by extension the agents involved, expressed the opinion that co-operation should never infer that the receiving party participates from a situation of inferiority, as in the case of Morocco, or presuppose that the receiving party does not wish to participate on an equal footing, including financing, as in the case of Canelones.
- The sustainability of co-operation over time is essential for TTC. Predictability implies that the concept of co-operation as a basic tool to solve common projects, of whatever type, will consolidate group actions thus improving relations among participants. And this basis will, in

turn, lead to increased exchanges and improved mutual awareness among the population as well as an improved standard of living for all.

European co-operation with the regions/countries on its western maritime borders and with North or South America would best be designed under centralised agreements between the European Union and groups of Latin American countries. Clearly, co-operation between nations can be carried out, provided some co-ordination regarding policy development is in place in order to avoid redundancies, high administrative costs, and lack of evaluation, which often occur in co-operation. If there is to be a significant impact on resources and projects within the regions, the co-operation should be centralised.

Centralisation does not contradict the development of specific policies for specific sectors or domains. Moreover, central agreements should provide the parties with the flexibility to undertake micro-actions based upon the demands and opportunities of local actors in the territory. Ideally, this would combine a top-down centralised agreement to ensure economies of scale with bottom-up policies to meet the needs, desires and opportunities of local actors.

In the case of Latin America, there is an urgent need to **ensure coordination of co-operation in three key areas: migration, the goods and services market, and cultural co-operation**. The migration flow towards Europe is already subject to the rules of the Schengen Territory by the EU, but this is obviously a unilateral agreement by one of the parties with, in principle, no reciprocity. An alternative that is already underway, albeit tentatively, will articulate the employment demands of specific European sectors, which would allow derivation of a temporary migrant quota. In that way, migration flows could become more co-ordinated and the profiles of the migrant workers better selected according to real needs.

The EU should deepen bilateral agreements among the parties on goods and services markets, beyond the status quo reached by the World Trade Organisation (WTO). Thereafter, local officials and private agents would be responsible for developing specific contracts and accords. This has already been achieved with countries in Latin America. The same applies to cultural relations. It would be very useful to have an idea of the total impact (in resources and projects) that the EU and its member countries are making in Latin America.

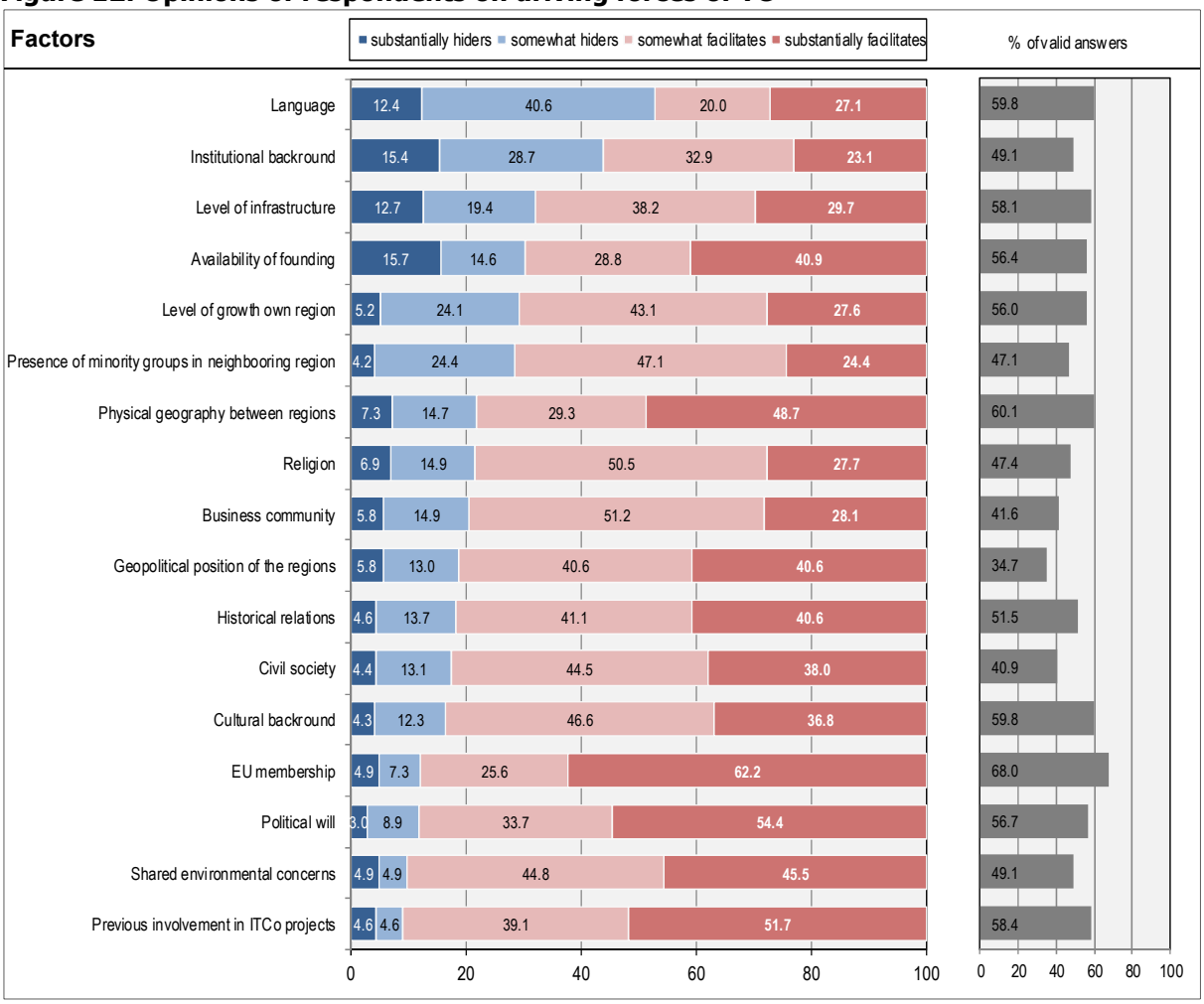
In the context of future EU enlargement, current co-operation with non-EU regions is seen as an opportunity to develop contacts and good relations with partners from outside the EU and in this way is becoming an intermediary or gateway between EU and non-EU countries. Other opportunities relate to strengthening economic co-operation (new markets, maritime routes, natural resources), exchanging experience/knowledge, improving neighbouring relations, and cultural exchanges. Joining TC projects also improves 'external' relations by increasing mutual understanding, breaking stereotypes, and building mutual trust and informal contacts (among officials and inhabitants), although 'national interests' sometimes predominate over the local actors' will. With regard to transcontinental co-operation, economic domains such as international commerce and productive complementarity are important.

The IDI respondents also mentioned challenges involved in TC across external EU borders: formal restrictions (visa and border-crossing procedures associated with Schengen zone rules, formal restrictions in EU programmes); differences in administrative, institutional, planning and legal systems, and physical, cultural and institutional distance; different goals (infrastructure vs. people projects); differences in financial capacities to co-fund TC projects; limited ability of non-EU counterparts to influence decision-making in EU TC programmes; lack of will to co-operate and lack of political will; psychological factors (uncertainties, tensions, prejudices, cultural differences); and lack of skills and competences (relevant knowledge, language skills).

3.4 Driving forces and determinants of TC

Most of the factors investigated, following suggestions from literature, were perceived by institutions as facilitating territorial co-operation rather than constraining it (see Figure 12). The only exceptions were language and institutional background, which are evaluated as constraints mainly in the old and non-Member States.[23]

Figure 12: Opinions of respondents on driving forces of TC



Source: Authors' elaboration based on case studies.

In the Twinning Cities type of co-operation, the most important facilitating factor reported is *previous involvement in TC,* followed by *shared environmental concerns* and *EU membership*, while the least important factor is *institutional background*. The only hindering factor in this type of co-operation is *language* (for new Member States only).

In cross-border co-operation, the most important factors reported as facilitators (from a medium-to-substantial extent) are *previous involvement in TC, shared environmental concerns, EU membership* and *political will.* The next in importance are *cultural background*, *historical relations*, *physical geography between regions* and *level of growth of own region*. At the end are *availability of funding*, *level of infrastructure* and *institutional background*. The parameters of *business community*, *religion*, *presence of minority groups (in any of the neighbouring regions)*, *geopolitical position* and *civil society* are considered to a large extent as non-influential factors (neither facilitate nor hinder) for cross-border co-operation.

[23] From a statistical point of view, it should be noted that half of the respondents declared that these specific factors had no influence on TC whatsoever.

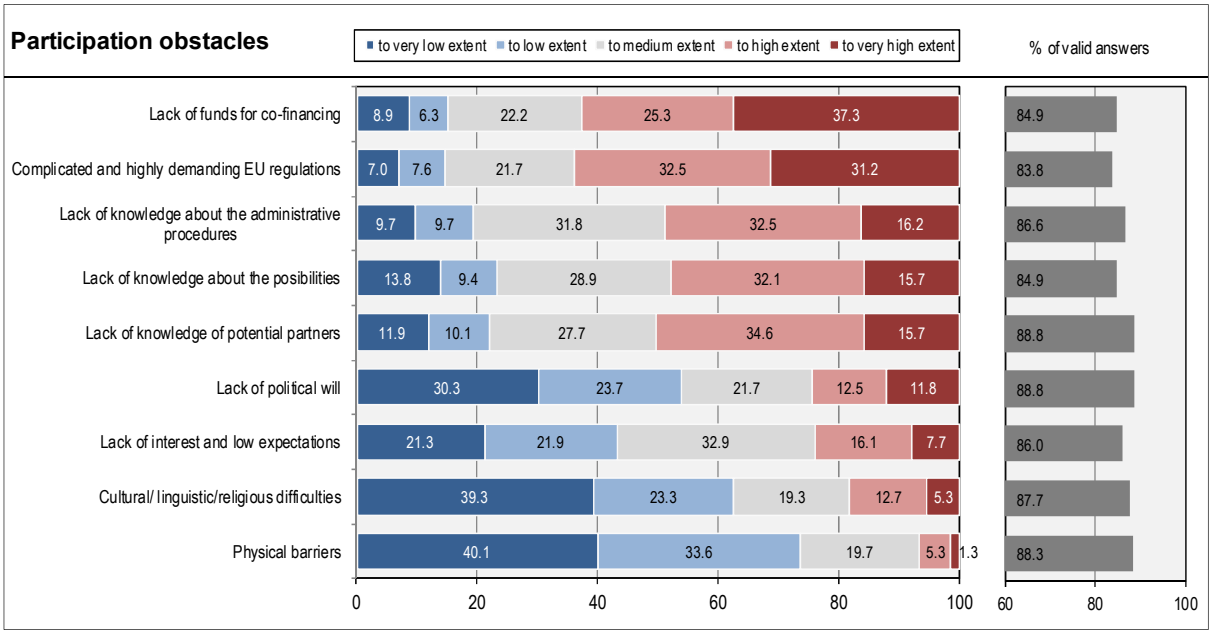
In INTERREG A, the most important facilitating factor reported is *political will* (indicated by almost 90 percent of the respondents from all three groups (old, new and non-Member States), followed by *previous involvement in TC* and *shared environmental concerns*, while the least important aspect is the *level of infrastructure*. Hindering factors in this type of co-operation (for new and non-Member States only) comprise *language* and *institutional background*.

In INTERREG B, the most important facilitating factor reported is *political will* along with *previous involvement in TC projects* and *EU membership*, while *availability of funds* is identified as the least important factor. *Language* and *institutional background* are also considered to be hindering factors in this type of co-operation.

In INTERREG C and at the Transcontinental level, the samples of responses for all three groups are low, and consequently no sound conclusions could be drawn.

Analyses of municipalities that have not participated in TC reveal the main obstacles to the active involvement of local government in TC. The most severe ones include *complicated and highly demanding EU regulations*, signifying the need for simplification and flexibility in implementing rules, adapted to the characteristics of each group of territorial units (see Figure 13).

Figure 13: Opinions of respondents on obstacles in TC participation



Source: Authors' elaboration based on case studies.

Lack of funds for co-financing is also considered to be a constraint, revealing the fund-driven nature of territorial co-operation, on the one hand, and the inability of most of the municipalities to support such actions with their own resources, on the other. Other parameters that hinder TC concern the *lack of knowledge* among municipalities in specific areas with regard to finding potential partners, tackling administrative procedures and being aware of the possibilities of territorial co-operation. It is worth noting that all the above parameters were indicated as highly significant by the non-Member States, reflecting different levels of awareness among different groups of local governments. On the other hand, *physical barriers, cultural/linguistic/religious difficulties* and *lack of political will* are indentified by all groups of municipalities as the parameters with the lowest weighting as obstacles to TC participation. Based upon the latter evidence, it is obvious that physical geography does not constitute a barrier in the contemporary era of technological tools (i.e. e-mail, Skype and other means) which eliminate all kinds of such obstacles. The fact that different cultural backgrounds (in terms of language or religion) are not perceived as an obstacle indicates that, eventually, local actors overcome social and cultural stereotypes, functioning in a more pragmatic manner. As far as lack of

political will is concerned, its low relevance among factors that hinder ITC suggests that there is a fertile ground for co-operation among local authorities in different countries.

The most preferable **type of investment to facilitate TC comprises investments in human capital**, which would include training, development of human resources, and language courses. Another type would be investment in **information technology and dissemination**, which would include activities increasing awareness of TC in society, especially among children, identifying TC opportunities, disseminating best practices, and cross-border communication. **A lower priority, but still desirable, is investment in hard infrastructure**, such as border crossings (Finland-Russia, Turkey-Bulgaria), and infrastructure dedicated to TC meetings and cross-border mobility.

3.5 Good governance structures and practices of TC

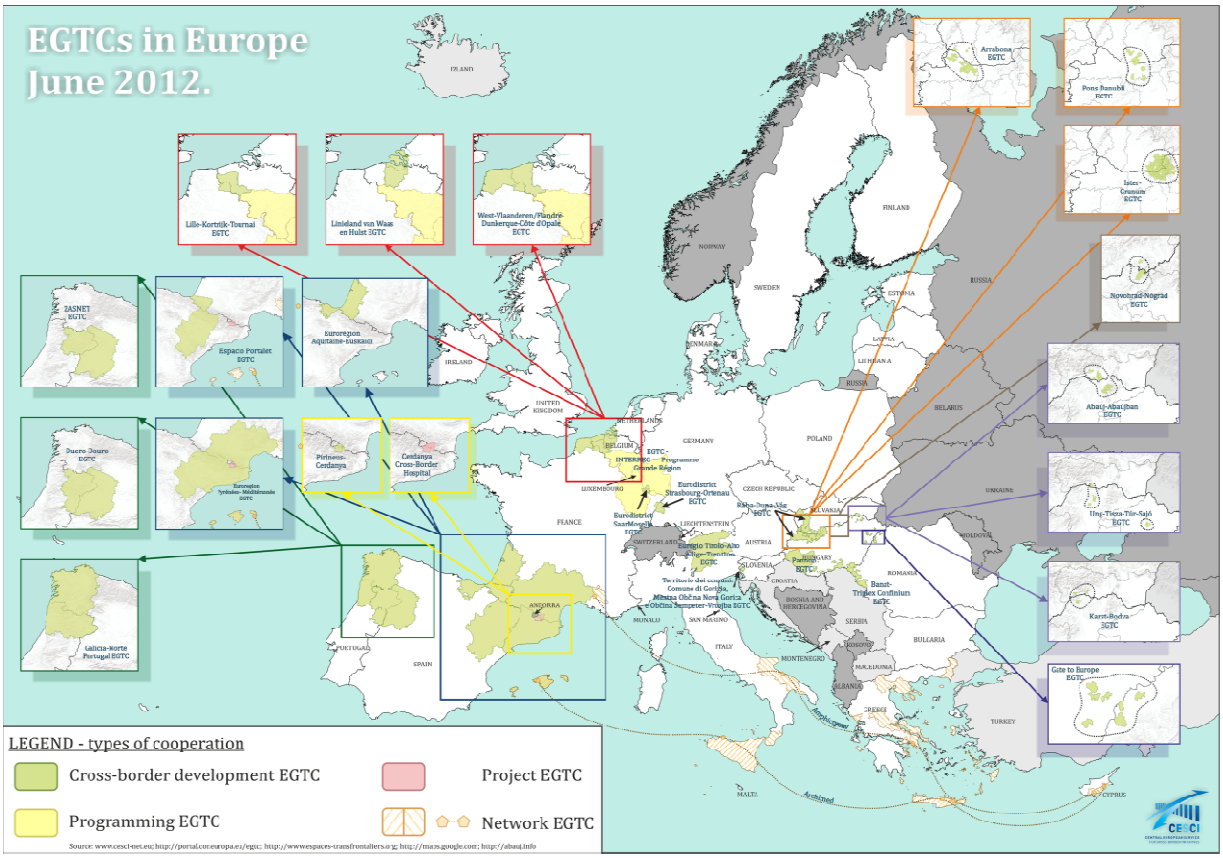
One of the key considerations for TC is the legal framework in which it operates. There has been an increasing focus on the barriers to effective TC that the legal framework creates. Across the EU, the Member States' rules and regulations and administrative frameworks vary. As most co-operation initiatives have no legal personality and no public law status, they sometimes lack the legal instruments to implement decisions (Assembly of European Regions, 1992). Inherently, TC operates in more than one legal framework, encountering administrative, implementation and management challenges.

There has been an increasing drive for further harmonisation of legal frameworks in order to facilitate TC. The development of the European Grouping for Territorial Co-operation (EGTC), which was introduced in 2006, provides a new opportunity to organise TC. An EGTC has full legal personality and its purpose is to further harmonise legal frameworks for TC across the EU. However, to date the instrument has only been used sporadically, and it is reported to have faced certain challenges:

- the regulation allows for 'national provisions', and this has led to divergent implementation in Member States;
- Member States have implemented the regulation with national provisions at different speeds;
- although the EGTC regulation was adopted in 2006, the slow implementation in some Member States meant it was too late to be considered for the 2007-2013 INTERREG programming period (except for the Greater Region Programme);
- some countries (particularly in northern Europe) already have established tools for TC;
- the regulation has not resolved the issues regarding staffing and contracting that it was intended to address;
- it is not yet fully acknowledged as a tool for TC by some EU institutions; and
- an EGTC cannot be implemented between a single Member State and non-Member State – as a minimum, two Member States are required (however a single MS option is being considered in the revision process of the EGTC regulation)

In September 2011, there were 23 EGTCs (see Map 14). By the end of November 2012, a new total 29 EGTCs had been established, reinforcing the momentum. Almost all of them involved cross-border co-operation – including an INTERREG Managing Authority. Despite the fact that some EGTCs cover extensive territories, only two 'network' (with no geographical proximity) EGTCs have been established. **Governance structures** are quite diverse. Only six EGTCs can be described as real multi-level governance structures, involving different levels of public authorities on both sides of the border, and only two of them include the national State as a member. The research shows that the EGTC provides added-value for cross-border co-operation programmes. It further institutionalises existing efforts and hence improves the sustainability and stability of TC efforts. It also shows that it is a flexible tool which is applied to different TC structures that involve a range of actors. However, its added-value in terms of 'network' or 'transnational' TC that has no geographical proximity is not clear. Further research in this area would be valuable.

Map 14: EGTCs in Europe



Source: CESCI website: http://www.cesci-net.eu/tiny_mce/uploaded/Europa_EGTC_ENA4.png.

Whereas legal frameworks and regulations have an impact on TC, they have a more pronounced impact in certain phases of the programme and project cycle. Legal frameworks are important in the project and programme initiation stage as well as in relation to the financial management of activities. However, in relation to the day-to-day running of TC and its implementation, formal and informal contact between partners across borders is more important than the legal framework in which they operate.

Examples of instruments and governance structures identified in the case studies include Euroregions, local governance systems (with various degrees of decentralisation), local leaders, local cross-border initiatives and organisations, and NGOs. In addition to the actors and stakeholders that are the beneficiaries of TC programmes, there are also structures that support TC projects (Joint Technical Secretariats, INTERREG contact points, macro-regional strategies, EGTCs). On external EU borders, there are also neighbourhood programmes (such as Euregio Karelia) and some special structures related to transcontinental co-operation (Unasur, Mercosur and Co-operation Treaties in ARG, FAMSI for Andalucía in Spain, Conseil Regional for Morocco and the United Nations Development Programme).

3.5.1 Favourable framework conditions and models of good governance for TC

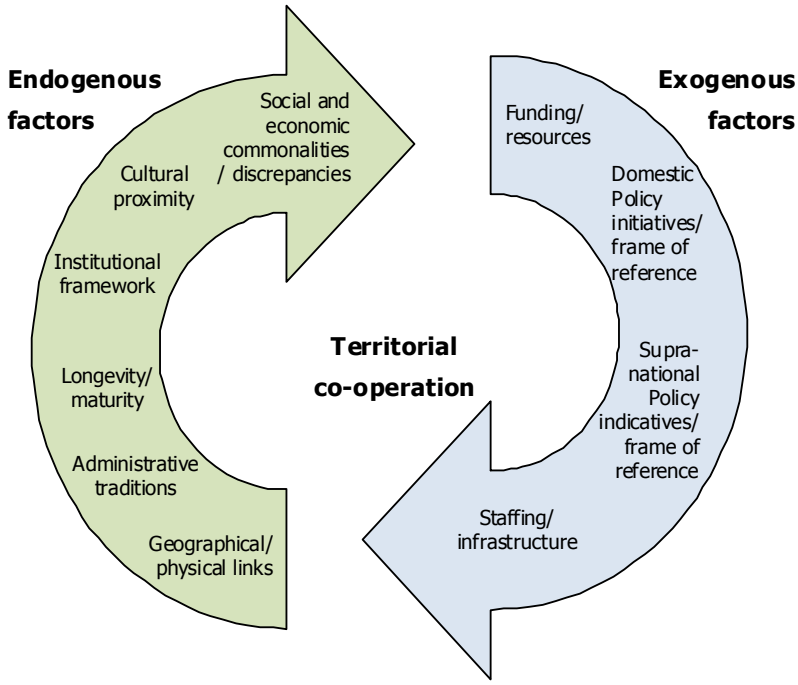
In the theoretical literature, a range of favourable framework conditions for territorial co-operation is identified. The key drivers are: longevity/maturity of co-operation (Panteia, 2010: 13); geographic conditions; socio-economic disparities between regions (Taylor *et al.,* 2004; Krätke, 1999); culture in its broader sense (e.g. language, traditions etc.) but also in a narrower sense relating to cultural differences in administrative practices (Hofstede, 2001; Ratti, 1993a); and the institutional framework in which TC operates in terms of local and regional institutional development (Bachtler *et al.*, 2005). Furthermore, clear political direction and policy initatives at the domestic/national level (Blatter, 2003; Thant, 2007) as well as at the supra-national level are important drivers. Additionally, the availability

of resources/funds is a key driver for TC (OECD, 2006), and sufficient staffing and infrastructure for the TC institutions are an important determinant.

These factors can be categorised into two types: exogenous and endogenous factors (see Figure 14). Endogenous factors such as administrative traditions, historic/cultural ties, institutional framework, economic disparities and geographical/physical links between co-operation efforts are innate; they can be directly influenced only to a very limited extent. On the other hand, exogenous factors such as policy initiatives, resources and staffing can be influenced in the short term and therefore directly support territorial co-operation efforts. There is a cyclical and reflexive relationship (a positive feedback loop) between these two sets of factors. If endogenous factors are favourable, this will make 'investment' in exogenous factors more likely; and vice versa, if exogenous factors are favourable, this will indirectly improve endogenous factors.

This framework applies to many other forms of economic development policy to a great extent. However, specific challenges and opportunities must be taken in to account in relation to endogenous factors, and they are summarised in Table 5.

Figure 14: Endogenous and exogenous determinants for TC



Source: Authors' elaboration.

This demonstrates that TC partners find exogenous determinants to be particularly important drivers for TC. The policy implications of this are that in areas where endogenous factors are weak, but where TC investment activities are initiated, higher levels of exogenous investments are necessary in order to achieve successful co-operation programmes. However, as the above framework suggests, the impacts of such investments are often less apparent, at least in the short term.

Governance structures, legal instruments and institutional frameworks play a key role in territorial co-operation efforts. However, there is **no ideal governance model of co-operation**. As illustrated in Figure 14, a range of different factors need to be taken into account; what works in one case does not necessarily work in another. A key consideration is that TC efforts are 'phased' (Perkmann, 2003) and a certain level of maturity is reached through experience and negotiation between partners (Gabbe and von Malchus, 2008; INTERACT, 2006). When evaluating TC activities, such differences in maturity should be taken into account (AEBR, 1997).

Table 5: The impact of endogenous determinants on territorial co-operation

Determinant	TC challenge	TC opportunity
Administrative traditions	- Many countries have different administrative traditions for example in terms of planning. Taylor *et al.* (2004) argue that TC is more likely to be successful if partners share an administrative culture.	- Different administrative traditions lead to different perspectives on challenges which can result in innovative solutions.
Cultural propinquity	- The existence of linguistic and cultural barriers can lead to psychological barriers in relation to TC (Bazin, 2003).	- Cultural differences are not regarded as a key barrier by those engaged in TC. They stress the opportunity to learn from cultural differences.
Institutional framework	- TC is characterised by multi-level governance, yet the institutional framework within which TC takes place is not well adapted to this. - The different constitutional arrangements (unitary federal, confederal) can create a multi-level governance mismatch.	- EGTCs provide a framework for further streamlining multi-level governance arrangements.
Social and economic disparities	- Competition between similar territories may inhibit co-operation. - Discrepancies in terms of the scale of co-operation (e.g. developed or developing) reduce the scope of TC.	- Territories need to have similar challenges/opportunities. - Asymmetries in scale tend to make TC more dynamic (Taylor *et al.*, 2004).
Longevity/ Maturity	-	- Longevity of TC enhances quality of TC as cultural barriers are broken down over time (Panteia, 2010:13).
Geographical and physical conditions	- Rivers and mountains form physical barriers to TC (e.g. lack of border crossings, infrastructure, distance).	- Shared geographical features facilitate TC and provide a common purpose and identity (for example Danube region or Alpine region).

Source: Authors' elaboration.

Conceptually, three phases – new, consolidated and embedded TC – can be identified. In the first phase, co-operation is new; it is reliant on external funding and associated compliance requirements. At this stage, TC efforts are usually small-scale and there is a lack of co-ordination. The outcomes of such efforts are measured using soft programme indicators (see Table 6).

In the second phase, TC efforts have been consolidated. There is a continued reliance on external funding, but commitments amongst partners and Member States are no longer fleeting. There is usually an increase in resources available for TC in this phase. Projects are implemented on a larger scale and co-ordination frameworks/instruments are being developed. During this phase, there is scope for using harder, more quantitative measures that focus on outputs and results.

The final phase is aspirational. TC is fully embedded and there is a strong domestic commitment to TC activities. Programmes and projects are no longer reliant on external funding. There is a comprehensive strategic framework in place which ensures that TC efforts have a high impact. TC activities are effectively coordinated with domestic regional development programmes and thematic programmes that have a regional impact, as well as other TC programmes. In this phase, there is scope to use a broader set of impact indicators.

Table 6: Phases in territorial co-operation

Phase	Maturity	Motivation	Scale	Measurement
3	Embedded	Strong domestic commitment with limited requirement for external funding	A comprehensive strategic framework is in place and TC efforts are effectively coordinated	Scope for using impact indicators
2	Consolidated	Continued reliance on external funding but emerging commitments	A more strategic approach is emerging and attempts are made to coordinate efforts	Scope for using harder quantitative measures that focus on outputs and results
1	New	Reliant on external funding and compliance requirement	Efforts are usually small-scale and lack coordination	Programme's impact is measured using soft qualitative indicators

Source: Authors' elaboration.

Although the final stage is aspirational, the key question to ask is: are the partnerships that have been created with the help of external incentives sustainable? This question is important in the light of the current economic circumstances, and policy-makers should place more emphasis on the sustainability of partnerships in project applications and programme development in order to ensure a lasting impact.

3.5.2 Applicability of good practices and models of TC governance

Institutional frameworks for the management and implementation of territorial co-operation differ, depending on the needs of the participants and the systems within which they operate (Faludi, 2007; Perkmann, 2007; ESPON 2.3.2, 2006). The key variables when differentiating between forms of territorial co-operation governance structures are: the degree of administrative centralisation or decentralisation; the levels of formality/institutionalisation; the level of 'openness' and intensity of partner involvement; and the extent to which joint or parallel structures are in place to support co-operation. Theoretical work on Europeanisation, multi-level governance and new regionalism highlights the increased role of sub-national actors in driving economic development and participating in external networking and co-operation activities (Hooghe and Marks, 1996; Keating and Hooghe, 1996; Brusis, 2002). However, in other instances, territorial co-operation has been the result of a top-down drive from central and supra-national levels (Engl, 2009: 10). Where co-operation has resulted from an 'external' initiative, it tends to be more heavily dominated by regional and central authorities (Perkmann, 1999: 662). Overall, there is an increasingly mixed picture of dynamic 'bottom-up' territorial co-operation driven by municipal/local-level action and, at the same time, increasingly formalised and structured networks of higher regional/central-level authorities primarily involved in INTERREG programmes. Furthermore, many INTERREG programmes apply both bottom-up and top-down methods in their approaches to project generation, management and implementation.

In this project, the research findings related to **partners' governance experiences** are in line with the theoretical literature. Partners[24] find that TC with a bottom-up approach that is locally driven is preferable. However, to ensure stability and consistency of TC efforts, a certain amount of rules and regulations are required in relation to budgets, as well as guidelines for co-operation. Nevertheless, flexibility in size, scale and scope is required in order to adapt activities to changing economic, social and political circumstances. Having such flexibility is particularly salient in times of economic crisis. The ability to adapt TC efforts in the implementation phase to make them relevant to changing contexts adds value and increases impact. In other words, a high level of regulation and institutionalisation is favourable at the start-up stage and in terms of the financial management

[24] The partners interviewed were mainly cross-border co-operation partners.

(closing stage) of projects, but in other stages (such as implementation) a more flexible approach is required.

Despite a preference for a bottom-up approach amongst the actors involved in TC, they recognised that a top-down element to TC gives programmes a strategic focus. Therefore a 'light touch' top-down approach is recommended. Programme authorities have a key role in adding value to project applications by engaging with applicants and bringing different projects together. Many programme authorities are already doing this, but some take it one stage further. For example, for the North Sea Programme and the North West Europe Programme, the authorities identify a strategic work package and make additional budget resources available for project partnerships that address the same themes (clustering projects). These partnerships work together to implement the work package. Such an approach allows project ideas to be developed by local authorities but is supplemented with input and expertise in order to generate projects that make a strategic contribution. This is an example of best practice.

In the CS areas, examples of good practices in governance usually comprise local initiatives (locally driven) in new Member States as well as some more advanced structures and governance solutions in old Member States. They include the following features in particular.

- A multi-level governance approach is considered positive. ENPI thematic calls are developed in co-operation and negotiated with the grassroots-level regional councils who are considered as key actors. This facilitates a strong level in co-ordinating bottom-up initiatives and 'channelling down' higher-level regulation.
- Inter-communal partnerships, to implement larger infrastructural projects or co-ordinate long-term co-operation within the same set of partners (communes).
- Civil society fora can provide a platform for discussion, exchange and building common knowledge and finding (future) partners. They are also considered useful instruments in the process of elaborating programme strategies
- The availability of seed money or preparatory funds as, for example, in the Northern Periphery Programme, means that projects can benefit from increased guidance in the development stage whilst at the same time programme bodies can shape projects according to the overall strategic needs of the programme area (see Tables A7 and A8).

Many territorial co-operation programmes are essentially 'hollow programmes', and they need to find new partners for policy delivery, as direct policy implementation is prevented by organisational and legal limitations (Perkmann, 1999: 664). There is an apparent tension between a programme's aim to establish a broad partnership and the increasing desire to achieve strategic impact. A strategic impact can often come at a cost of narrowing partnerships to those that are most likely to achieve these goals (e.g. those with the capacity to deliver strategic goals). In other words, there is a trade-off between thematic focus and establishing broad partnerships. One way to address this issue is to develop broad themes that are able to attract a diverse range of partners, but to develop clear priorities within those themes that are able to give the programme a strategic focus.

Most territorial co-operation efforts aim to form broad and inclusive partnerships that include partners from the public sector (national, regional and local) as well as broader society such as universities, NGOs, civil society, business community representatives and the private sector. Such partnerships bring certain opportunities and challenges. On the one hand, they lead to innovative project ideas, cross-fertilisation, knowledge exchange, project diversification in programmes and higher levels of publicity/public awareness. On the other hand, they present challenges in terms of institutional incompatibility between partners, lack of thematic/strategic focus, management difficulties and the investment of time required to establish such broad partnerships.

INTERREG programmes, as well as other forms of territorial co-operation, are increasingly eager to attract private enterprise as beneficiaries. In the new programme period, there is likely to be an emphasis on instruments that aim to lever private-partner investment such as financial engineering instruments (Michie and Wishlade, 2011: 5). One of the benefits of private enterprise involvement in TC is that it ensures a greater socio-economic impact by focusing on end products and services.

Although there are several external hurdles that in many cases prevent, or at least make it less attractive for, private enterprises from becoming partners in TC, there are several actions that programme bodies can take to facilitate their involvement:

- Manuals and guidelines in terms of State aid and public procurement rules can be developed that make it clear when private enterprise involvement is possible.
- Private enterprise should become more involved in the early stages of programme development when the programme's strategy and priorities are determined. This ensures that these priorities are more attuned to the needs of private partners.
- Certain project-generation processes are better able to attract private partners. For example, pre-selection procedures require less effort in the initial stages of an application and lead to higher rates of success in the second phase. This significantly reduces the risk for private partners in committing resources to a lengthy and costly project application. Additionally, special funds for 'small' project initiatives, or which are dedicated to SME involvement, are appealing for private enterprises, particularly when the administrative burden associated with INTERREG is reduced for such funds according to proportionality.
- The type of actors that a programme wishes to involve is dependent on the goals and themes of that programme. However, there are several ways in which territorial co-operation programmes can ensure that they attract the appropriate beneficiaries:
    - First, a programme must consider the involvement of partners in the different stages of the programme development. It is advisable for envisaged potential final beneficiaries to be involved at an early stage when the programme's strategic goals are being developed to ensure that their priorities and strategies are concurrent with that of the programme. Thus, if local government, NGOs or the private sector are envisaged as partners in the programme implementation stage, their involvement in the strategic planning of the programme ensures 'buy-in' of end-beneficiaries and increases the relevance of programme objectives.
    - Second, the range of project generation procedures can attract different beneficiaries. Some project generation helps 'smaller' actors to become active in territorial co-operation. For example, a pre-selection procedure reduces the risks of – and minimises the resources necessary for – a project application, and dedicated 'special funds' engage a particular group of beneficiaries. Seed funds also give organisations the opportunity to develop high-quality project applications that they would not be able to develop under a generic open-call system. However, open-call systems, strategic/thematic-call systems, seed projects, shortlist projects or special funds arrangements all have both positive and negative implications in terms of the governance framework of TC. Furthermore, they also have implications in terms of administrative efficiency, visibility, transparency and equity, as well as for the strategic orientation of a programme (see Annex Table A7).
    - Third, a programme's institutional framework is a significant factor in how territorial co-operation is operationalised. In particular, the role of the secretariat and the existence of regional or national contact points have an impact on the ability of a programme to attract different types of beneficiaries. Due to the complexities of territorial co-operation, particularly INTERREG, it is sometimes perceived as inaccessible, and only those that have insider status are able to form acceptable applications. Pro-active contact points and secretariats improve this perception and provide support for 'newcomers'.

There is an increasing focus on the **ability of TC programmes to create synergies** in order to ensure the impact of operations (Interact, 2010: 3). In fact, some observers argue that the key purpose of TC is to create synergies (Doucet, 2006: 1481). The new draft regulation for TC[25] proposes closer links between INTERREG and mainstream funding resources (such as ESF, ERDF, FP7

[25] CEC (2011) Draft regulation on European territorial co-operation 2011/0273.

and EEPR). Considering the relatively small budget that many TC programmes have, it is difficult to achieve impact, and therefore a link to programmes with greater budgets would be beneficial for achieving synergies. However, how such links would work in practice remains unclear. One possibility is for INTERREG programmes to pilot new innovative projects on a small scale, which, if successful, would be 'upscaled' in mainstream programmes that have more resources, with INTERREG programme secretariats facilitating the beneficiaries' application process. Furthermore, in the application process for TC projects, more attention should be given to the future mainstreaming of projects. This would increase the impact of TC efforts and help to create more sustainable partnerships.

New forms of TC such as EGTCs and macro-regional strategies also present an opportunity for increasing synergies across territorial space. Macro-regional strategies encompass territories that include multiple TC programmes and activities. They are all required and expected to contribute to the strategy, ensuring greater impact and synergies. However, macro-regional strategies as a tool are not supported by additional resources, institutions and legislation from the EU level. Therefore, their impact is limited and not all Member States value the concept of macro-regional strategies. The recent Commission proposal on the future organisation of TC funding intends to change this, as it foresees that 'transnational co-operation can also support the development and implementation of macro-regional strategies and sea basin programmes'.[26] Nevertheless, there are key questions in relation to the delimitation of the areas to be covered by a macro-regional strategy.[27]

EGTCs also provide an impetus for synergies. EGTCs formalise relations between different levels of government across borders, and such structures are particularly valuable in relation to achieving synergies on different scales. An EGTC provides a legal framework for the organisation of multi-level governance structures. However, as of yet, only one EGTC has been set up as a Managing Authority for an INTERREG programme (Greater Region), and only a few EGTCs include representatives from several levels of public authorities. The initiating, mobilising and driving forces identified in the in-depth case studies are convergent and rely on political will at different levels. They are also closely linked to the opportunity structures in the EU framework: evolution towards a common legal background and funds, and no internal border.

Considerable divergence between the EGTCs can also be noted. Some place themselves within a European macro-regional strategy, whereas others are more locally oriented and/or link to the functional needs of a territory (the majority, at this point). Partnerships are very diverse, from an exhaustive MLG (from State to local level, on both sides of the border) to limited local member partnerships or MLG without the local level. Diversity is also present in the way the co-operation is driven, from local to national, or an interaction of both. The motivation for further formalisation of TC efforts through an EGTC is also varied, as some attempt to reduce MLG mismatches in relation to TC and others focus more on the implementation of a specific TC programme. However, in terms of motivation for formalisation, all EGTCs converge on the visibility aspect of the co-operation territory, mainly towards EU and national level. The joint structures that are being implemented are also of a very diverse nature, some having truly joint structures whereas others – the majority – do not. Nevertheless, a further convergent point is that no delegation of competences from the domestic public bodies to an EGTC could be identified that would make an EGTC a type of supra-structure. Those diversity and convergence trends can be considered as positive. They show some permanent and shared added-value of EGTC (convergence), and it proves that EGTC is suitable for a large variety of territorial co-operation (diversity). The current revision of the regulation, which is addressing several loopholes in the original regulation, will also contribute to the better implementation of EGTC.

[26] CEC (2011)/611, explanatory memorandum, p.6.
[27] See ESPON SIESTA project, which should shed light on this issue.

4 Future policy options for European Territorial Co-operation

Policy options are presented below, both in general form, following the sequence of TERCO objectives, and in TC-specific form, related to the five TC types investigated in greater detail, i.e. twinning city co-operation, INTERREG A, B and C, and Transcontinental co-operation.

Impact of TC on socio-economic development

The TERCO results indicate that the main contribution of EU-supported TC to cohesion and socio-economic development lies in **institutional capacity-building**, the **professionalisation of staff**, the **circulation of innovative management ideas** and **strategies,** and **education**. Those elements are vital for development and territorial integration because they facilitate various flows (of people, goods, and capital such as FDI) which otherwise would not cross the borders. Hence, TC indirectly but significantly contributes to development. However, these elements require long-term processes, and therefore **stability of funding for European Territorial Co-operation activities should be assured to exploit its benefits**.

A promising impact of TC on socio-economic development would be via **territorial integration**. However, the latter is still quite a rare phenomenon as a result of TC. **In order to achieve more territorial integration via TC, it seems that the issue-based approach to TC and good governance practices need to be implemented** (discussed below). The former would focus the TC on particular problems to be solved on both sides of the border by means of co-operation, while the latter would provide solutions to implement that co-operation effectively.

Geographical areas of territorial co-operation

There is no immediate need for geographical expansion of TC programmes, because the current geographical configuration gives TC activities a distinct spatial focus. Various types of TC complement each other quite well and also correspond to types of grassroots co-operation (such as twinning cities). However, TC efforts would benefit from increased inter-programme co-operation where programmes would not only engage in knowledge-exchange activities but would also work together on common themes and problems as well as combine resources and budgets. This would allow for a greater involvement of partners from outside a specific programme area if they would strengthen existing partnerships. However, such outside-partner involvement should only be sought when expertise cannot be found within a programme area.

If, however, new areas of co-operation are considered within ETC, there is potential for extension within Transnational and Transcontinental Co-operation. In the case of transnational co-operation, the eligible area can be extended to involve regions that are currently assigned to one macro-region, but where the co-operation within this region (e.g. via twinning cities) extends beyond that region. Grassroots co-operation would be strengthened if such regions became eligible for financing within at least two INTERREG B programmes. Regions with such potential include: the central and north-west regions of Germany, eastern regions of the Netherlands, regions of the Massif Central in France, the Romanian North-East region and Iceland (see Map 13). In the case of transcontinental co-operation, there is interest and potential to expand areas of co-operation on both sides, especially in the fields of migration, health and social affairs. However, involving new areas in such co-operation requires the development of a special model of co-operation assuring predictability, transparency and sustainability, because this type of TC is the most sensitive to economic turbulences (crises and booms).

Decisions on eligible areas for TC programmes should depend on the boundaries of the issues/problems they aim to resolve rather than on arbitrary distance or the administrative boundaries of the regions. This is especially true for INTERREG A, where interviewees were constrained from including the partners they wanted due to limits imposed by area eligibility rules. In transcontinental co-operation, the eligibility of EU areas does not need to be delimited based on NUTS regions but instead on the boundaries of the problems.

Thematic areas (domains vs. issues) for territorial co-operation

Rethinking the issues addressed by TC would be beneficial. The current proposal from the Commission (March 2012, CEC 2011d/final 2) as well as the previous one (October 2011) aims to concentrate ERDF funds (including those for TC) in four priorities. The objective of concentrating funds is generally supported. However, the requirement to choose four specific 'thematic fields' for cross-border co-operation, as well as for transnational co-operation, has encountered resistance. This could be counter-productive as it does not always fit with the local needs, and hence there may be a lack of political will among the main stakeholders to support them. For example, the importance of the cultural domain was underlined by a high number of actors involved in TC. It was also part of the priorities of Territorial Agenda 2020. Nevertheless, in the current Commission proposal for territorial co-operation, this theme seems to have been left out (see CEC 2011d/final 1 and 2).

In addition, the list of common indicators for the European Territorial Co-operation goal referred to in Article 5 of the new Commission proposal (CEC 2011d/final 2, Annex: 33) will restrict the potential field of co-operation issues. Furthermore, in this context the theme of culture seems to have a lower priority and is only referred to under the 'social infrastructure' heading as 'cultural heritage'. Surprisingly, those indicators do not promote territorial integration as such, as only four of them (out of 54) mention a cross-border or interregional perspective. **The solution could be to specify a list of priority issues that TC should address, but the choice of domains to tackle those issues should remain open.** That would be in line with an issue-based approach.

If the issue-based approach is adopted for TC then policy-makers could consider 'Territorial Keys' (proposed by Böhme, Doucet *et al.*, 2011) **as possible thematic issues that TC could tackle**. Note that these do not exclude infrastructure or cultural domains – so a broad list of domains could remain, while the number of issues could be narrowed to the following five:

Accessibility: large-scale investments in road and rail infrastructure are in many cases unlikely to materialise. However, accessibility in terms of improved **border-crossing facilities** and **access roads**, the development of **broadband communications** and targeted support to **new modes of public transport** via internet and phone services could be of great local benefit.

Services of general economic interest: new markets in social and public services such as **health, education, elderly care, child care, vocational training, and cultural activities** could be developed through targeted support according to the specific needs of the localities involved.

Territorial capacities/endowments/assets: this could involve programmes that directly **facilitate institutional learning** and **capacity-building,** since large heterogeneity among competencies of local actors does not allow common issues to be tackled effectively. Besides, further developing local assets, such as tourism potential, through greater management skills would also be beneficial.

Urban networking: in developing territorial capacities, results-oriented support programmes that create incentives for and routinise inter-local co-operation between different actor groups (**including business and non-institutional actors**) should be devised. To the extent that specific milieu can be identified that hold promise for job creation, bottom-up mechanisms of project development among different firms and organisations should be facilitated by EU, national and regional policies.

Functional regions: concentrated efforts at the national and local levels are needed to combine more top-down nationally-defined priorities with the flexible bottom-up definition of strategic actions in order to produce **'tailor-made' regional policies** based on existing and potential functional relationships.

Consequently, infrastructure investments funded by TC programmes should not be a specific goal, but instead they should facilitate non-infrastructural investment targets such as advancing human capital, socio-economic capacity-building, and community development. In this respect, TC should **focus on innovative, small-scale pilot projects, ETC project dedicated**

to feasibility studies with the aim of supporting the scaling-up of successful pilot projects for financing under other EU funding streams and European Investment Bank that have larger budgets, as well as through domestic funding.

The interest in infrastructural projects (physical and social infrastructure) varies among different groups of countries – old Member States prefer the latter while new Member States prefer the former. However, **investments in ITC and other forms of communication** would benefit all.

Key determinants of success in territorial co-operation

From the experience of beneficiaries (at the project level), the probability of success of territorial co-operation (measured by socio-economic development) is highest when TC is initiated by NGOs, local or regional government, funding comes from own or EU sources, co-operation is based on simple forms of collaboration, and it relates to culture, economy, tourism, natural environment or physical infrastructure. Hence, **strengthening the wider participation of actors in TC, assuring availability and sustainability of TC funding, allowing different forms of co-operation at different stages of co-operation (from easy to more advanced), and providing a wide range of domains for TC (within a restricted range of issues) would be appropriate actions to generate more effective ETC policy**.

Governance structures and good practice in territorial co-operation

New TC support structures could promote collaborative forms of policy formulation and delivery. The evidence from the case studies shows that there is no ideal, generic framework for TC. However, it should be based on broad partnerships involving the State, the private sector and foundations as well as civil society at large. This is particularly important in more peripheral regions with limited prospects for short-term returns on social investment and where multiple support mechanisms are needed to nurture entrepreneurial activity.

Co-operation of sustainable partnerships, **rather than mere projects, should be a target of multi-annual support.** One possible strategy would be to develop international networks between public, private and non-profit sector actors that provide assistance to emerging and future private and social entrepreneurs though a variety of means, including: support in project development, securing grants (including the provision of guarantees), assistance in the acquisition and provision of loans and investment capital, and training, advisory, logistical and informational support. At the same time, such support would not only reduce one-sided grant dependency but also establish greater rapport between CSOs and local governments.

Continuity and consistency of co-operation in TC must be supported as key factors of its efficiency. The promotion and financing of concrete problem-oriented, longer-term and high-budget projects are one possible solution, i.e. those that can cover both the joint conceptual development of solutions and their pilots, including actual investments (capitalisation). This can also be achieved by **making businesses interested in the projects** and obtaining the financial **support of the private sector** for the implementation phase. The utilisation of innovative financial engineering instruments provides an opportunity for permanency of TC activities. Other means to achieve continuity include establishing a stronger link between TC programme priorities and regional/local development strategies, by financing networks continuously, and by providing opportunities for exchanges between and among on-going projects and potential actors. In any case, projects must come from place-based initiatives to have a lasting impact.

A change in focus within TC opportunity structures is needed in which civil society networks and local-regional co-operation are prioritised and eligible for more generous and specifically targeted support. It is evident that the major drawback to EU-funded programmes is their increasing complexity, despite all official attempts and pronouncements to the contrary. Major efforts could be undertaken to develop new, **user-friendly delivery mechanisms**.

In this light, it is important to take into account the different phases in which not only programmes but also partnerships and partners are situated (as indicated in

Table 6); different governance structures and measurements of success apply to these phases. In practice, this means that increased flexibility in terms of operationalisation and implementation is required in the early phases, which can be further formalised in later phases. However, an element of flexibility remains important especially to avoid TC activities operating within a closed group of actors. This reflects studies that find that a combination of governance dimensions is often necessary for success, for example in terms of bottom-up vs. top-down, centralised vs. locally driven, institutionalised vs. loosely organised, and regulated vs. flexible options.

The current **development of the EGTC regulation** is also providing some opportunities for a user-friendly delivery mechanism. Several positive steps have been taken to further develop EGTC provisions and to address some of the loopholes and issues identified above. A process of evaluation towards a revision of the regulation has been on-going since 2011, and it now seems to be coming to its end, to the satisfaction of all actors consulted. Some major aspects deal with the inclusion of non-EU Member States, the scope for bilateral EGTCs, and clarifications of status and staff. Nevertheless, the difficulty relating to specific national provisions remains an issue.

The Committee of the Regions (CoR) urges that the revised regulation should be adopted as soon as possible, and it has just published its opinion on the proposal (CoR, 2012/C113/06). Furthermore, the last version of the Commission proposal on TC (CEC 2011d/final 2) favours the use of the EGTC as a Managing Authority for the next programming period, even though it does not make the creation of an EGTC an eligibility prerequisite for TC projects and programmes. This is an important point, as the EGTC should not be considered as the only possible instrument for achieving productive, organised and stable territorial co-operation. The fact that Northern countries, which have a long and well-established history of active TC, have not used this instrument at all demonstrates that once again that there should be no constraint on the type of organisation required for TC governance, but instead flexibility to select the best instrument in relation to the objective and the level of maturation of the TC, as well as the general governance framework. In the light of current developments, it seems that this instrument will be particularly useful in TC with new Member States, and non-EU Member States, which have no stable existing TC structure and are willing to use this European facility. In this sense, it is also positive that this European tool can be used for all types of TC, including TC not funded by the EU.

All actors consulted during the revision process (COM 2011/462/ final), as well as the majority of interviewees from the TERCO EGTC case studies, insisted that the EGTC tool is extremely useful when implemented. It can provide security, stability and visibility for territorial co-operation groupings. It also provides a structure for sub-national authorities from different countries, including non-EU Member States, to cooperate within an EU legal framework, and it reduces multi-level mismatches. This instrument can be adapted to a variety of contexts, and it provides a solution to overcome real constraints in the operationalisation of TC, particularly in relation to several domains of interest outside the field of competence of actors involved in cross-border co-operation. In short, the implementation of an EGTC can provide a structure in which all the competent authorities can be organised. Such a development would be an evolution of the subsidiarity principle and provide a concrete basis for its implementation.

Policy recommendations by TC types

Networking of twinning cities takes place mostly among cities from neighbouring regions, so its range is restricted by distance. In order to make this network expand geographically, policy support would be needed to overcome the distance barrier. The study shows that a network of cities is able to generate territorial integration and this forms a precondition for more complex co-operation. However, not every twinning city has enough substance (e.g. some generate no development of territorial integration or comprise only façade co-operation – see MR, Ch. 2.5.1 on integration).

In the case of **INTERREG A,** possible benefits would result from delimitating eligible areas based on the issues/problems they aim to resolve, rather than on arbitrary distance or the administrative boundaries of regions. There is a need for an INTERREG A strand programme between coastal regions in Norway and the east coast of Scotland – due to the distance between the two areas, such

a programme is currently not permitted. A cross-border programme in INTERREG A fashion could also be launched for transcontinental co-operation with North Africa, and South and North America. In order to overcome physical barriers, those TC programmes could take steps to develop ICT, drawing on their partner databases, and make seed money available to allow partnerships to develop the preparatory stage of a project (see CS on UK-NO-SE).

In the case of **INTERREG B**, possible benefits would result from extending the eligibility criteria so that regions such as the central and north-west regions of Germany, eastern regions of the Netherlands, regions of the Massif Central in France, the Romanian North-East region and Iceland could belong to more than one INTERREG B programme. The existing established links are most likely to benefit from such flexibility. In addition, the Carpathian region could be supported as a single ecosystem rather than as a combination of various sub-regions (see CS on PL-SK-UA).

INTERREG C contributes least to territorial integration, so re-thinking may be required regarding the most appropriate issues to be tackled, networks of partners, and means of targeting within this particular co-operation type.

Transcontinental co-operation should expand through: (i) a top-down approach to the co-ordination of activities, a more rigorous evaluation of programmes, stable financing that includes clear commitment from the EU to multi-annual programmes and budgeting, and matching funds among partners (see case study on Spain-Morocco); (ii) improvement of information diffusion for more complementary actions by public and private organisations and agents towards new areas of co-operation (see case study on Spain-Argentina); and (iii) the interests of Latin America and North Africa in establishing multi-regional territorial co-operation, i.e. linking several regions in Latin American or North African countries with various regions/countries in Europe.

5 Issues for further analytical research

Using TERCO data and methods for further research

Based on TERCO data and methods, further research could: (i) use the quantitative database of twinning cities and carry out detailed qualitative analyses in order to investigate how much substance is behind that co-operation and what the historical reasons were for establishing the co-operation in particular cases (spontaneous vs. politically driven); (ii) use advanced internet queries as a method of collecting data for which no other directories exist, and especially to collect data on the co-operation of city networks; (iii) use the external/internal conditions behind co-operation as a key tool in the manner of a SWOT analysis to develop a more strategic vision of territorial development through TC and the delimitation of future TC initiatives; and (iv) analyse themes of territorial co-operation focusing on issues rather than domains.

Article 21 of ERDF Regulation1080/2006

No respondent in the case studies specifically mentioned Article 21 of the ERDF, but there were requests for increased flexibility in relation to including external partners. In the context of the North Sea Programme, it was mentioned that Edinburgh falls within the programme area but Glasgow does not. Yet both cities are close and share services. The inclusion of partners from Glasgow or holding meetings in Glasgow was considered cumbersome. It is important to mention that Article 21 does not refer directly in its text to the ENPI. Nevertheless, because of the ENPI CBC´s external-border nature, the eligibility of regions from non-EU partner countries is built into its framework. Also, the Regulation on the ENPI includes similar flexibilities in eligibility, and since the cross-border co-operation element of ENPI is partially financed from the ERDF, the rules of eligibility need to be more or less compatible. The actors interviewed in Finland were generally aware of the fact that partners from outside the actual programme areas can also be included, i.e. those which lie further away from the Finnish-Russian border in both countries, though with less favourable conditions of funding (i.e. a higher percentage of own contribution required). This flexibility is allowed in case the participation of

these 'external' actors in the given project is necessary for the success of implementation and for achieving the project's co-operation goals. This possibility was seen as a positive feature of the CBC programmes within the ENPI. Accordingly, it would be interesting to investigate in detail whether this article has been applied effectively.

Analysing all groups of actors involved in TC

The case studies have shown that there is a great diversity of actors involved in TC, such as businesses, civil organisations, migrants, visitors, etc., and they have their own specific 'borderlands' – they are linked in different, partly separate and partly interconnected networks. Consequently, regional in-depth analyses of these co-operation networks (e.g. via network analysis) could provide valuable information about who/where the nodes of collaboration are. Special attention should be given to networks of NGOs, through which the EU may participate in the internal development of neighbouring countries.

Effective ways of working with external partners

In many case studies, actors have experience of working together with external EU partners, quite often from other continents. The contribution of these external partners is often highly valued, because it establishes good neighbourhood relations, provides a certain level of expertise, or helps to address common challenges. Further research should focus on how such external relations can be initiated, managed and implemented most effectively. Such research should particularly take into account the new TC instruments such as macro-regional strategies and the European Grouping of Territorial Co-operation (EGTC) and their implications/relations for external partner participation.

How to create lasting and sustainable partnerships?

There is an important learning curve; longevity of programmes and maturity of partnership are regarded as important framework conditions for effective and successful TC. Therefore, the Commission should continue to support existing TC arrangements to ensure that such partnerships are not lost. A promising field of research is to focus on how existing partnerships can continue to work effectively and successfully whilst becoming reliant on external resources. In other words: how can TC partnerships become more sustainable in the long run?

Private-sector inclusion

Many TC programmes and actors involved in TC would like to see increased involvement of the private sector in TC initiatives, as it has the potential to make a valuable contribution to TC activities. However, private-sector engagement has in many cases proved difficult. Future research could look for ways in which this sector can be further involved in TC.

The contribution of macro-regional strategies to territorial co-operation

Macro-regional strategies are a new concept in terms of the organisation of TC between EU Member States and non-EU Member States. Currently, there is a lack of understanding of what the macro-regional strategy entails in the EU context, let alone what it contributes to TC, and how it supplements existing TC arrangements (INTERREG). Considering the enthusiasm in the Commission and amongst some Member States for macro-regional strategies, but also at the same time noting the scepticism amongst others, further research is warranted into the circumstances under which macro-regional strategies can add value and how they can be most effectively implemented.

Systematic assessment of TC's impact on various socio-economic flows

The research attempted to analyse the impact of TC on flows such as FDI, migration and trade, but there is a lack of data on those flows. Accordingly, future analyses could be more focused on systematic, EU-wide monitoring and collection of data on cross-border flows.

Analyses of experience of the European Grouping for Territorial Co-operation

EGTCs are an important field for further research. Based on existing EGTC experience, research on the membership, the participation of civil society, strategy building, and mechanisms for managing

and overcoming tensions have already proved to be fruitful fields for analysis. However, with the revision of the relevant regulations and a new drive from the Commission proposal (CEC 2011d/final 2) to use the EGTCs as Managing Authorities for Cohesion Policy funds, the relevance and importance of the EGTC is increasing and is thus a more significant issue for research into governance structures in the EU. There are four main areas of research that can build on the work of TERCO: EGTCs as Managing Authorities for Cohesion Policy programmes; bilateral EGTCs between EU Member States and non-Member States; the 'network' EGTC (no geographic proximity); and mechanisms to involve civil society.

Synergies between domestic regional and national programmes vs. TC programmes

The evidence presented in the TERCO project demonstrates that many TC actors are considering how synergies between domestic regional and national programmes and TC programmes can be achieved and which conditions best facilitate these linkages. Future research could provide insights into the most appropriate mechanisms for achieving synergies, taking into account that synergies often run in both directions. On the one hand, successful projects initiated in TC programmes can be 'upscaled' in domestic programmes, which often have greater resources. On the other hand, through TC programmes, successes in domestic programmes can be exchanged with other partners. A potentially rewarding avenue for research would be to focus on the extent to which representatives of TC programmes attend meetings of domestic programmes and vice versa, and what the benefits of such 'governance crossovers' are. On a more technical level, research could focus on how project application procedures can 'force' partnerships to consider future funding streams for upscaling before TC projects are approved, in order to raise awareness of the importance of synergies and continuity of TC activities.

Annex to Main Report

Table A1: Research, Policy and TERCO-specific questions

Note: Read this table also with description of the logic of the TERCO research in ScR, Part I, Ch.1

	Research Questions (Project Specification)	**Policy Questions** (Project Specification)	**TERCO Questions** (Project Proposal)
Impact of TC on socio-economic development			T1.1 Which types/**determinants of TC** proved most relevant to boost economic growth, create new jobs, or improve the quality of life? (See Section 2.1) T1.2 Which type of **TC brings the highest value added**? In other words, without which TC type would certain goals not have been achieved at all or to the same scale, time, or quality? (See Section 2.5) T1.3 What factors explain the general and specific **interrelationships between TC and regional development** (e.g., location, level and structure of development, governance system and performance and types of TC in which they are active)? (See Section 2.4)

Geographical areas of TC	RQ1.1 **What European regions** are from a scientific view most **appropriate for territorial co-operation** a) transnationally, b) interregionally, c) across borders, and why (taking into account that co-operation requires equity in opportunities)? (See Section 3.1) RQ1.2 Where would a **joint performance** of regions across different territories and/or across internal/external and/or maritime borders **facilitate increasing the combined competitiveness** by performing together? Could such co-operation arrangements also contribute to more European cohesion and to better European competitiveness in the world? (See Section 3.1.3) RQ1.3 How could **physical barriers** like maritime borders be overcome to enable co-operation? (See Section 3.2)	PQ1. Are existing territorial **co-operation areas still adequate** to meet current challenges of territorial development (e.g. global competitiveness, cohesion, climate change, demographic change), and if not, why is that so? (See Section 3.1.1) PQ2. What could be more meaningful **new co-operation areas** throughout Europe on transnational, interregional as well as cross-border (internal and external) level? (See Section 3.1.2) PQ3. Is it possible to facilitate more European strategies such as the Baltic Sea Strategy by means of territorial co-operation and cohesion? (See Section 3.1) PQ4. What would be the right scale for territorial co-operation? Which themes are appropriately dealt with in territorial co-operation and on which scale? (See Section 3.2.1)	T2.1 To what extent do existing types of TC address the **real needs and challenges of the cooperating units**? (See Sections 3.1, 3.2) T2.2 What is needed to assure that **territorial co-operation better addresses the needs** of cooperating units? (See Sections 3.1, 3.2) T2.3 **Which areas of co-operation are desirable**, but underdeveloped within currently supported programs? (See Sections 3.1, 3.2) T3.2 Which **types and domains** of TC have the highest potential for co-operation in terms of developing and implementing shared strategies and contributing to territorial integration? (See Section 3.2)
Thematic domains of TC	RQ2.1 Which **domains are most appropriately addressed** in the identified territorial co-operation areas? (See Section 3.2) RQ2.2 For which **domains synergies can be created** and/or better exploited? What are the benefits for the EU as a whole, deriving from such synergies? (See Section 3.2.1) RQ2.3 Should **infrastructure investments** play a role in this respect (in old and/or new EU Member States)? (See Section 3.2.2)	PQ5. Should co-operation programmes include **infrastructure investments**? (See Section 3.2.2) PQ6. What kind **of infrastructure is needed** where to enable fruitful co-operation arrangements? (See Section 3.2.2) PQ7. Is a different approach required in this respect regarding **old and new EU Member States**? (See Section 3.2.2)	T3.3 What is the relationship between the different territorial TCs and their **intensity, scope and domains**? (See Section 3.2.1) T3.4 What, if any, are the differences in **successful co-operation** with regards to New Member States vs Old Member States, supporting hard investments (e.g. infrastructure) vs soft measures (e.g. cultural exchange)? (See Section 3.2)

Territorial structures for TC and specific border situations	RQ3.1 What territorial structures (e.g. river and maritime basins, Euro-corridors, urban areas) and typologies can be recognised as suitable areas for co-operation and which strengths, weaknesses, potentials and challenges do they share? (See Section 3.3) RQ3.2 What are the specific development opportunities along external EU land and maritime borders (incl. demographic development, accessibility, SMESTOs, etc.) that could provide a strategic basis for co-operation arrangements? In this respect, the EU's Western external borders should be looked at, too, due to the existing strong functional ties with North and Latin America. (See Section 3.3)		

Driving forces and determinants of TC	RQ4.1 What are the **driving forces behind** and the **determinants** of co-operation? (See Section 3.4) RQ4.2 What kind of **investments might be needed** to facilitate territorial co-operation? (See Section 3.4) RQ4.3 Which **legal instruments** and **governance structures** are in place in different co-operation areas? Are specific legal instruments and governance structures more appropriate for territorial co-operation than others? (See Section 3.5) RQ4.4 What roles do **institutional framework** conditions like national laws, regulations, etc. play in co-operation? How can potential institutional difficulties be overcome? (See Section 3.5) RQ4.5 Can 'models of co-operation' be derived that **work in practice**? (See Section 3.5.1)		T3.1 What are the **key determinants of co-operation** that bring development and value added at the same time? (See Section 3.4)

Good governance structures and practices of TC		PQ8. What are **favourable framework conditions and good governance models** (at different scales) for territorial co-operation to be realised and to succeed? (See Section 3.5.1) PQ9. What are existing **governance experiences** (both, positive and negative) in territorial co-operation in Europe and what can be learnt from them? (See Section 3.5.2) PQ10. Can **cases of best practices** be translated to and applied in other (potential) co-operation areas? (See Section 3.5.2)	T4.1 To what extent do **governance structures** and **institutional frameworks** vs routines and day to day practices influence the co-operation at different TC levels? (See Section 3.5) T4.3 How different are **governance structures** (models) in INTERREG programs and other co-operation programs? (See Section 3.5) T4.4 What forms and structures of governance of TC constitute **'good practice'**, in terms of their contribution to socio-economic development in different types of territorial situation? (See Section 3.5.2) T4.5 How to **achieve/increase synergies** between different types of TC? (See Section 3.5.2)

Source: Authors' own elaboration.

Table A2: Co-operation programmes/activities mentioned in CS

Cooperation Type/Programme	Country
Frame Programmes, European Parliament Programmes	Germany Greece
Urbact, Eurocities, other cities information networks	Scotland Norway France Sweden
Education cooperation & exchange: Erasmus, Leonardo da Vinci, LifeLong Learning, etc.	Finland Sweden Greece Norway
ESPON	Norway
ICLD (Swedish International Center for Local Democracy) Partnership	Sweden
Norway Grants	Sweden
European Social Fund, Regional Operational Programs	Sweden Spain
Cooperation within Euroregion & Regional Development Agencies	Poland Slovakia Belgium
Municipalities' agreements (other than Twining Cities)	Poland Sweden Slovakia Ukraine Spain
Indirect cooperation projects	Spain
Transboundary Job Informations	France
Baltic Sea States Subregional Co-operation (BSSSC)	Norway
Europe for Citizens	Greece
Intelligent Energy Europe (IEE)	Greece
ENPI	Spain
UNESCO	Norway
NORAD and QA projects	Norway

Source: Based on TERCO case studies.

Table A3: Impact of TC on socio-economic development by type of TC

Domains	Level of impact	Twinning Cities				INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
Economic growth	– minimal	54.0	31.0	33.3	41.0	11.1	8.3	30.4	13.9	34.2	0.0	33.3	31.4	22.2	0.0	25.0	19.4	29.4	33.3	22.2	27.6
	little	32.0	21.4	33.3	28.7	27.0	16.7	13.0	21.3	34.2	25.0	22.2	31.4	40.7	60.0	25.0	41.7	29.4	33.3	0.0	20.7
	moderate	12.0	31.0	23.3	21.3	41.3	55.6	30.4	43.4	18.4	25.0	33.3	21.6	33.3	20.0	50.0	33.3	29.4	33.3	77.8	44.8
	large	2.0	16.7	6.7	8.2	20.6	19.4	26.1	21.3	13.2	50.0	11.1	15.7	3.7	20.0	0.0	5.6	5.9	0.0	0.0	3.4
	++ very substancial	0.0	0.0	3.3	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.9	0.0	0.0	3.4
	% *participation**	56.8	65.6	63.8	61.3	74.1	67.9	74.2	72.2	79.2	80.0	75.0	78.5	71.1	83.3	57.1	70.6	53.1	100.0	47.4	53.7
Job creation	– minimal	65.1	55.3	40.0	55.0	23.8	25.0	20.0	23.3	52.8	33.3	11.1	43.8	46.4	50.0	0.0	40.0	35.3	33.3	14.3	29.6
	little	27.9	18.4	33.3	26.1	36.5	34.4	44.0	37.5	33.3	0.0	44.4	33.3	28.6	50.0	60.0	34.3	23.5	33.3	28.6	25.9
	moderate	4.7	18.4	23.3	14.4	27.0	40.6	24.0	30.0	13.9	33.3	0.0	12.5	21.4	0.0	0.0	17.1	23.5	33.3	57.1	33.3
	large	2.3	5.3	0.0	2.7	12.7	0.0	8.0	8.3	0.0	33.3	44.4	10.4	3.6	0.0	20.0	5.7	17.6	0.0	0.0	11.1
	++ very substancial	0.0	2.6	3.3	1.8	0.0	0.0	4.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	20.0	2.9	0.0	0.0	0.0	0.0
	% *participation**	48.9	59.4	63.8	55.8	74.1	60.4	80.6	71.0	75.0	60.0	75.0	73.8	73.7	33.3	71.4	68.6	53.1	100.0	36.8	50.0
Quality of life	– minimal	27.8	13.2	12.5	18.7	8.1	6.7	4.0	6.8	7.7	0.0	0.0	5.7	13.8	20.0	0.0	13.2	29.4	0.0	11.1	20.7
	little	18.5	11.3	21.9	16.5	14.5	6.7	24.0	13.6	30.8	0.0	22.2	26.4	20.7	20.0	0.0	18.4	11.8	33.3	0.0	10.3
	moderate	42.6	45.3	37.5	42.4	56.5	53.3	32.0	50.8	41.0	60.0	33.3	41.5	41.4	40.0	50.0	42.1	41.2	66.7	66.7	51.7
	large	5.6	24.5	25.0	17.3	17.7	28.9	40.0	25.8	17.9	20.0	44.4	22.6	24.1	0.0	50.0	23.7	17.6	0.0	11.1	13.8
	++ very substancial	5.6	5.7	3.1	5.0	3.2	4.4	0.0	3.0	2.6	20.0	0.0	3.8	0.0	20.0	0.0	2.6	0.0	0.0	11.1	3.4
	% *participation**	61.4	82.8	68.1	69.8	72.9	84.9	80.6	78.1	81.3	100.0	75.0	81.5	76.3	83.3	57.1	74.5	53.1	100.0	47.4	53.7
Quality of natural environment	– minimal	53.5	21.4	27.6	35.1	14.0	17.1	13.0	14.8	24.3	25.0	12.5	22.4	14.8	0.0	33.3	14.3	33.3	33.3	12.5	27.6
	little	16.3	31.0	24.1	23.7	19.3	20.0	21.7	20.0	27.0	25.0	50.0	30.6	18.5	40.0	33.3	22.9	16.7	33.3	12.5	17.2
	moderate	25.6	28.6	27.6	27.2	29.8	34.3	26.1	30.4	24.3	25.0	25.0	24.5	14.8	20.0	0.0	14.3	50.0	33.3	37.5	44.8
	large	4.7	14.3	13.8	10.5	28.1	25.7	39.1	29.6	21.6	0.0	12.5	18.4	48.1	20.0	33.3	42.9	0.0	0.0	37.5	10.3
	++ very substancial	0.0	4.8	6.9	3.5	8.8	2.9	0.0	5.2	2.7	25.0	0.0	4.1	3.7	20.0	0.0	5.7	0.0	0.0	0.0	0.0
	% *participation**	48.9	65.6	61.7	57.3	67.1	66.0	74.2	68.0	77.1	80.0	66.7	75.4	71.1	83.3	42.9	68.6	56.3	100.0	42.1	53.7
Service provision	– minimal	48.9	26.8	18.5	33.6	10.2	22.9	8.0	13.4	24.2	0.0	0.0	18.6	16.0	50.0	0.0	16.7	37.5	33.3	28.6	34.6
	little	26.7	12.2	29.6	22.1	15.3	2.9	20.0	12.6	12.1	0.0	14.3	11.6	16.0	0.0	0.0	13.3	25.0	33.3	28.6	26.9
	moderate	20.0	36.6	25.9	27.4	44.1	37.1	32.0	39.5	39.4	66.7	57.1	44.2	48.0	0.0	66.7	46.7	18.8	33.3	28.6	23.1
	large	4.4	12.2	25.9	12.4	27.1	28.6	36.0	29.4	24.2	0.0	28.6	23.3	20.0	0.0	33.3	20.0	18.8	0.0	14.3	15.4
	++ very substancial	0.0	12.2	0.0	4.4	3.4	8.6	4.0	5.0	0.0	33.3	0.0	2.3	0.0	50.0	0.0	3.3	0.0	0.0	0.0	0.0
	% *participation**	51.1	64.1	57.4	56.8	69.4	66.0	80.6	70.4	68.8	60.0	58.3	66.2	65.8	33.3	42.9	58.8	50.0	100.0	36.8	48.1
Experience in ITCo		44.0	39.5	43.5	42.3	42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration (for details see ScR, Ch. 1).

* % of respondents who answered the question.

Table A4: Impact of Territorial Co-operation on flows and exchanges by type of TC

Flows and exchanges	Level of impact	Twinning Cities				INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
International trade	– minimal	55.0	51.4	44.4	51.0	31.0	39.3	38.1	34.6	59.4	0.0	25.0	51.2	52.9	100.0	33.3	56.5	52.6	0.0	30.0	40.6
	little	20.0	16.2	18.5	18.3	41.4	21.4	28.6	33.6	21.9	0.0	25.0	22.0	35.3	0.0	0.0	26.1	10.5	66.7	10.0	15.6
	moderate	20.0	24.3	18.5	21.2	20.7	21.4	19.0	20.6	18.8	100.0	25.0	22.0	11.8	0.0	66.7	17.4	21.1	33.3	40.0	28.1
	large	5.0	5.4	14.8	7.7	5.2	10.7	14.3	8.4	0.0	0.0	25.0	4.9	0.0	0.0	0.0	0.0	10.5	0.0	10.0	9.4
	++ very substancial	0.0	2.7	3.7	1.9	1.7	7.1	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3	0.0	10.0	6.3
	% *participation**	45.5	57.8	57.4	52.3	68.2	52.8	67.7	63.3	66.7	20.0	66.7	63.1	44.7	50.0	42.9	45.1	59.4	100.0	52.6	59.3
FDI	– minimal	66.7	48.6	44.0	54.1	50.0	37.9	40.0	44.7	78.6	0.0	16.7	63.9	52.9	75.0	33.3	54.2	61.1	0.0	22.2	44.8
	little	22.2	21.6	20.0	21.4	25.9	17.2	25.0	23.3	17.9	0.0	16.7	16.7	35.3	0.0	0.0	25.0	11.1	100.0	22.2	20.7
	moderate	11.1	24.3	28.0	20.4	18.5	34.5	10.0	21.4	3.6	50.0	33.3	11.1	11.8	0.0	33.3	12.5	16.7	0.0	44.4	24.1
	large	0.0	5.4	4.0	3.1	3.7	6.9	20.0	7.8	0.0	50.0	16.7	5.6	0.0	25.0	0.0	4.2	11.1	0.0	11.1	10.3
	++ very substancial	0.0	0.0	4.0	1.0	1.9	3.4	5.0	2.9	0.0	0.0	16.7	2.8	0.0	0.0	33.3	4.2	0.0	0.0	0.0	0.0
	% *participation**	40.9	57.8	53.2	49.2	63.5	54.7	64.5	60.9	58.3	40.0	50.0	55.4	44.7	66.7	42.9	47.1	56.3	66.7	47.4	53.7
Commuting for work	– minimal	61.5	56.3	42.9	54.5	23.6	53.6	16.7	30.7	64.3	0.0	16.7	52.8	47.4	66.7	0.0	45.8	61.1	100.0	37.5	57.1
	little	25.6	28.1	25.0	26.3	27.3	14.3	33.3	24.8	25.0	50.0	33.3	27.8	36.8	33.3	50.0	37.5	11.1	0.0	25.0	14.3
	moderate	10.3	12.5	17.9	13.1	32.7	17.9	38.9	29.7	7.1	50.0	50.0	16.7	5.3	0.0	50.0	8.3	22.2	0.0	12.5	17.9
	large	2.6	0.0	10.7	4.0	12.7	14.3	11.1	12.9	3.6	0.0	0.0	2.8	10.5	0.0	0.0	8.3	5.6	0.0	25.0	10.7
	++ very substancial	0.0	3.1	3.6	2.0	3.6	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	% *participation**	44.3	50.0	59.6	49.7	64.7	52.8	58.1	59.8	58.3	40.0	50.0	55.4	50.0	50.0	28.6	47.1	56.3	66.7	42.1	51.9
Tourism	– minimal	14.0	10.9	8.8	11.5	7.6	7.3	12.5	8.4	20.5	0.0	12.5	17.3	4.5	0.0	25.0	6.5	45.0	0.0	18.2	33.3
	little	26.0	9.1	17.6	17.3	7.6	4.9	16.7	8.4	17.9	0.0	0.0	13.5	45.5	20.0	0.0	35.5	15.0	0.0	18.2	15.2
	moderate	30.0	27.3	41.2	31.7	45.5	19.5	29.2	34.4	48.7	40.0	37.5	46.2	31.8	60.0	25.0	35.5	25.0	0.0	18.2	21.2
	large	22.0	36.4	20.6	27.3	30.3	51.2	33.3	37.4	10.3	20.0	37.5	15.4	18.2	0.0	25.0	16.1	15.0	100.0	36.4	27.3
	++ very substancial	8.0	16.4	11.8	12.2	9.1	17.1	8.3	11.5	2.6	40.0	12.5	7.7	0.0	20.0	25.0	6.5	0.0	0.0	9.1	3.0
	% *participation**	56.8	85.9	72.3	69.8	77.6	77.4	77.4	77.5	81.3	100.0	66.7	80.0	57.9	83.3	57.1	60.8	62.5	66.7	57.9	61.1
Social commuting	– minimal	29.5	17.1	24.2	23.7	24.1	9.1	16.7	18.3	50.0	0.0	0.0	39.5	31.6	75.0	0.0	37.5	63.2	0.0	11.1	43.3
	little	22.7	26.8	9.1	20.3	10.3	18.2	5.6	11.9	30.0	33.3	20.0	28.9	47.4	0.0	0.0	37.5	10.5	50.0	22.2	16.7
	moderate	22.7	26.8	36.4	28.0	43.1	42.4	38.9	42.2	13.3	33.3	60.0	21.1	10.5	0.0	100.0	12.5	21.1	50.0	33.3	26.7
	large	20.5	24.4	21.2	22.0	17.2	21.2	33.3	21.1	6.7	0.0	20.0	7.9	10.5	0.0	0.0	8.3	5.3	0.0	33.3	13.3
	++ very substancial	4.5	4.9	9.1	5.9	5.2	9.1	5.6	6.4	0.0	33.3	0.0	2.6	0.0	25.0	0.0	4.2	0.0	0.0	0.0	0.0
	% *participation**	50.0	64.1	70.2	59.3	68.2	62.3	58.1	64.5	62.5	60.0	41.7	58.5	50.0	66.7	14.3	47.1	59.4	66.7	47.4	55.6
Migration	– minimal	55.3	52.9	38.7	49.5	41.8	69.0	61.5	52.6	80.0	0.0	0.0	64.9	66.7	33.3	33.3	58.3	58.8	50.0	11.1	42.9
	little	26.3	35.3	25.8	29.1	21.8	17.2	7.7	18.6	10.0	50.0	20.0	13.5	16.7	66.7	0.0	20.8	23.5	0.0	33.3	25.0
	moderate	13.2	11.8	12.9	12.6	29.1	6.9	30.8	22.7	3.3	50.0	40.0	10.8	11.1	0.0	33.3	12.5	11.8	50.0	44.4	25.0
	large	2.6	0.0	12.9	4.9	7.3	6.9	0.0	6.2	3.3	0.0	40.0	8.1	5.6	0.0	0.0	4.2	5.9	0.0	11.1	7.1
	++ very substancial	2.6	0.0	9.7	3.9	0.0	0.0	0.0	0.0	3.3	0.0	0.0	2.7	0.0	0.0	33.3	4.2	0.0	0.0	0.0	0.0
	% *participation**	43.2	53.1	66.0	51.8	64.7	54.7	41.9	57.4	62.5	40.0	41.7	56.9	47.4	50.0	42.9	47.1	53.1	66.7	47.4	51.9
Educational exchange	– minimal	21.2	42.9	19.4	26.8	22.8	48.3	33.3	31.8	50.0	0.0	30.0	43.2	25.0	66.7	40.0	32.1	35.0	50.0	8.3	26.5
	little	17.3	28.6	25.0	22.8	21.1	27.6	4.8	19.6	15.6	50.0	10.0	15.9	20.0	33.3	0.0	17.9	5.0	50.0	25.0	14.7
	moderate	30.8	17.1	27.8	26.0	42.1	13.8	38.1	33.6	31.3	50.0	30.0	31.8	45.0	0.0	0.0	32.1	40.0	0.0	41.7	38.2
	large	25.0	5.7	11.1	15.4	12.3	10.3	19.0	13.1	3.1	0.0	30.0	9.1	10.0	0.0	60.0	17.9	15.0	0.0	16.7	14.7
	++ very substancial	5.8	5.7	16.7	8.9	1.8	0.0	4.8	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.0	8.3	5.9
	% *participation**	59.1	54.7	76.6	61.8	67.1	54.7	67.7	63.3	66.7	40.0	83.3	67.7	52.6	50.0	71.4	54.9	62.5	66.7	63.2	63.0
Other	– minimal	50.0	25.0	20.0	27.3	0.0	25.0	100.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	little	0.0	0.0	20.0	9.1	0.0	0.0	0.0	0.0	0.0	0.0	100.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	moderate	0.0	0.0	0.0	0.0	0.0	25.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	large	50.0	25.0	60.0	45.5	0.0	50.0	0.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	++ very substancial	0.0	50.0	0.0	18.2	0.0	0.0	0.0	0.0	100.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	% *participation**	2.3	6.3	10.6	5.5	0.0	7.5	3.2	3.0	2.1	0.0	8.3	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Experience in ITCo		44.0	39.5	43.5	42.3	42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration (for details see ScR, Ch. 1).

* % of respondents who answered the question.

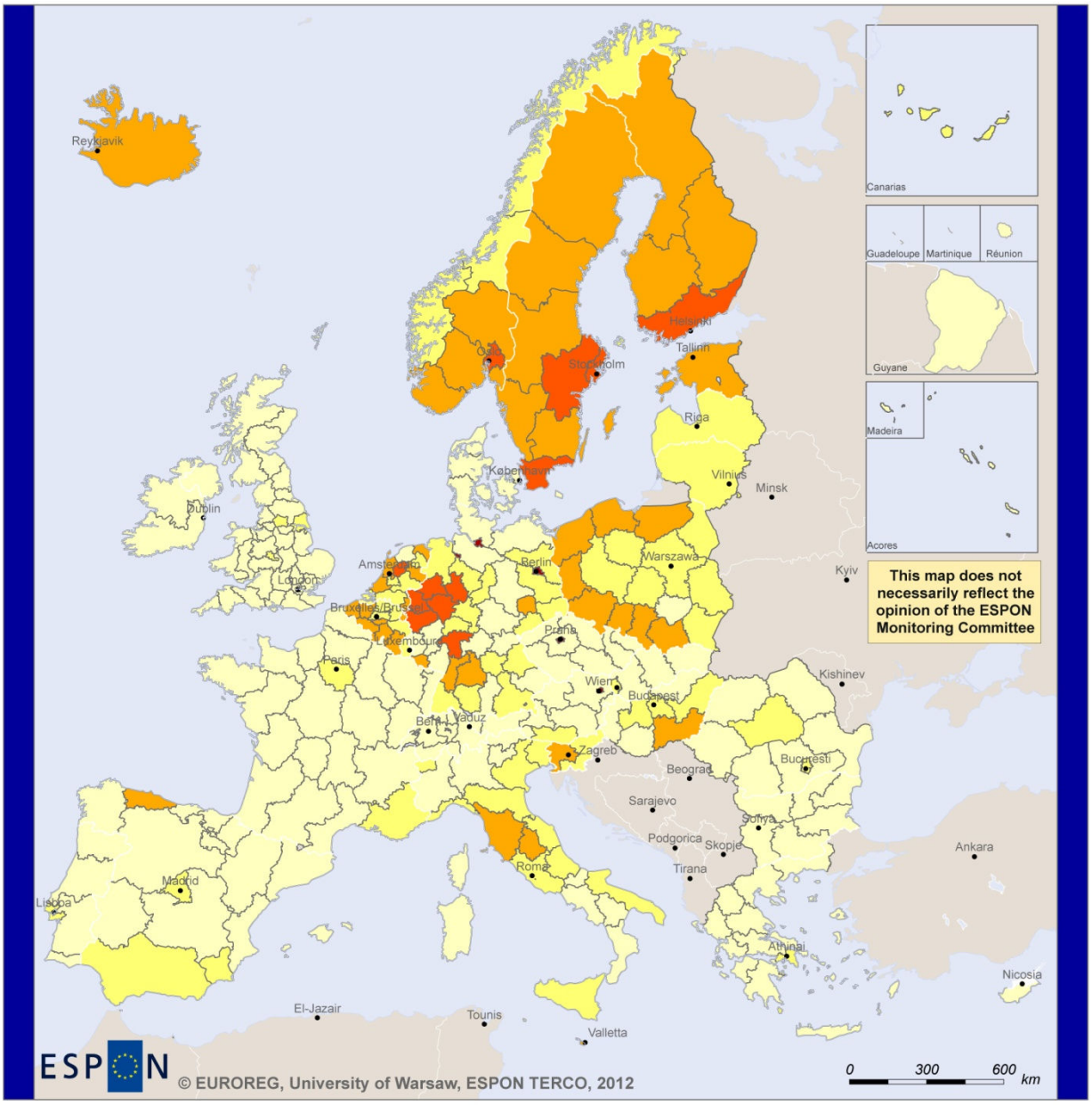
Table A5: Impact of Territorial Co-operation on specific activities by type of TC

Activities	Level of impact	Twinning Cities				INTERREG A				INTERREG B				INTERREG C				Transcontinental			
		Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total	Old MS	New MS	No EU	Total
International networking co-operation among firms	minimal	47.1	42.9	32.1	41.2	21.2	37.0	21.1	25.5	44.4	0.0	28.6	38.9	18.2	50.0	0.0	18.5	40.0	0.0	54.5	42.9
	little	32.4	22.9	25.0	26.8	25.0	14.8	21.1	21.4	7.4	0.0	42.9	13.9	4.5	50.0	66.7	14.8	13.3	0.0	9.1	10.7
	moderate	11.8	20.0	21.4	17.5	26.9	40.7	36.8	32.7	22.2	50.0	14.3	22.2	31.8	0.0	33.3	29.6	33.3	100.0	27.3	35.7
	large	8.8	11.4	21.4	13.4	19.2	3.7	21.1	15.3	14.8	0.0	14.3	13.9	31.8	0.0	0.0	25.9	6.7	0.0	9.1	7.1
	very substancial	0.0	2.9	0.0	1.0	7.7	3.7	0.0	5.1	11.1	50.0	0.0	11.1	13.6	0.0	0.0	11.1	6.7	0.0	0.0	3.6
	% participation*	38.6	54.7	59.6	48.7	61.2	50.9	61.3	58.0	56.3	40.0	58.3	55.4	57.9	33.3	42.9	52.9	46.9	66.7	57.9	51.9
Networking among NGOs	minimal	26.5	27.3	11.8	22.3	24.5	22.2	0.0	19.1	37.9	0.0	14.3	31.6	14.3	25.0	50.0	18.5	18.8	0.0	11.1	14.8
	little	35.3	20.5	11.8	22.3	22.6	19.4	14.3	20.0	6.9	0.0	14.3	7.9	14.3	25.0	0.0	14.8	25.0	0.0	22.2	22.2
	moderate	29.4	29.5	41.2	33.0	22.6	41.7	23.8	29.1	24.1	50.0	42.9	28.9	38.1	50.0	0.0	37.0	12.5	100.0	55.6	33.3
	large	5.9	18.2	20.6	15.2	28.3	13.9	42.9	26.4	24.1	50.0	14.3	23.7	28.6	0.0	0.0	22.2	31.3	0.0	11.1	22.2
	very substancial	2.9	4.5	14.7	7.1	1.9	2.8	19.0	5.5	6.9	0.0	14.3	7.9	4.8	0.0	50.0	7.4	12.5	0.0	0.0	7.4
	% participation*	38.6	68.8	72.3	56.3	62.4	67.9	67.7	65.1	60.4	40.0	58.3	58.5	55.3	66.7	28.6	52.9	50.0	66.7	47.4	50.0
Building mutual trust	minimal	7.0	7.4	5.4	6.8	3.0	2.5	0.0	2.3	8.3	0.0	0.0	6.4	3.7	20.0	0.0	5.7	5.3	0.0	18.2	9.4
	little	8.8	5.6	10.8	8.1	6.1	7.5	8.7	7.0	13.9	0.0	12.5	12.8	18.5	0.0	0.0	14.3	10.5	0.0	9.1	9.4
	moderate	21.1	18.5	27.0	21.6	31.8	22.5	21.7	27.1	33.3	0.0	12.5	27.7	33.3	20.0	0.0	28.6	15.8	0.0	27.3	18.8
	large	43.9	48.1	35.1	43.2	42.4	52.5	39.1	45.0	30.6	33.3	50.0	34.0	37.0	40.0	66.7	40.0	57.9	50.0	36.4	50.0
	very substancial	19.3	20.4	21.6	20.3	16.7	15.0	30.4	18.6	13.9	66.7	25.0	19.1	7.4	20.0	33.3	11.4	10.5	50.0	9.1	12.5
	% participation*	64.8	84.4	78.7	74.4	77.6	75.5	74.2	76.3	75.0	60.0	66.7	72.3	71.1	83.3	42.9	68.6	59.4	66.7	57.9	59.3
Joint project preperation	minimal	17.8	3.6	9.4	9.8	3.1	0.0	0.0	1.6	11.4	0.0	0.0	8.3	0.0	0.0	0.0	0.0	20.0	0.0	9.1	15.2
	little	13.3	10.9	25.0	15.2	7.8	4.8	4.3	6.2	11.4	20.0	12.5	12.5	4.0	20.0	0.0	5.7	20.0	0.0	9.1	15.2
	moderate	33.3	16.4	21.9	23.5	32.8	23.8	21.7	27.9	25.7	0.0	37.5	25.0	44.0	0.0	60.0	40.0	25.0	50.0	27.3	27.3
	large	22.2	43.6	28.1	32.6	40.6	47.6	39.1	42.6	40.0	40.0	25.0	37.5	36.0	60.0	20.0	37.1	25.0	50.0	45.5	33.3
	very substancial	13.3	25.5	15.6	18.9	15.6	23.8	34.8	21.7	11.4	40.0	25.0	16.7	16.0	20.0	20.0	17.1	10.0	0.0	9.1	9.1
	% participation*	51.1	85.9	68.1	66.3	75.3	79.2	74.2	76.3	72.9	100.0	66.7	73.8	65.8	83.3	71.4	68.6	62.5	66.7	57.9	61.1
Joint spatial planning	minimal	59.4	41.9	36.4	47.1	24.5	40.7	17.6	27.8	37.9	0.0	50.0	37.1	26.1	33.3	66.7	31.0	56.3	50.0	37.5	50.0
	little	15.6	22.6	27.3	21.2	22.6	25.9	11.8	21.6	24.1	0.0	25.0	22.9	13.0	33.3	0.0	13.8	12.5	50.0	0.0	11.5
	moderate	25.0	25.8	13.6	22.4	34.0	18.5	29.4	28.9	17.2	0.0	25.0	17.1	39.1	33.3	33.3	37.9	12.5	0.0	62.5	26.9
	large	0.0	9.7	18.2	8.2	17.0	14.8	29.4	18.6	17.2	100.0	0.0	20.0	13.0	0.0	0.0	10.3	12.5	0.0	0.0	7.7
	very substancial	0.0	0.0	4.5	1.2	1.9	0.0	11.8	3.1	3.4	0.0	0.0	2.9	8.7	0.0	0.0	6.9	6.3	0.0	0.0	3.8
	% participation*	36.4	48.4	46.8	42.7	62.4	50.9	54.8	57.4	60.4	40.0	33.3	53.8	60.5	50.0	42.9	56.9	50.0	66.7	42.1	48.1
other	minimal	0.0	0.0	20.0	14.3	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	little	0.0	0.0	20.0	14.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	moderate	0.0	0.0	40.0	28.6	0.0	0.0	100.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	large	0.0	50.0	20.0	28.6	0.0	100.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	very sustancial	0.0	50.0	0.0	14.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	% participation*	0.0	3.1	10.6	3.5	0.0	1.9	3.2	1.2	0.0	0.0	8.3	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Experience in ITCo		44.0	39.5	43.5	42.3	42.5	32.7	28.7	36.0	24.0	3.1	11.1	13.8	19.0	3.7	6.5	10.9	16.0	1.9	17.6	11.5

Source: Authors' elaboration (for details see ScR, Ch. 1).

* % of respondents who answered the question.

Map A1: Twinning cities agreements per local government



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Regional level: NUTS 02
Source: EUROREG, University of Warsaw, 2012
Origin of data: EUROREG, University of Warsaw, 2012
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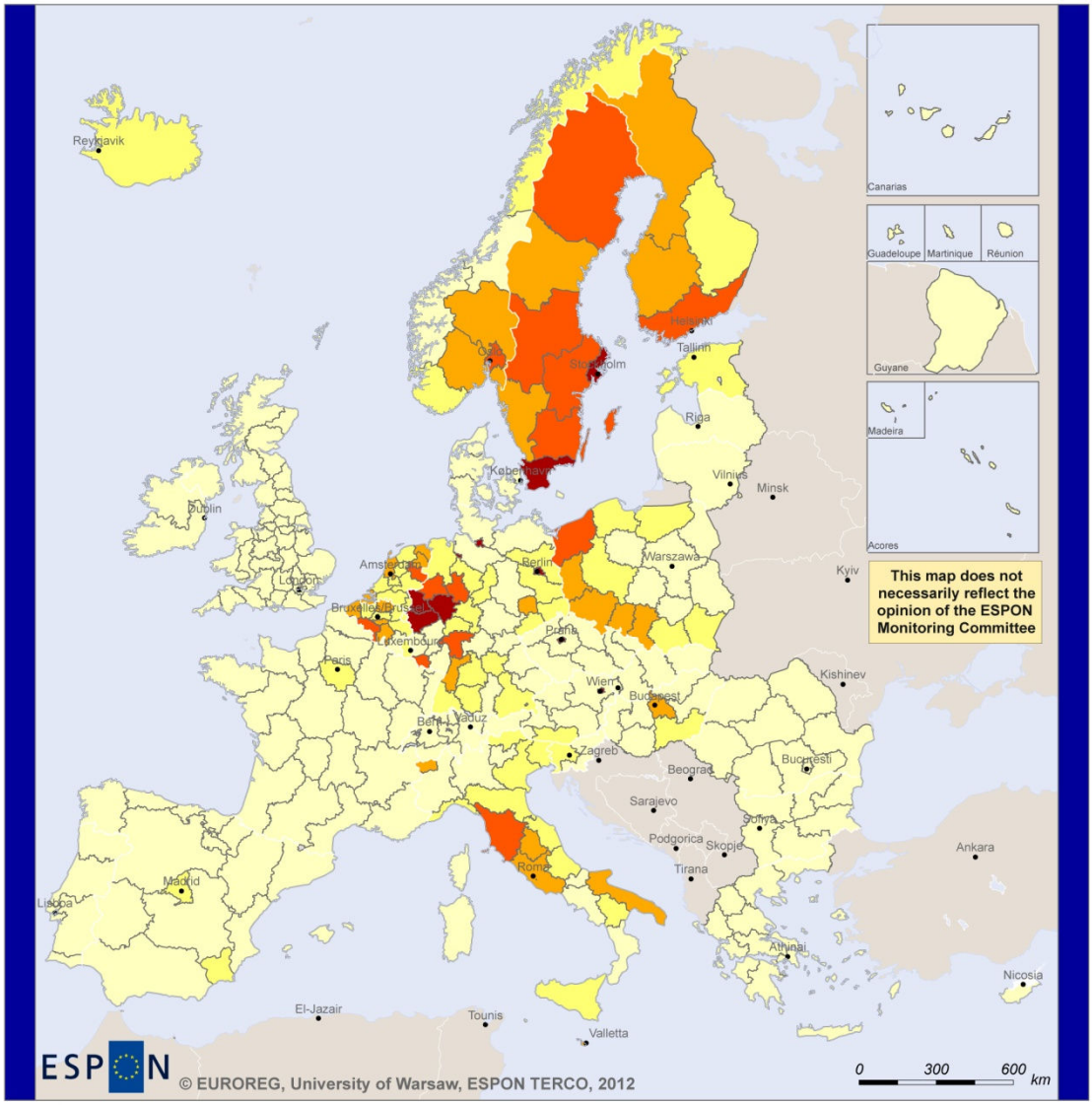
Legend

Twinning cities agreements per local government

- 0,0 - 0,2
- 0,3 - 0,5
- 0,6 - 1,0
- 1,1 - 3,0
- 3,1 - 63,0
- No data

Source: Authors' elaboration.

Map A2: Share of municipalities with twinning cities agreements



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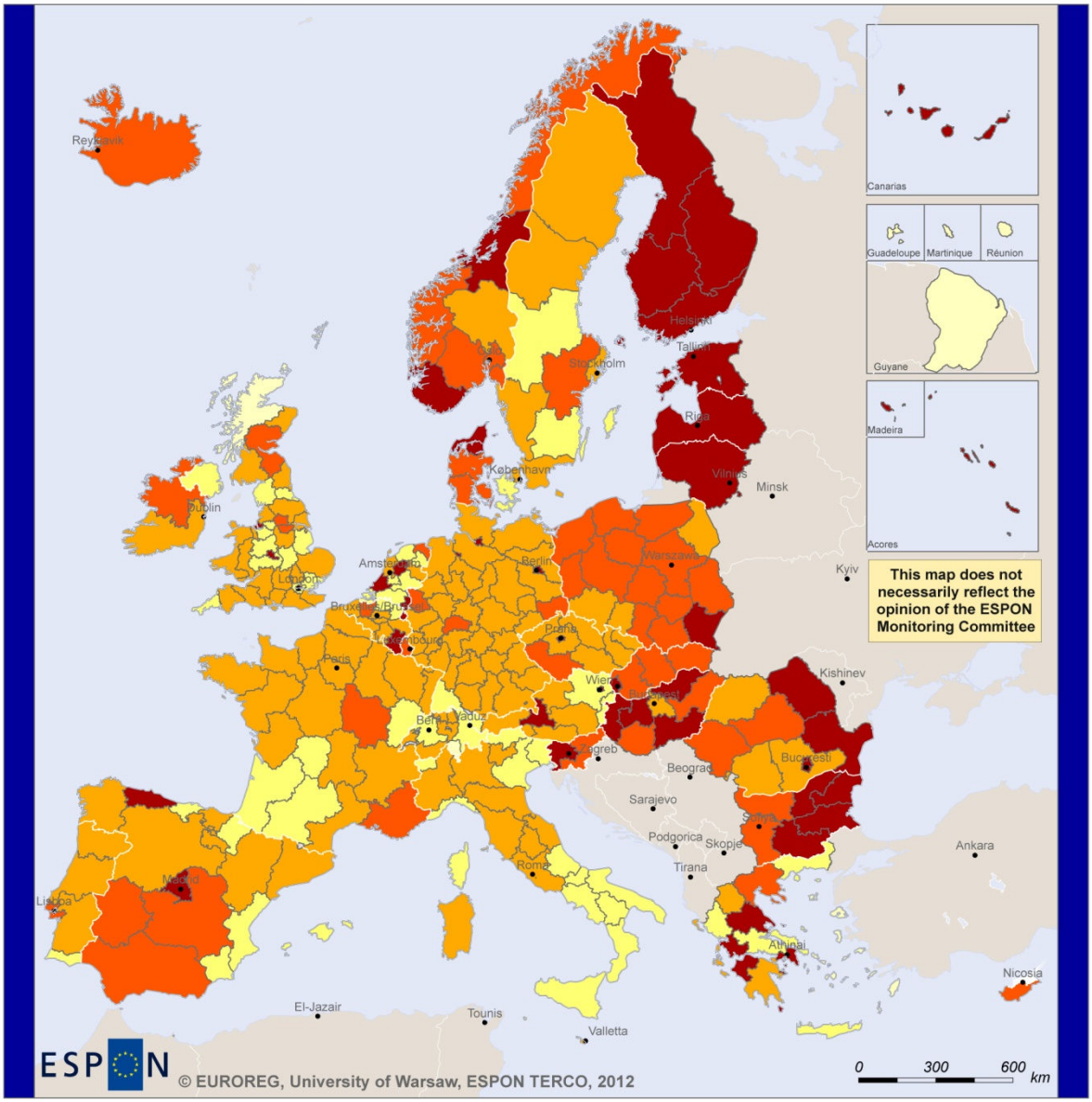
Legend

Per cent of municipalities with twining cities agreements

- 0 - 10
- 11 - 20
- 21 - 30
- 31 - 50
- 51 - 100
- no data

Source: Authors' elaboration.

Map A3: Average number of twinning cities per municipality having twinning city agreements



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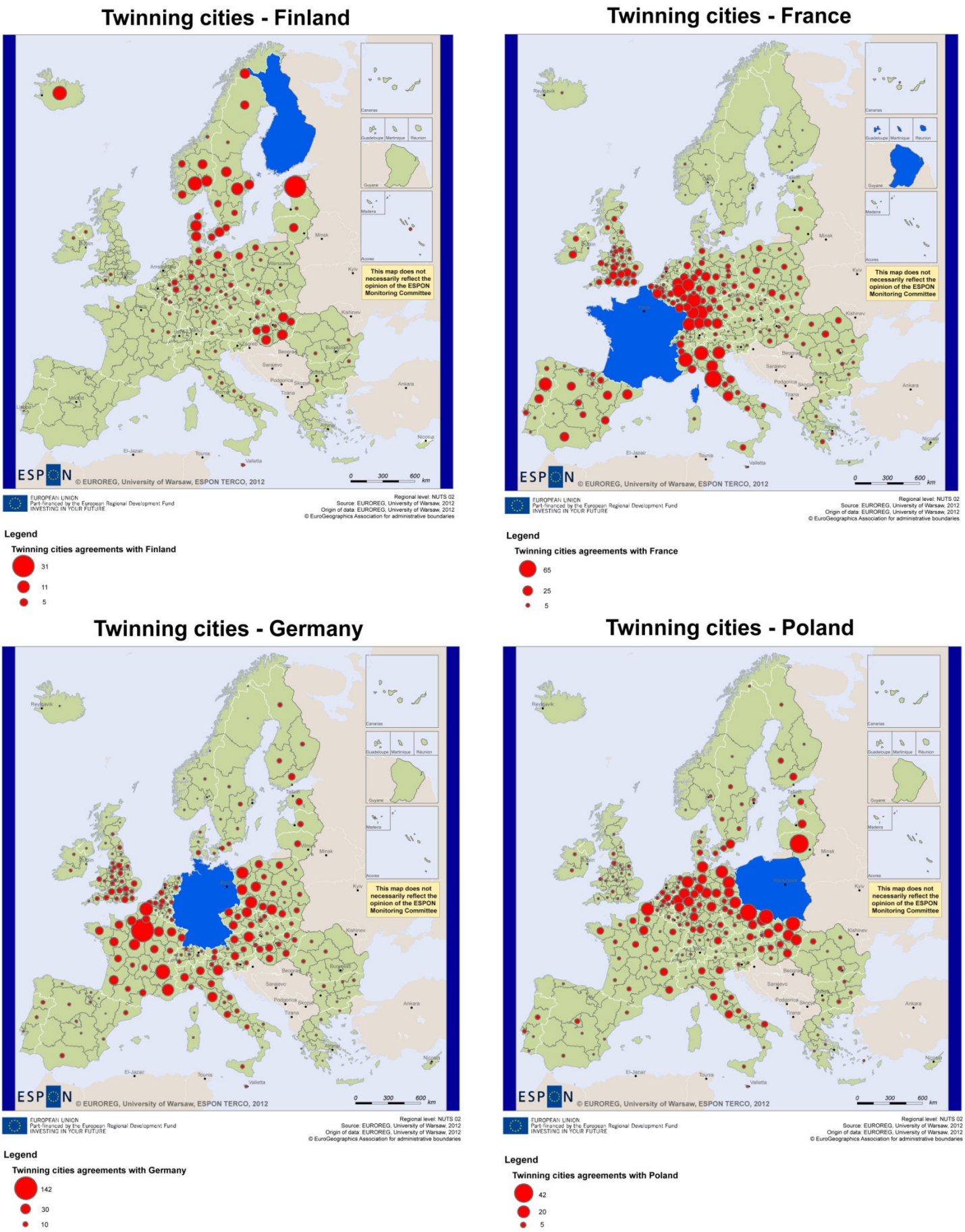
Legend

Average number of twining cities per municipality with at least one twining citiies agreement

- 0,0 - 1,0
- 1,1 - 2,0
- 2,1 - 3,0
- 3,1 - 4,0
- 4,1 - 63,0
- no data

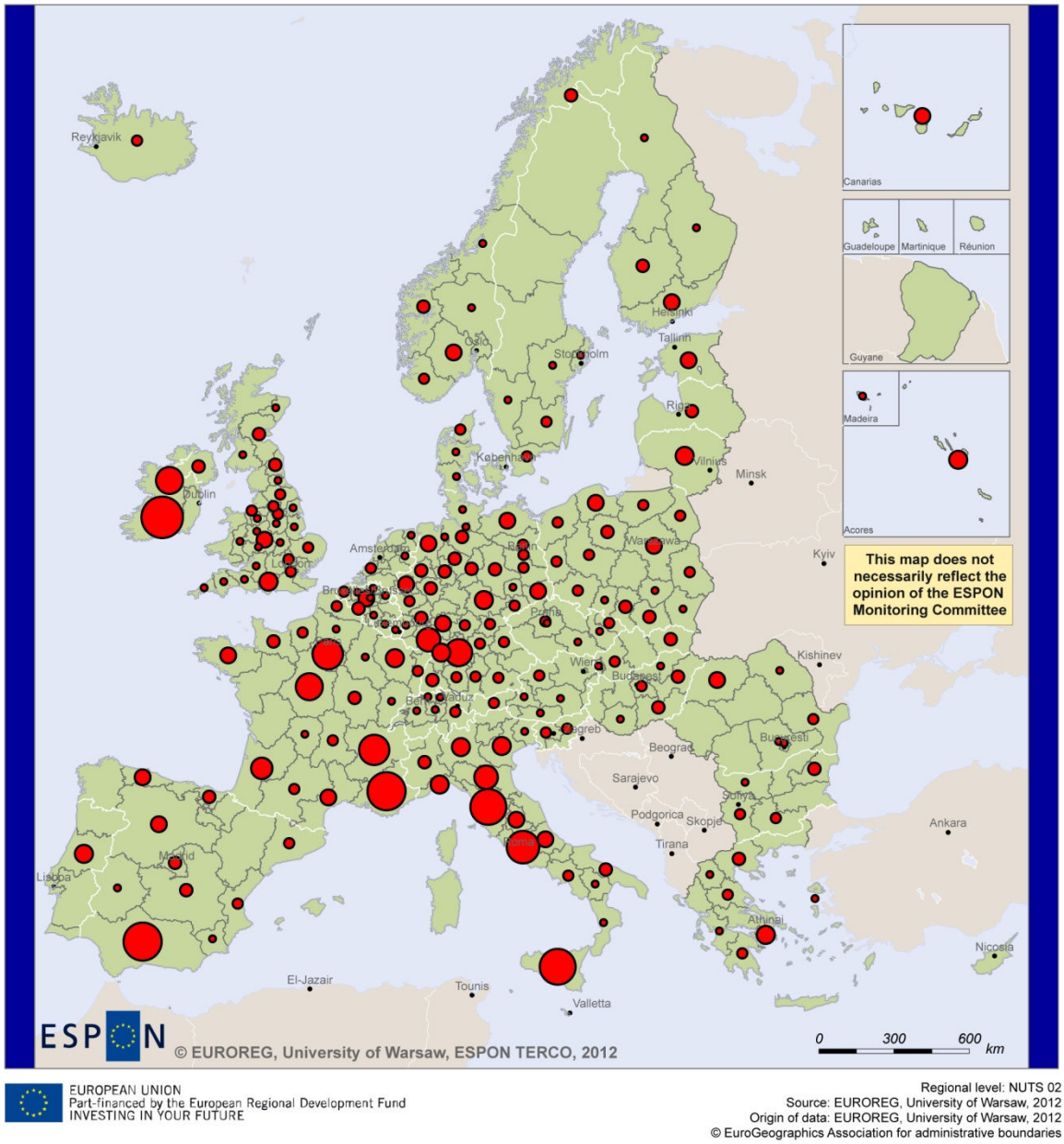
Source: Authors' elaboration.

Map A4: Twinning cities co-operation from selected countries' perspectives



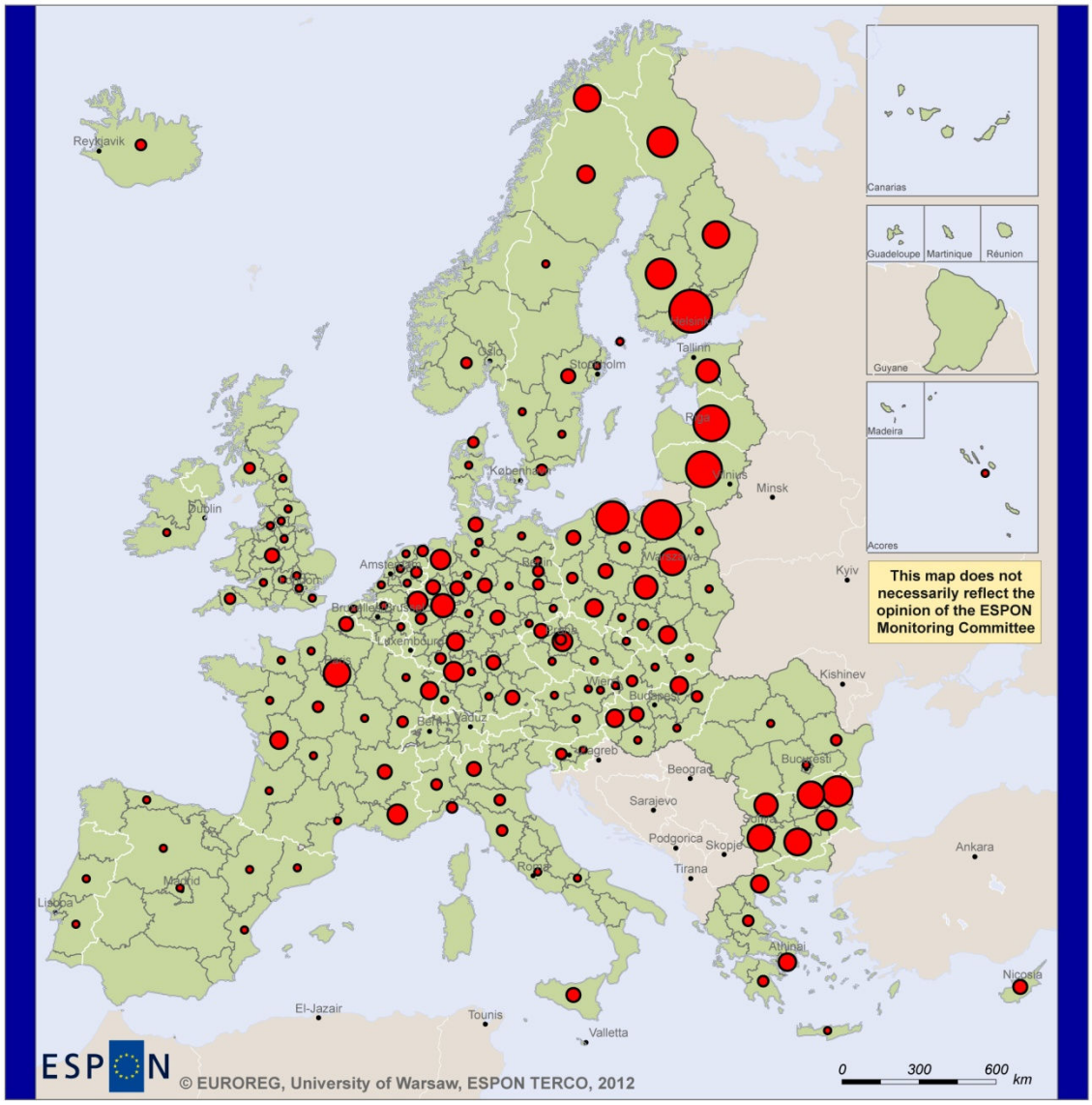
Source: Authors' elaboration.

Map A5: Twinning cities agreements with USA



Source: Authors' elaboration.

Map A6: Twinning cities agreements with Russia



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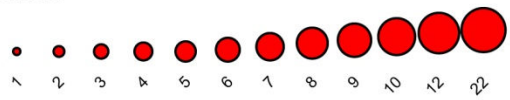
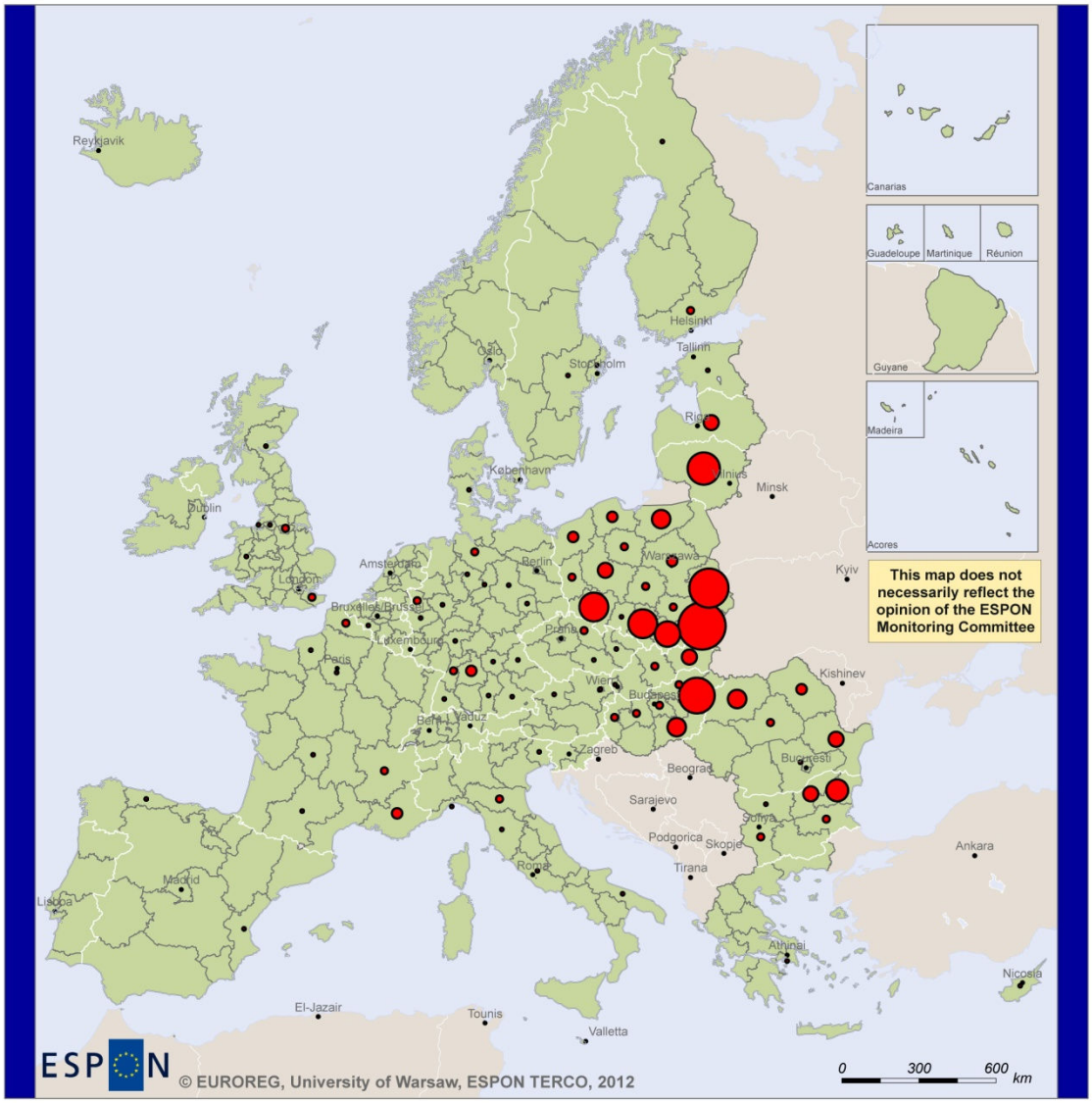
Legend

Twin city agreements with Russia



Source: Authors' elaboration.

Map A7: Twinning cities agreements with Ukraine



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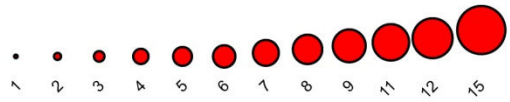
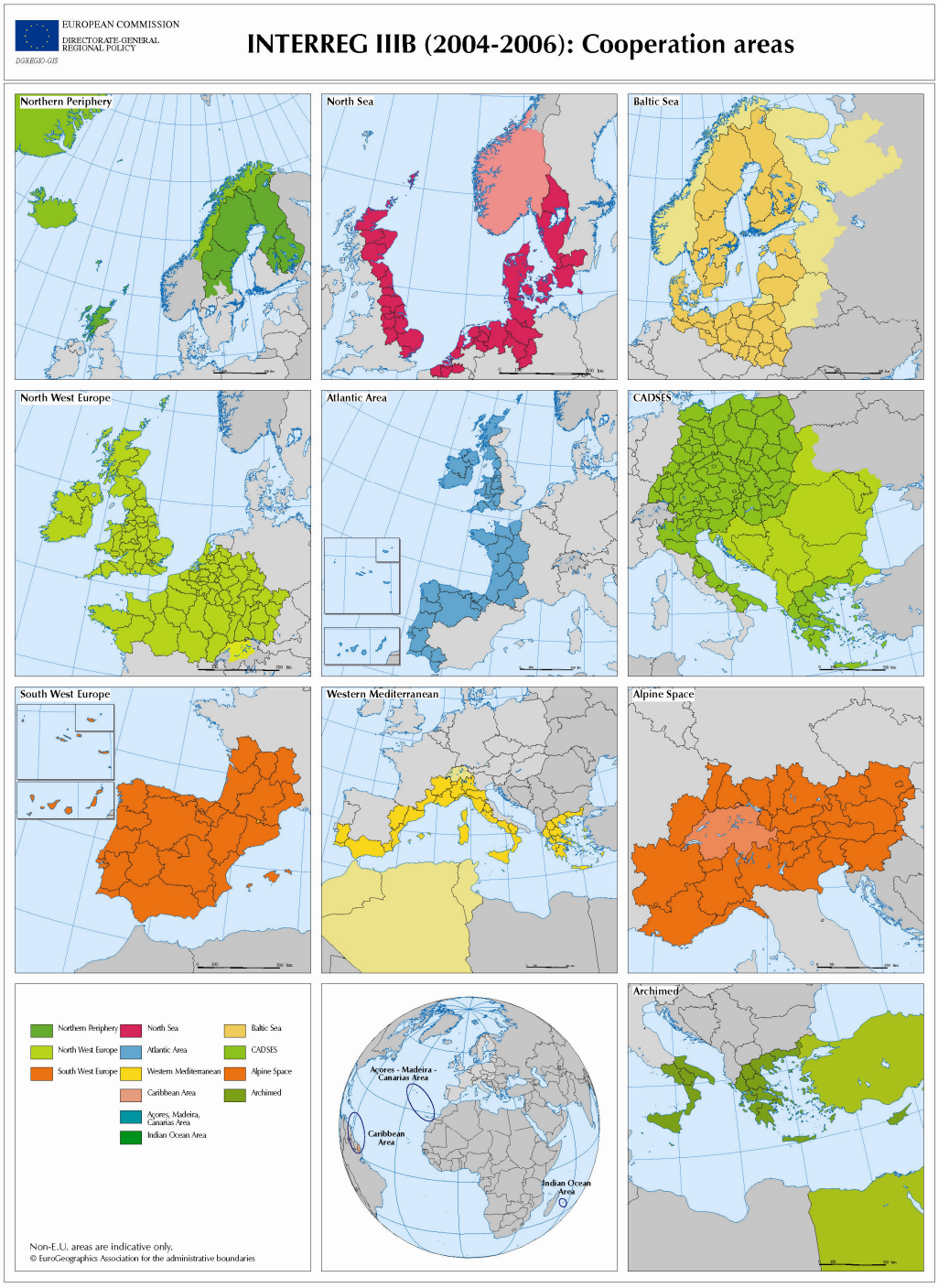
Twin city agreements with Ukraine



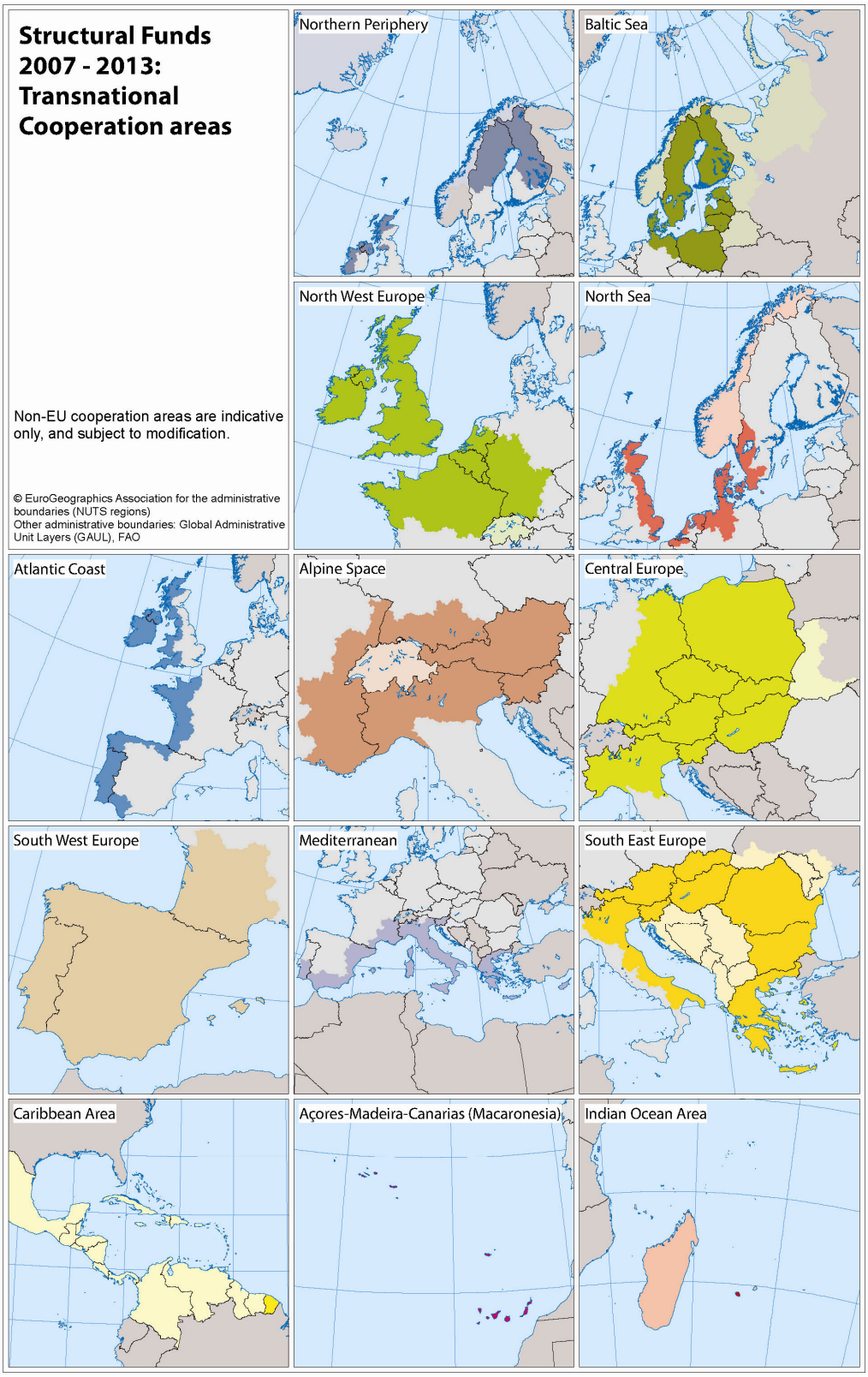
Source: Authors' elaboration.

Map A8: Eligible areas for INTERREG IIIB



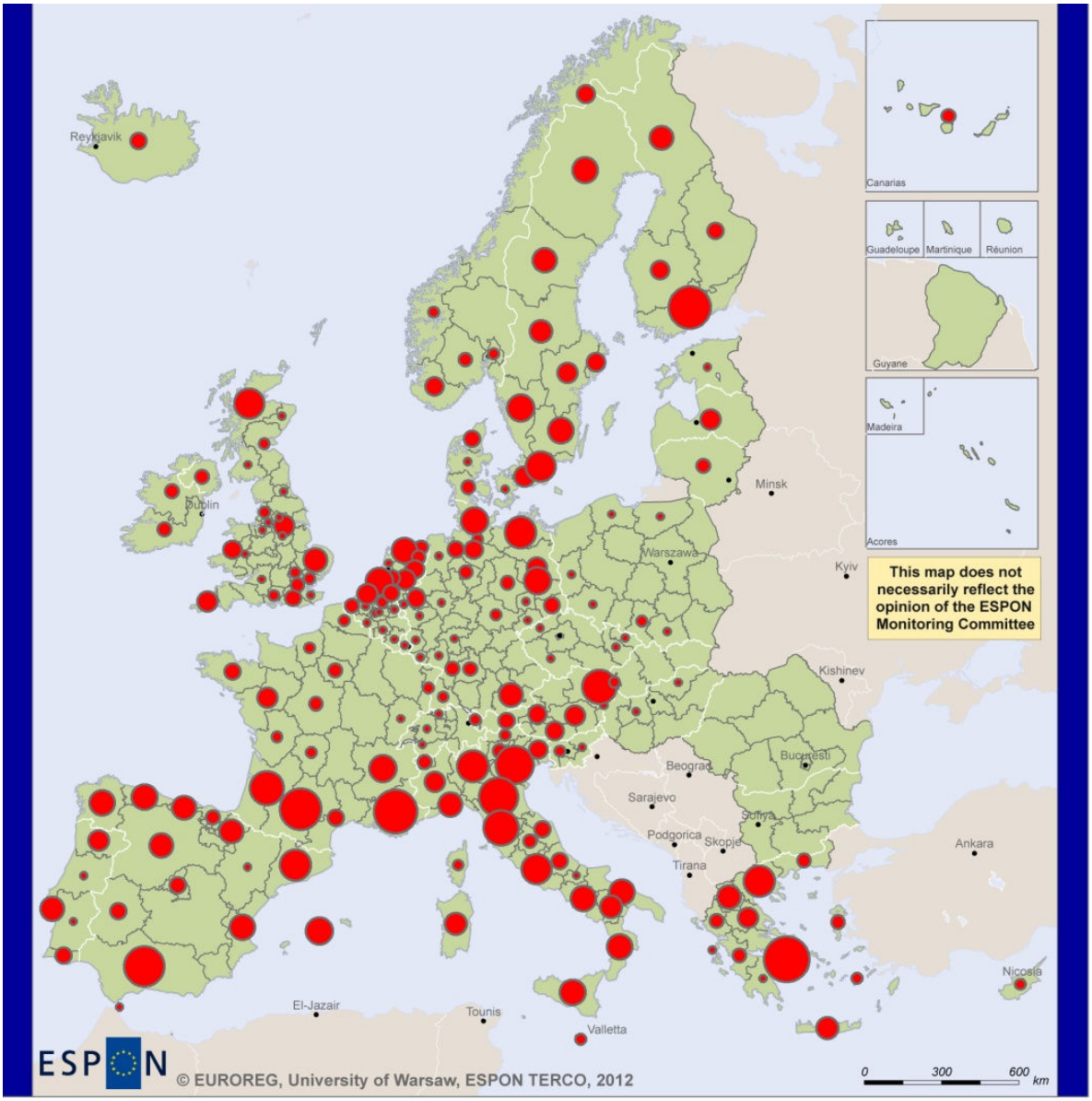
Source: European Commission.

Map A9: Eligible areas for INTERREG IVB



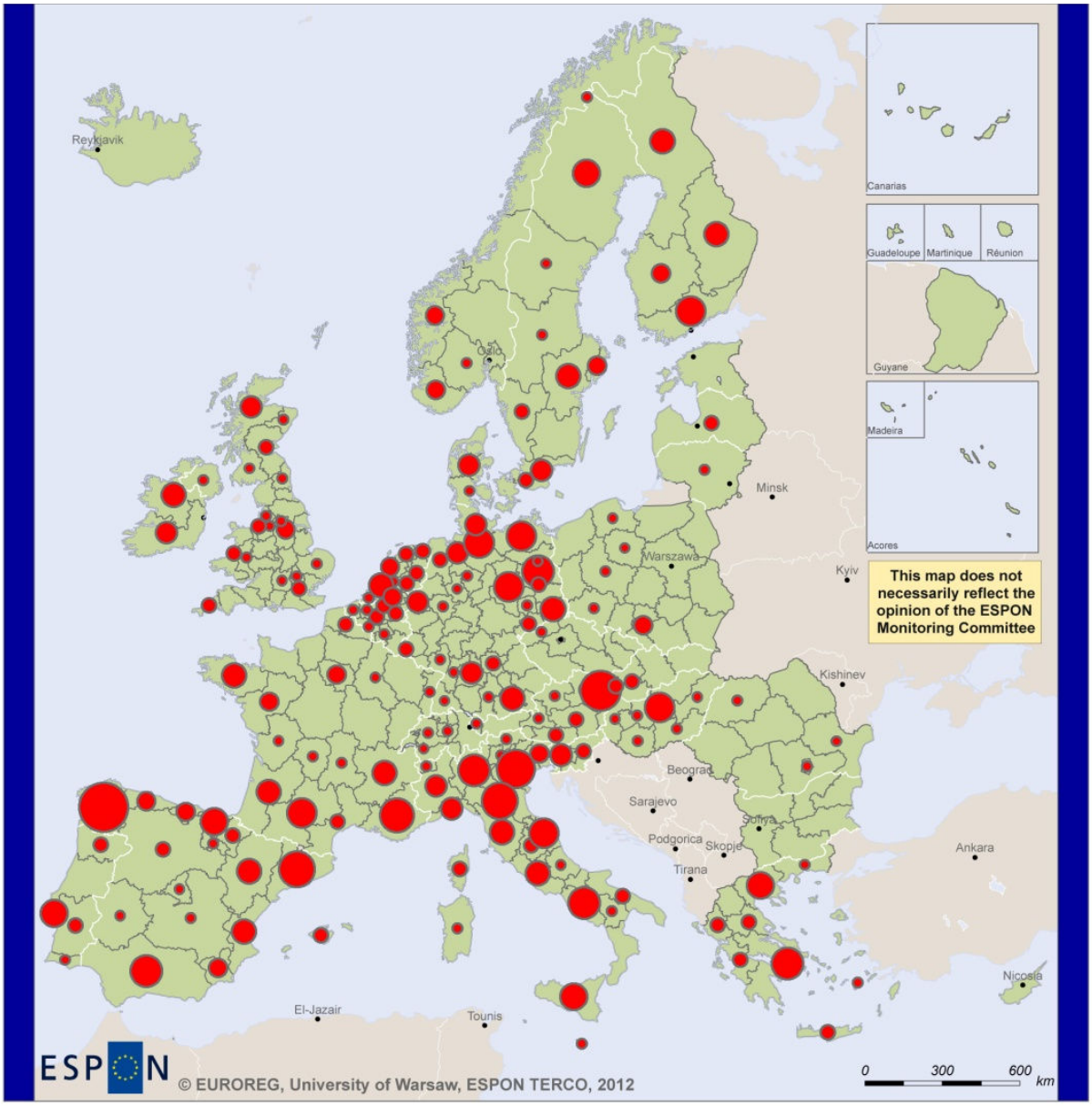
Source: European Commission.

Map A10: INTERREG IIIB lead partners by NUTS2 regions



Source: Authors' elaboration.

Map A11: INTERREG IVB lead partners by NUTS2 regions



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Regional level: NUTS 02
Source: EUROREG, University of Warsaw, 2012
Origin of data: EUROREG, University of Warsaw, 2012
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Legend

Number of leading partners

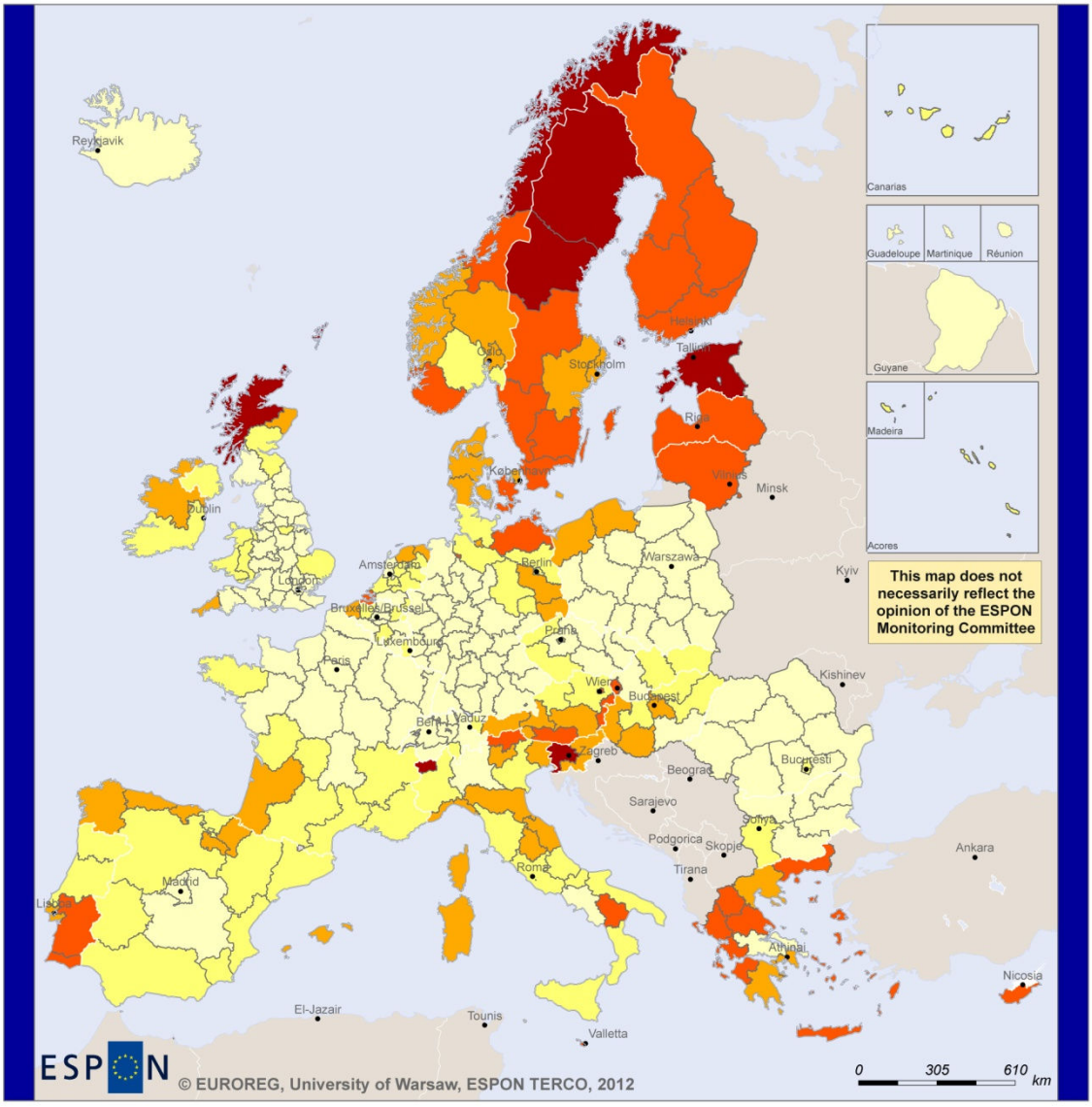
17

10

3

Source: Authors' elaboration.

Map A12: INTERREG B and C (III and IV) partners per 100,000 population



Source: Authors' elaboration.

Table A6: Strengths and weaknesses of project procurement systems

	Thematic/geographic calls	Seeding projects	Shortlisting projects	Special funds	Strategic projects
Strengths	• helps meet the strategic programme objectives • increases participation of areas and groups • ensures a spatial or thematic spread of resources • can give good indication of the demand for funds • generates innovative projects by bringing together new partnerships	• generates better quality projects • involves a larger number of partners from more regions • can pave the way for larger projects that face external restrictions/ delays • useful for generating strategic projects • particularly useful in programmes in which partners incur high travel costs due to peripherality.	• limits the complexity of the initial application • less risk of applications being excluded at a late stage • higher quality final applications • ensures high take-up of funds • allows screening of lower-quality projects at an early stage • higher levels of trust between partners and programme • can help to ensure co-financing commitments • attractive for private enterprise involvement	• high number of final beneficiaries • better chance of ensuring good geographical and community spread of resources • potentially high added-value for small amounts of money • small projects could lead to more substantial or innovative future submissions • increased 'visibility' of funds • increases cross-border activities	• fewer, larger projects can simplify programme delivery • greater capacity to address strategic programme objectives • demonstrable impact • scope to enhance cross-border element • can increase synergies
Weaknesses	• may reduce scope for more innovative projects • narrows the potential range of end-beneficiaries • long waiting times of bid assessment process • applicants can be under greater time pressure to develop their bids • spatial selectivity can make it difficult to involve partners from all partner areas and lead to administrative complexity	• application procedures can be overly complex relative to the amounts of money available • not all 'seeded' projects are successful in their final applications, therefore there is an element of financial risk • less tangible results • Member State-specific seeding funds may lead to imbalances in the programme	• lack of transparency • longer times to develop final project applications • delays in the shortlisting/ feedback process	• reduces budget for strategic projects • potentially high administrative costs of managing and implementing a large number of small projects • limited 'reach' and impact of small projects	• limits number of beneficiaries - some groups not reached due to their resource limitations • lack of flexibility in programme • long lead-in time • potential N+2 concerns, if delays or lack of projects • a small number of large projects can dominate resource allocation

Source: Adapted from Bachtler *et al.*, (2006).

Table A7: Administrative efficiency, strategic orientation, transparency & equity and visibility of project procurement systems

	Thematic/geographic calls	Seeding projects	Shortlisting projects	Special funds	Strategic projects
Administrative efficiency	• predictable, time-limited project assessment and selection period • administrative burden of assessing large number of projects in a short period	• the administrative resources involved can be high relative to the amount of money available	• reduces the length and complexity of the initial application phase • delays in the feedback process can be a common problem	• reduced budget for strategic projects • simplified application procedures	• large projects are simpler to administer than a high number of small projects
Strategic orientation	• can be used to meet the strategic objectives of the programme, address 'gaps' in the portfolio of funded projects and commitment concerns • can lead to better, more innovative bids	• can be used to develop higher-quality, more strategic projects • can be used to increase the number of project partners • not all seeded projects are successful	• higher-quality final applications • ensures high take up of funds • less risk of projects being excluded at an early stage	• limited 'reach'/impact of small projects • potentially high value-added for small amounts of money • high numbers of final beneficiaries	• projects developed in line with the programme goals • good way to commit large amounts of funding
Transparency & equity	• cuts out support for some areas, where demand could be higher	• supports project developers, who may not have been in a position to develop a full project themselves • May lead to imbalances if Member States finance preparatory costs from domestic funds	• difficulties with lack of transparency in shortlisting criteria • pressure to provide detailed feedback	• can be used to support/ encourage new beneficiaries	• can be viewed as less transparent and accountable • limits opportunities for smaller beneficiaries
Visibility	• can increase the profile of the programme in under-presented areas			• increased visibility for the programme amongst key groups	• high impact of larger projects

Source: Adapted from Bachtler *et al.*, (2006).

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