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MORE TERRITORIAL COOPERATION POST 2020? A CONTRIBUTION TO THE DEBATE OF FUTURE EU COHESION POLICY

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Territorial Thinkers is an independent platform of experts, highly experienced in European, national, regional and local policy development with a territorial dimension.

Territorial Thinkers aim to support on-going policy development processes by presenting arguments, evidence, ideas, options and recommendations to policy makers.

Territorial Thinkers are convinced from experience that a clear territorial dimension in policy conception and in programme strategies and implementation releases a new innovative and cooperative dynamism which should be captured and used positively to achieve European policy objectives.

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Why and how to implement more territorial cooperation in ESIF post 2020

Why do the EU need more Territorial Cooperation?

Today's development challenges and potential can no longer be mastered by decision makers in charge of individual territories, be it municipalities, regions or countries. The high levels of territorial interdependencies and interaction imply that for almost any development issue, territorial impacts extend beyond administrative borders and decisions at different administrative/territorial units need to play together. Examples range from sewage water and waste treatment, environment challenges, via social inclusion, innovation, job creation, to industrial and economic synergies, infrastructure provisions, services of general interest and the creation of leisure facilities and green spaces for citizens. Ignoring territorial interdependencies brings risks of losing synergies, potential conflicting interventions and sub-optimisation of investments. Policy makers now express a growing interest in looking for opportunities beyond their territorial borders and address the function of larger areas.

Extra development for territories joining forces on exploring common functionalities!

Territorial cooperation concerns any collaboration of two or more administrative authorities, each with responsibility for a certain territorial unit or entity, such a municipality, a region or an entire nation. Territorial cooperation addresses different functional relationships, comparative strengths and challenges and builds alliances on making the most of the common situation. In principle territorial cooperation arrangements can be useful at all scales, i.e. city networking and clusters of neighbouring municipalities, in larger functional areas including rural and urban areas, in areas promoting rural-urban partnerships, in cross-border cooperation and in transnational areas as well as in European cooperation. The definition of functional areas is not given, and stakeholders may very well develop their own ideas on the types of functional integration that would help to address the issues, opportunities or challenges they focus on. In all cases, the aim is to harvest the diversity of inherent opportunities and bring added value to the entire functional area by joining forces and create development that would not come by staying apart. This requires joint strategies and investment actions.

What could EU Cohesion Policy post 2020 do to amplify Territorial Cooperation?

The debate on EU Cohesion Policy and the best use of European Structural Investment Funds after 2020 is already in motion. The ambition is to innovate and ensure the most efficient investments of the funds to the benefit of the European process. In discussion is to learn from the experience in the field of European Territorial Cooperation (Interreg) and from Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD), and further develop and use this functional approach to urban and regional development. This all points at expanding and innovating the ITI and CLLD instruments and Interreg.

Taking further ideas presented among others in the Spatial Foresight Brief 'Future of Europe. And its territories?' and the ESPON report 'Territorial Cooperation for the future of Europe', this brief argues that,

- (1) territorial cooperation is mature to be a priority in national and regional mainstream programmes, and
- (2) a focus on territorial cooperation within functional areas in all ESIF activities can release additional development potential, more efficient investment spending and more European integration.

Key messages and concrete proposals concerning the regulatory framework guiding the ESIF mainstream programmes post 2020:

- Make territorial cooperation on functional areas mandatory for every regional and national funding programme.
- Make a functional approach mandatory in cross-border and transnational Interreg programmes leading to specific projects of territorial cooperation.
- Ensure that each ESIF programme includes considerations and proposals on functional geographies within the programme area to be developed in concrete projects as national and/or regional investment initiatives.
- Consider cooperation projects with 'neighbouring' national or regional ESIF programmes addressing functional areas across borders that benefit from cooperation. In designing such projects, close coordination with relevant Interreg programmes is needed to ensure complementarity and avoid overlaps.
- Integrate local players from all sectors of society to facilitate and develop territorial cooperation. Close involvement of interested citizens and enterprises should be given high priority to stimulate local ideas and drive.
- Encourage territorial cooperation and projects on functional relationships and geographies through specific selection criteria for future ESIF programmes and operations.
- Earmark a budget allocation in EU Cohesion Policy for territorial cooperation projects on functional areas, at a level of 5-8%. The funding of Interreg programmes should prevail or, if possible, be enhanced in support of their true European dimension.

Policy makers are encouraged to promote the above mindset and proposals in EU Cohesion Policy and the European Structural Investment Fund regulatory framework post 2020.

The European Commission should be invited to develop and detail further proposals for the implementation of Territorial Cooperation and nourish the necessary political process.

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Arguments in favour of territorial cooperation

Behind the key messages and proposals above lie the following observations, policy considerations and territorial thinking:

Strong reasons for more emphasis on Territorial Cooperation in the EU

EU Cohesion Policy and ESI Funds post 2020 are under discussion. Changing political contexts and financial envelopes make it necessary to discuss substantial changes to adjust Cohesion Policy and ESIF to the framework conditions post 2020 and provide a basis for a successful policy implementation contributing to the progress of the European Union.

In an ever more connected world, an EU challenged by Brexit and protest voters lacking understanding of the benefits of the European project, future Cohesion Policy needs to pay more attention to the facts that

- (1) the development fate of a city or region is highly dependent on what happens in other cities and regions nearby, in Europe and even in the world, and*
- (2) providing concrete and visible progress in the daily living environment contributes to European integration and counteracts citizens envy to vote for extremes.*

Acknowledging the increasing level of territorial interdependencies in Europe and beyond, as well as the need to provide for greater economic and social wellbeing in many places, a stronger focus needs to be put on territorial cooperation, i.e. different administrative units working together. Cooperation is a must, not a luxury.

Policy makers show appetite for functional areas

The European Commission (7th report on economic, social and territorial Cohesion: My Region, My Europe, Our future) and various ESPON report argue that as the EU is facing an increasing number of new global challenges which have a significant impact on the economic, social and territorial cohesion in Europe. In response to many of these challenges, European territorial cooperation in border regions and in functional areas enables countries and regions to identify solutions to joint problems.

The Committee of the Regions supports that a territorial cooperation approach is further implemented across the EU to perform as a new approach to urban and regional development.

European experiences in cooperation of territories

The EU has over the last decades gradually built up a truly European and powerful Interreg mechanism that has an important role to fulfil in addressing needs and potential lying in geographies defined for cross-border and transnational development and in interregional cooperation.

In regional and national ESIF programmes, there is little interest for activities and cooperation outside the programme areas as well as for new development opportunities from interdependencies and comparative advantages within the programme areas. The larger functional context is largely absent in the majority of EU member states. However, in 13 countries programmes have harvested the first - somehow diverse and fragmented - experiences with ITI and CLLD which should be learned from. The future EU regulations should bring more clarity and understanding on the added value of thinking and cooperate in functional geographies and ensure that the approach become an element in all national and regional programmes.

Good regional and municipal practise is already existing, inside and outside EU Cohesion Policy!

In several places in the EU, cities, municipalities and regions are cooperating with one another across administrative borders to gain more than by staying on their own. Examples include pooling resources to deliver public services in areas like waste handling, road maintenance, etc., providing economies of scale.

More ambitious and development oriented cooperation exploring comparative advantages and external marketing has also taken off. Here the focus is on joining forces and create mutual benefits from common development initiatives. This cooperation builds on the diversity of the larger, common territory, in considering a wider outlook on opportunities and threats, and in jointly exploring development potentials, counteract challenges and create jobs, services and recreational amenities for the population.

Understanding the economic, social and environmental base, interdependencies and interactions within the common territory is the catalyst for cooperation on functional realities. At best, the cooperation involves political commitment and public participation of relevant sector representatives from different administrative levels. Moreover, the private sector and civic society should become active partners in defining and implementing the concrete cooperation projects. This positive momentum on cooperative development alliances should be examined, taken up and stimulated in future EU Cohesion Policy and ESIF.

How could future Cohesion Policy and ESIF strengthen territorial cooperation?

Experience at EU level as well as in several EU Member States clearly shows the need to strengthen territorial cooperation in Cohesion Policy beyond 2020 following two tracks: (1) to further strengthen the territorial cooperation within Interreg both in terms of content and funding, and (2) to further enhance cooperation in functional areas in national and regional ESIF programmes.

It is important to stress that mainstreaming territorial cooperation does not mean replacing Interreg. Territorial cooperation within regional or national ESIF programmes should primarily focus on addressing functional geographies within the programme areas. In addition, also functional geographies and territorial interdependencies going beyond the programme areas should be addressed, in search of synergies and win-win situations to the benefits of the programme area. However, only emphasising the importance of Interreg will not be sufficient. Regional and national programmes need to do more to ensure they help territories to become fit for a future where territorial interdependencies will play an even stronger role than today. They must deliver output from cooperation projects, initiated from regional and national strategic considerations, that works for a stronger European integration of its citizens.

Ensure dedicated regulation of territorial cooperation in ESIF post 2020

Today most ESIF programmes and actions are largely developed with an understanding that “my territory” gets a certain amount of money to increase its development potential and that this money is “my money”, to be spent on “my territory”. In doing so, territorial interdependencies have become a blind spot and important development opportunities are almost systematically excluded from the programmes. This has to change as member states, regions and cities in the EU cannot afford to miss out on vast opportunities for economic, social and territorial development and cohesion.

A first step of change is to ensure in the regulatory framework that territorial interdependencies and the importance of territorial cooperation are considered when drafting the programme documents.

In developing the programmes, their strategy, objectives and priorities for intervention, the following elements should be included in the process:

- *The analysis of the programme area needs to focus on territorial interdependencies (a) within the programme area and (b) between the programme area and areas outside the programme area, that entails opportunities or challenges for joint development.*
- *In the description of the programme objectives and priorities it needs to be outlined on how territorial cooperation (at what level) can contribute to achieving the objectives.*
- *It might be considered whether a programme should have a specific funding priority on territorial cooperation (within or beyond the programme area).*
- *It should be made clear that also beneficiaries outside the programme area are eligible when their activities benefit the development of the programme area.*
- *Commitment and design of adequate governance setting that in an efficient way can deliver should be inherent in the programme.*

In many regards, the programmes as well as the European Commission guidance provided can and should draw on experience with ITI and CLLD, and promote the territorial cooperation approach with a simple management setting.

Make cooperation a mandatory selection criteria for every operation funded

The operations funded are the level of real action, i.e. the level which matters. Only if territorial cooperation on functional areas is clearly taken on board and lived at the level of operations, it will deliver added value. To stimulate operations, to think in terms of cooperation addressing larger functional geographies, should therefore be turned into a mandatory selection criteria.

More concretely funding applications might need to address elements such as:

- *Every funding application needs to have at least two beneficiaries, coming from two different territories (municipalities, regions, or countries).*
- *In case one of the beneficiaries comes from outside the programme area, the application needs to illustrate how its involvement will benefit the development of the programme area.*
- *The funding application needs to demonstrate how the cooperation will take place, the governance structures envisaged and how it helps to better address development potential and challenges by considering territorial interdependencies.*
- *The funding application needs to justify that no overlap to Interreg activities exists.*

Ensure a dedicated budget

An earmarked budget for territorial cooperation on functional areas should be set aside for the national and regional ESIF programmes. This could amount to 5-8% in order to provide a real stimulus of relevant operations from 2020 and onwards.

In addition, Interreg programmes should have a budget allocation at the same or even a higher level that makes it possible to continue and innovate territorial cooperation across national borders post 2020.