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CROSS-BORDER COOPERATION

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EU internal border regions cover 40 % of the EU territory and host 30 % of the population. Many of these regions are underdeveloped, mainly because their distance from administrative centres and/or insufficient infrastructure limits their capacity to communicate, connect economic actors and develop. EU cohesion policy aims to reduce this disparity through European Territorial Cooperation programmes.

A 2017 Commission communication demonstrated that removing only 20 % of the obstacles to cross-border cooperation would add 2 % to the regions' GDP and create up to 1 million jobs. Despite the potential gains from stemming the losses from cross-border barriers, ex post evaluations on earlier cooperation programmes noted their lack of focus, the absence of a coherent strategy uniting projects, and the limited synergies with the mainstream operational programmes in these regions.

In view of this, the European Court of Auditors is currently conducting an audit to assess whether the Commission and Member States are effectively tackling the challenges faced by internal border regions. In particular, we will examine whether the programmes focus on resolving cross-border challenges or simply address general development needs.

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Contents

Background	4
Challenges in cross-border cooperation	7
Action to address shortcomings	8
Financing	8
Roles and responsibilities	9
Focus of the audit	9

Background

EU internal border regions cover 40 % of the EU territory and produce 30 % of the EU's GDP¹. They house 30 % of the population and host almost 2 million cross-border commuters². Many of these regions are underdeveloped, mainly because their distance from administrative centres and/or insufficient infrastructure limits their capacity to communicate, connect economic actors and develop. The obstacles they face are well known to policymakers. For example, a 2016 Commission study³ categorised them as follows:

- socio-economic disparities;
- physical obstacles limiting cross-border access;
- cultural obstacles, including linguistic barriers or cultural differences;
- institutional obstacles arising from the different administrative cultures on either side of the border.

Article 174 TFEU on economic, social and territorial cohesion lists cross-border regions among the least-favoured and stipulates that the EU must aim to reduce regional disparities.

To this end, EU cohesion policy supports European Territorial Cooperation (ETC) programmes, or “Interreg programmes”, with funds from the European Regional Development Fund (ERDF)⁴.

The 2014-2020 period marks the fifth programming period for Interreg. Starting out as a Community initiative in the 1990s, Interreg was then integrated into the Structural Funds Regulation in 2000-2006 and 2007-2013, and is now subject to its own regulation⁵. The ETC Regulation states that the ERDF – one of the structural funds – will support Interreg programmes tackling common challenges in the border regions in order to promote regional development.

ETC programmes should unite regions in different countries. They should foster cross-border, transnational and interregional cooperation in order to promote the “harmonious development of the Union's territory”⁶. There are three strands to the ETC. The type of programme selected depends on the type of region, the partners involved and the issue tackled (see [Box](#)).

Box – The three ETC strands

Cross-border cooperation (Interreg A)

These programmes support cooperation between adjacent regions sharing either a land or maritime border. This border may be either an internal EU border or a border shared with a candidate country. The programmes' main aim is to minimise the effects of administrative, legal and physical barriers, tackle common problems, and harness the untapped potential of underdeveloped border regions.

Most programmes are bilateral, but multiple partners may be involved. Eligible zones have a population between 150 000 and 800 000.

Transnational cooperation (Interreg B)

Covering larger transnational zones, these programmes involve national, regional and local partners. They focus on challenges which one region acting in isolation would not be able to tackle, such as flood management, or river and sea pollution.

Eligible zones have a population between 800 000 and 3 million.

Interregional cooperation (Interreg C)

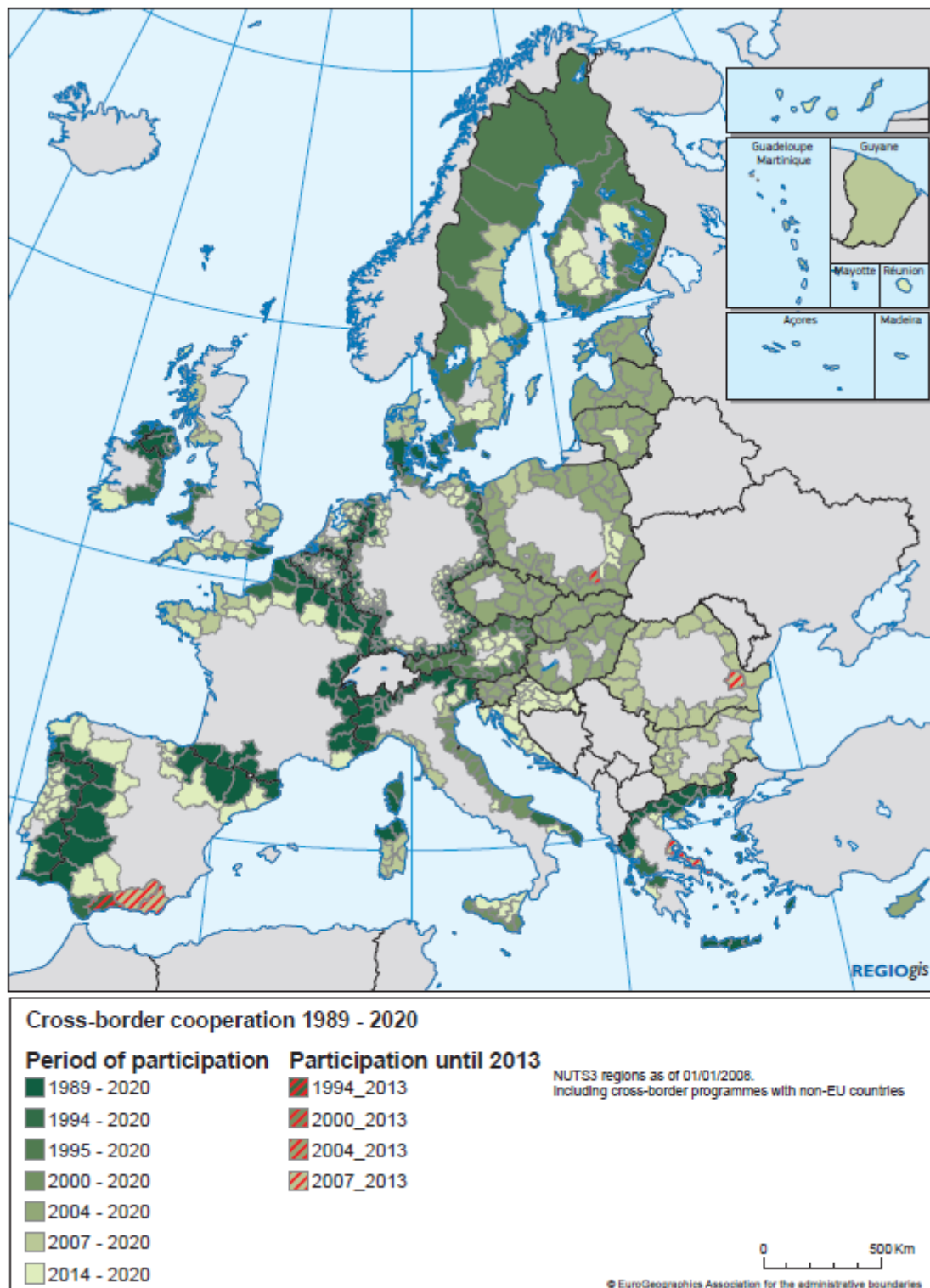
This strand consists of four horizontal networking programmes encouraging an exchange of good practice between all Member States in the following areas: studies and spatial planning (ESPO); integrated urban development for cities (URBACT); the network platform for the Interreg programmes (INTERACT); capitalisation among all EU regions (Interreg Europe).

ERDF support is usually delivered through operational programmes tackling the regional imbalances within a specific country. ETC support, by contrast, is provided to operations through “cooperation operational programmes” (COPs), which engage partners from at least two Member States, or one Member State and a third neighbouring country.

For the 2014-2020 programming period, the Commission approved 107 COPs across the three ETC strands. Eighty-eight of these fall into the cross-border cooperation (Interreg A) category, accounting for 74 % of the total budget. Cross-border cooperation across internal EU borders is the subject of 60 COPs in this strand. The remaining 28 COPs operate in Member States that share borders with pre-accession countries.

The map in [Figure](#) shows the territorial evolution of the internal border cross-border COPs over the course of the five Interreg programme periods and pinpoints the regions eligible for EU co-financing.

Figure – Internal border areas eligible for Interreg CBC 2014-2020



Source: European Commission, DG REGIO, Interact.

Challenges in cross-border cooperation

A 2017 Commission study estimated the losses stemming from the legal and administrative barriers in cross-border regions to be €458 billion, which accounts for 3 % of total EU and 8.8 % of cross-border regions' GDP⁷. These losses translate into an estimated 6 million fewer jobs, accounting for 3 % of total EU and 8.6 % of cross-border regions' employment. Furthermore, a 2017 Commission communication⁸ on addressing the shortcomings of cross-border COPs demonstrated that removing only 20 % of the obstacles to cross-border cooperation would add 2 % to the regions' GDP and create up to 1 million jobs⁹.

Another Commission study¹⁰ performed an inventory of the legal and administrative obstacles to cross-border cooperation and found 239 such obstacles. The study linked these obstacles to specific policy areas (e.g. the environment, labour market, education, etc.). Of the 239 obstacles:

- 36 were legal obstacles arising from the specific status of an EU border or from EU legislation;
- another 104 were legal obstacles arising from legislative differences between national or regional laws on either side of a border, in areas where the EU has no – or only limited – competence;
- the remaining 99 were administrative obstacles, caused by an unwillingness to address certain problems, a lack of horizontal coordination, or the different administrative cultures or languages on either side of a common border.

Ex post evaluations on cross-border cooperation COPs from the previous programming period¹¹ have noted their lack of focus, the absence of a coherent strategy to promote the development and socio-economic and territorial integration of the regions concerned, and the COPs' limited synergies with the national mainstream OPs in these regions.

No mid-term review for the 2014-2020 cross-border cooperation COPs has yet been published.

Action to address shortcomings

For the preparation of the current and subsequent programming periods, DG REGIO has taken various steps to help the cross-border regions to overcome obstacles and address the weaknesses of the previous programming periods.

In autumn 2012, DG REGIO drew up a position paper on each Member State. Presented to the national authorities, these papers set out the Commission's views by Member State on both the mainstream OPs and the COPs, and set priorities for funding.

In September 2017, the Commission published a communication¹² setting out the action that the cross-border cooperation COPs should take to address shortcomings. The same document also proposed new action for the Commission and made recommendations to the Member States on addressing weaknesses and harnessing regional potential.

In preparation of the 2021-2027 cross-border cooperation COPs, the Commission is currently issuing regional guidance in the form of border orientation papers. These papers are intended to serve as a basis for a dialogue between the Commission, the Member States and the cross-border regions. They analyse and list the key characteristics of the cross-border regions, give some general pointers for each sector of activity, and outline options and recommendations for the priorities for the forthcoming Interreg programmes. The border orientation papers go beyond the 2014-2020 position papers as they also cover governance issues, with a view to reducing the legal and administrative cross-border obstacles. The Commission expects these documents to be ready by the end of 2019.

Financing

In 1990, Interreg was launched as a Community initiative with a budget of ECU 1 billion.

In the current programming period, this budget now stands at €10.1 billion. It is expected to fall to €8.4 billion for the 2021-2027 programming period.

The Commission informs Member States what proportion of the total Interreg envelope they will receive. The Member States then distribute these funds among their COPs according to the population size of each eligible area.

Roles and responsibilities

Similar to ERDF OPs, cross-border cooperation COPs are implemented under shared management. Member States propose the programmes, which the Commission then approves at the beginning of the programming period¹³.

Each COP has a designated managing authority, a certifying authority and an audit authority. The managing authority and the audit authority have to be located in the same Member State.

Responsible for execution, the managing authority organises the calls for project proposals. Each call sets out the targeted priority axes, key financial data, the eligibility criteria and submission rules. A monitoring committee – made up of representatives from the national authorities, intermediate bodies and partners – selects the operations for co-financing and oversees progress of the calls. A Commission representative may participate in the work of the monitoring committee in an advisory capacity.

Unlike the mainstream OPs, COPs also designate a joint secretariat, which acts as an information centre for applicants, supports beneficiaries and assesses project applications.

The managing authority submits an annual implementation report to the Commission each year, indicating progress on the common output indicators, on the COPs' specific output and result indicators, and on other milestones and financial data in the programme.

Focus of the audit

In the audit on cross-border cooperation, we will examine whether the Commission and Member States are effectively addressing the challenges faced by cross-border regions in the internal border COPs. Honing in on strategy and operation selection, we will examine whether:

- cross-border cooperation COPs focus sufficiently on cross-border regions' needs and challenges, rather than general development needs which could be addressed under the ERDF OPs;
- selection procedures single out the projects that best address cross-border needs and challenges;

- synergies have been created with the ERDF OPs, avoiding overlap;
- results are sustainable.

Since we identified the issues underlying these areas of enquiry before the audit work got underway, they should not be regarded as audit observations, conclusions or recommendations.

ABOUT ECA SPECIAL REPORTS AND AUDIT PREVIEWS

The ECA's special reports set out the results of its audits of EU policies and programmes or management topics related to specific budgetary areas.

Audit previews provide information in relation to an ongoing audit task. They are based on preparatory work undertaken before the start of the audit and are intended as a source of information for those interested in the policy and/or programme being audited.

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- ¹ Communication from the Commission on boosting growth and cohesion in EU border regions, 20.9.2017, COM(2017) 534 final.
 - ² For example, 450 000 in France, 270 000 in Germany, 140 000 in Poland and 135 000 in Slovakia.
 - ³ Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes, SWECO, t33, Politecnico di Milano and Nordregio for DG REGIO, November 2016, pp. 64 to 91.
 - ⁴ Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ L 347, 20.12.2013, p. 5).
 - ⁵ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L 347, 20.12.2013, p. 1).
 - ⁶ Idem, Preamble, point 4.
 - ⁷ Quantification of the effects of legal and administrative border obstacles in land border regions, Politecnico di Milano for DG Regio, May 2017.
 - ⁸ Communication from the Commission on boosting growth and cohesion in EU border regions, 20.9.2017, COM(2017) 534 final.
 - ⁹ Communication from the Commission on boosting growth and cohesion in EU border regions, 20.9.2017, COM(2017) 534 final.
 - ¹⁰ Easing legal and administrative obstacles in EU border regions, Metis GmbH, Panteia BV, AEIDL – Association européenne pour l’information sur le développement local, CASE – Center for Social and Economic Research for DG REGIO, March 2017.
 - ¹¹ ETC, Work Package 11, “Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the ERDF and the Cohesion Fund”, ADE contract with DG REGIO, July 2016.
 - ¹² Communication from the Commission on boosting growth and cohesion in EU border regions, 20.9.2017, COM(2017) 534 final.

¹³ For the 2021-2027 period, the component of outermost regions of CBC will be implemented as a whole or partially under indirect management, whereas the component of interregional innovation investment under direct or indirect management. Article 16 of Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments, COM(2018) 374 final, 29.5.2018.

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