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UK Cross-Border and Transnational Cooperation: Experiences, Lessons and Future

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1. INTRODUCTION

The UK has been involved with European Territorial Cooperation (ETC) programmes, most notably INTERREG, since their inception over 25 years ago. The UK, and Gibraltar, are currently involved in cross-border and transnational INTERREG Programmes with a combined total budget of around €2.293 billion. These Programmes involve EU Member States, including Ireland, France, Denmark, Sweden, Germany, and non-EU Member States including Norway, Iceland and Switzerland.

Looking to the future, the opportunities for the UK to engage in INTERREG will change dramatically, mainly because of Brexit, but also changes in the wider policy and budgetary context.

- An exit from the EU will change **the UK's cross-border and transnational interactions** with neighbouring EU Member States and regions. Non-EU Member States such as Norway and Switzerland are actively engaged in INTERREG programmes, but they need to fund their participation themselves; this does, however, give them the opportunity to be more selective in which aspects of territorial cooperation are most useful.
- The European Commission is currently carrying out a **reappraisal of the performance of INTERREG** because of criticisms of its effectiveness, difficulties in measuring and demonstrating achievements, and demands for greater value-for-money and added value. There may be significant differences in the spatial configuration of INTERREG programme areas, overall approach, and the types of intervention supported.
- Following Brexit, the **EU budget may be reduced** by up to 16 percent depending on the level of continuing UK budgetary contributions agreed as part of the Brexit negotiations with the EU27. Unless other net payers agreed to make up the difference, there will be significant downward pressure on all areas of EU spending. Past budget negotiations have shown that INTERREG spending (especially transnational and interregional cooperation) is often a casualty of budget cuts.
- Brexit is also being used by some EU and national interests **to promote a wide-ranging debate on future EU spending**, potentially with a reallocation of the EU budget to focus on areas considered to have greater European added value such as climate change and migration. Greater alignment of Cohesion policy with economic governance, flexibility and differentiation of Structural Funds management are currently being discussed.

A key area of policy debate, and an area which will inform decisions on its future role, is the effectiveness of INTERREG. Central to this is an assessment of the achievements of INTERREG, based on an analysis of past experience and an understanding of progress during the current 2014-2020 programming period. However, as will be discussed, assessing the achievements of INTERREG through formal assessments of results and impacts is notoriously difficult. Acknowledging these challenges, this paper considers the achievements of INTERREG in the UK. Section two begins by providing an overview of the Programmes with UK participation. Section three notes the challenges in assessing the impacts and results in INTERREG. Section four goes on to identify areas of achievement based on a review of projects and stakeholder input. Section five focuses on the specific perceived value added by INTERREG, and the challenges and criticisms involved associated with

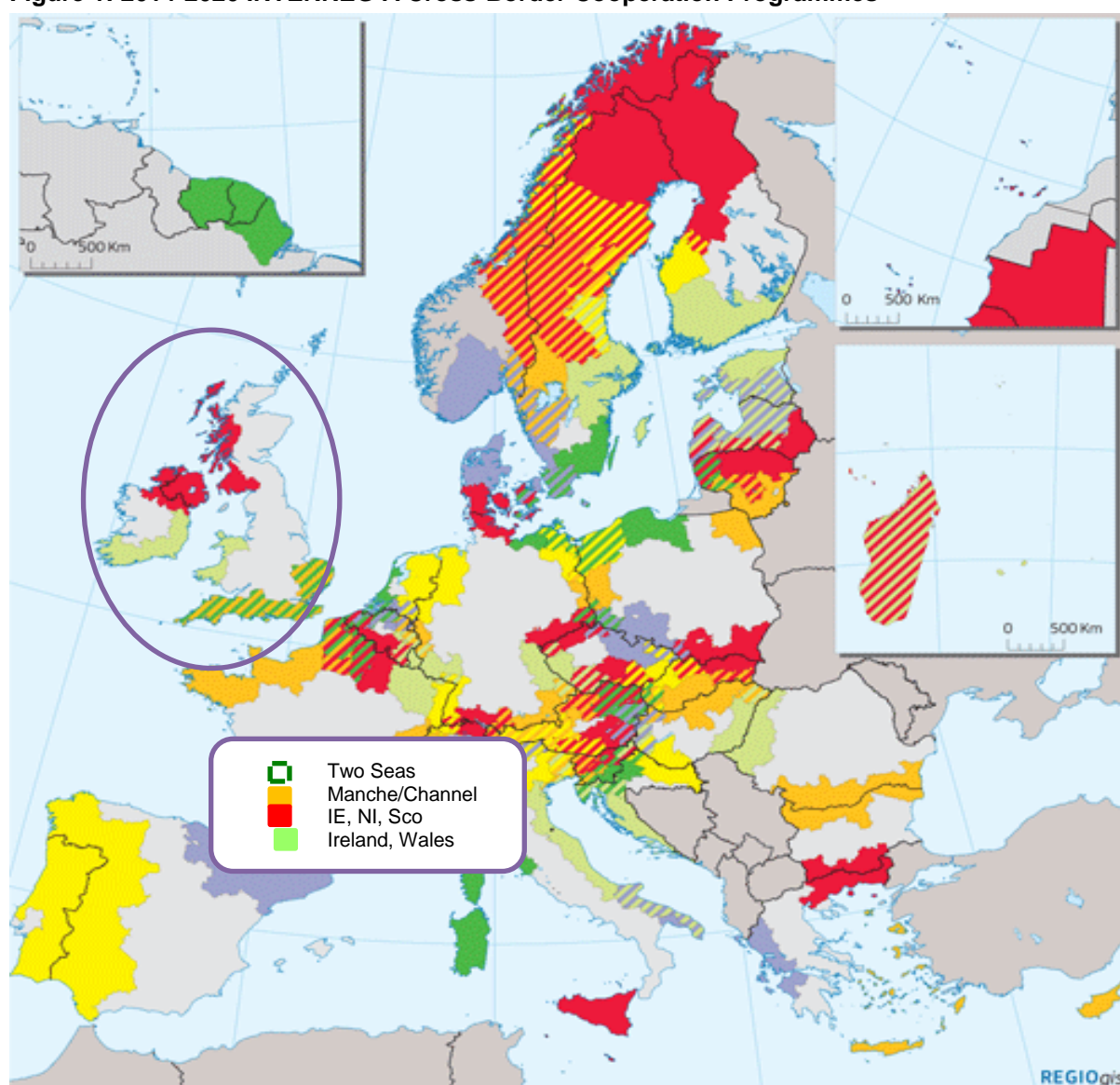
territorial cooperation programmes. Lastly, Section six examines future perspectives and sets out the conclusions.

2. CONTEXT FOR INTERREG PROGRAMMES IN THE UK

The UK has been an active partner in INTERREG projects, programmes and in shaping the initiative since the inception of INTERREG. UK stakeholders are valued for their expertise in key sectors, their role as active and engaged participants, and for the quality of the systems and structures in place to manage the cooperation process. The UK, along with Gibraltar, currently participates in eleven cross-border/transnational INTERREG A and B programmes.

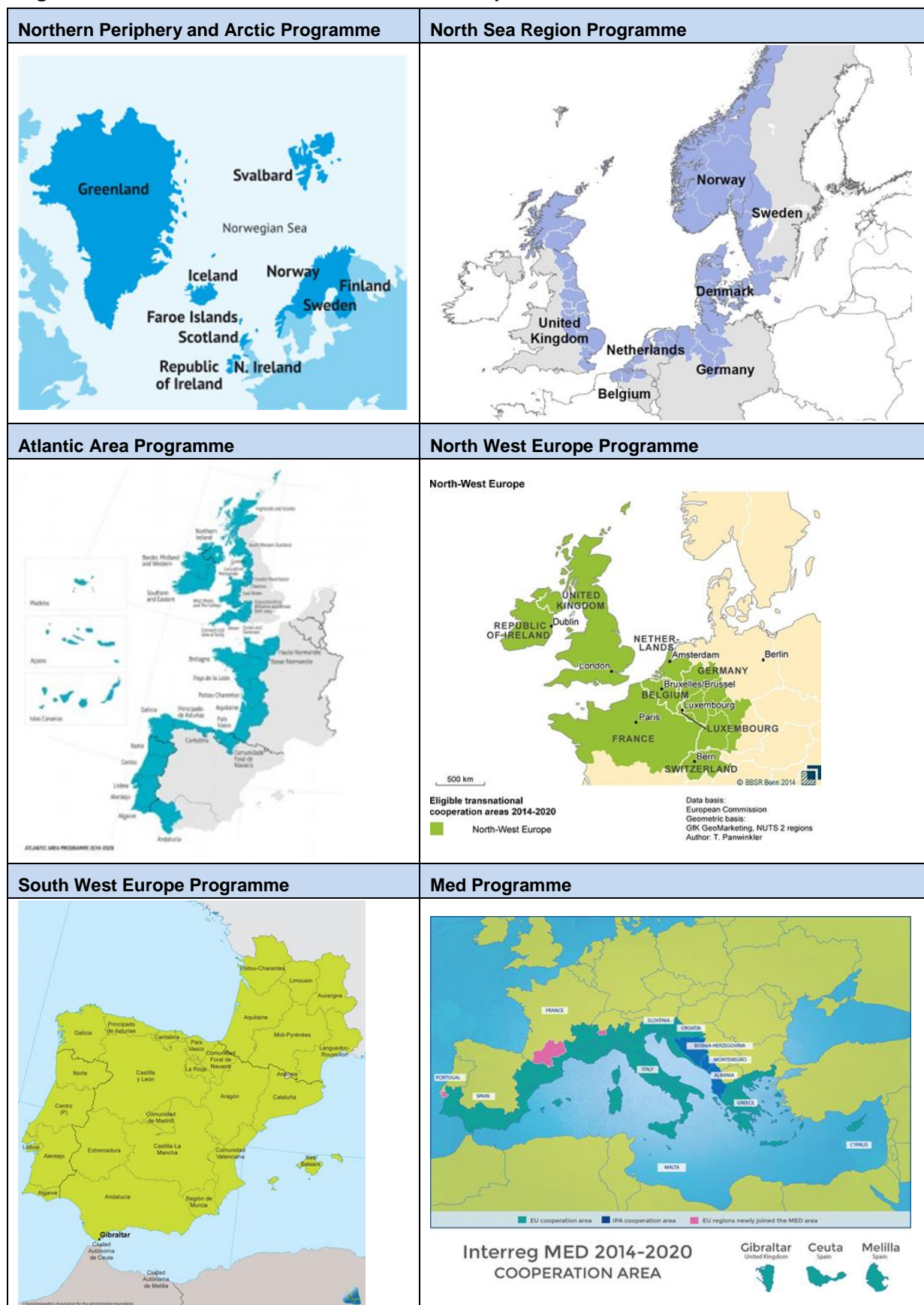
The current (2014-2020) INTERREG programmes with UK involvement cover diverse geographic areas, ranging from the Arctic to the South West of Europe, see **Figure 1** and **Figure 2**. With the exception of the PEACE programme, all the Programmes cover maritime borders, as opposed to the land borders that dominate INTERREG programmes in many other participating countries.

Figure 1: 2014-2020 INTERREG A Cross-Border Cooperation Programmes



Source: DG Regio map adapted by author

Figure 2: 2004-2020 INTERREG Transnational Cooperation with UK Partners and Gibraltar



The Programmes have a combined total budget of €2.293 billion. As well as differences in their geographic scale, the INTERREG programmes vary significantly in terms of their financial scale. The largest in terms of funding is the INTERREG B North West Europe Programme, covering a large highly populated area, see **Table 1**. The smallest, the INTERREG B Northern Periphery and Arctic Programme, covers an extensive but sparsely populated area of Europe's 'High North'. UK contributions to these programmes are linked to population coverage and economic development levels.

Table 1: INTERREG Programmes 2014-2020

| INTERREG Strand | Programme | Total Budget | Partner Countries | Coverage in the UK |
|-----------------|---|--------------|--|--|
| INTERREG A | Two Seas | €257 | France-Belgium-The Netherlands-United Kingdom | South West, South East and East of England |
| INTERREG A | Manche/Channel | €223 | France, UK | South West, South East and East of England |
| INTERREG A | Ireland, Northern Ireland, Scotland (IE, NI, Sco) | €240 | Ireland, UK | Northern Ireland and Western Scotland |
| INTERREG A | Peace | €229 | Ireland UK | Northern Ireland |
| INTERREG A | Ireland, Wales (IE/Wales) | €79 | Ireland UK | Wales |
| INTERREG B | Atlantic Area | €140 | Spain, France, Portugal, UK | Western England and Wales, Northern Ireland and Scotland |
| INTERREG B | North Sea Region | €167 | Denmark, Germany, France, Netherlands, Norway, Sweden, UK | East Coast of the UK |
| INTERREG B | North West Europe (NWE) | €396 | Germany, France, Netherlands, UK | Whole of UK |
| INTERREG B | Northern Periphery and Arctic (NPA) (formerly Northern Periphery Programme - NPP) | €50 | Ireland, Iceland, Faroe Islands, Greenland, Norway, Sweden, Finland UK | North East and South West of Scotland, Northern Ireland |
| INTERREG B | Mediterranean | €265 | Croatia, Cyprus, France, Greece, Italy, Malta, Portugal, Slovenia, Spain, United Kingdom | Gibraltar |
| INTERREG B | South West Europe | €107 | Spain, France, Portugal, UK | Gibraltar |

Source: DG Regio

In terms of resources, the programmes are small compared to mainstream Cohesion policy programmes. For example, allocations to the UK covering the all of the INTERREG programmes was 6.8 percent of UK Cohesion policy allocations for the 2007-13 period, which was less than the Regional Competitiveness and Employment Programmes for North West England. The largest INTERREG programme (NWE) covering an area from the Outer Isles of Scotland to the Alps in Switzerland had a total budget which is less than the Convergence programme for the Cornwall and Isles of Scilly.

In terms of thematic focus, the programmes each have their own specific objectives and priorities, and distinctive elements that reflect the needs of the areas they cover - the remote and peripheral communities in the Northern Periphery and Arctic Programme, connectivity in the North Sea Region programme, which covers major European land and marine transport hubs, shared education, shared spaces and services in the PEACE programme. However, the programmes also share broad development goals, informed by both EU and national development priorities, most notably:

- innovation and competitiveness,
- resource efficiency and renewable energy,
- adaptation to climate change, and
- protecting the natural and cultural heritage.

The eligible areas of expenditure for each programming period inform objectives. Programme focus is also a reflection of areas where cooperation activities have proved productive over successive programming rounds and/or have been identified as key areas of potential growth.

3. CHALLENGES IN ASSESSING THE IMPACT OF INTERREG

As INTERREG has evolved, expectations of what the programmes should deliver have increased. The expectation is they move from knowledge and relationship building to delivering tangible results, linked to the overall focus of Cohesion policy on 'growth and jobs' and domestic policy expectations. The UK, for example, emphasises the need for a clear link between the projects that are funded and wider economic growth policy - INTERREG projects with 'real world' impact that will provide measurable benefits to people and businesses.¹ A sharpened focus on results has been further amplified by concerns about the administrative burdens of participating in INTERREG; questions over the impact of projects and programmes; budget constraints on national, regional and local governments; fundamental questions over European integration; and most recently, and the UK vote to leave the EU.

In the context of these agendas, the 2014-2020 Programmes and projects are required to have clearly specified objectives and strong intervention logic, with the aim of delivering stronger, measurable results. However, **there are a number of challenges for this approach to understanding INTERREG results and impact.**

Weak capacity to deliver substantial, measurable impacts against established indicators:

- INTERREG programmes cover large diverse areas, broad themes but fund comparatively small projects making it challenging to demonstrate results at a Programme level;
- programmes and projects commonly address complex, protracted areas of intervention, frequently associated with provisional failures,² with results not fully apparent during the life of the Programme or the project funding;
- activities are commonly strong in areas where perceived benefits are 'soft' and more intangible.
- lack of comparable regional statistics covering relevant thematic and geographic areas limits scope to illustrate change/impact over time and in specific areas.
- notable contributions made at national and more local-levels can be missed as results and impacts are captured and conveyed for the cross-border/transnational area.

Gathering data on projects and project partners was challenging for a number of reasons:

- the range of government levels and institutions involved in INTERREG delivery can make liaison and consultation time consuming;
- Programme and project data are not routinely disaggregated at national or sub-national levels;
- data protection issues meant that some information cannot be shared; and
- contacting project partners for completed projects is difficult, due to the fact that many individuals move on or their contact details are project-linked and the project will close after its funding ends.

¹ <https://www.gov.uk/guidance/european-territorial-cooperation-programmes>

² FORUM GmbH, (2009) Impacts and Benefits of Transnational Projects (INTERREG III B)

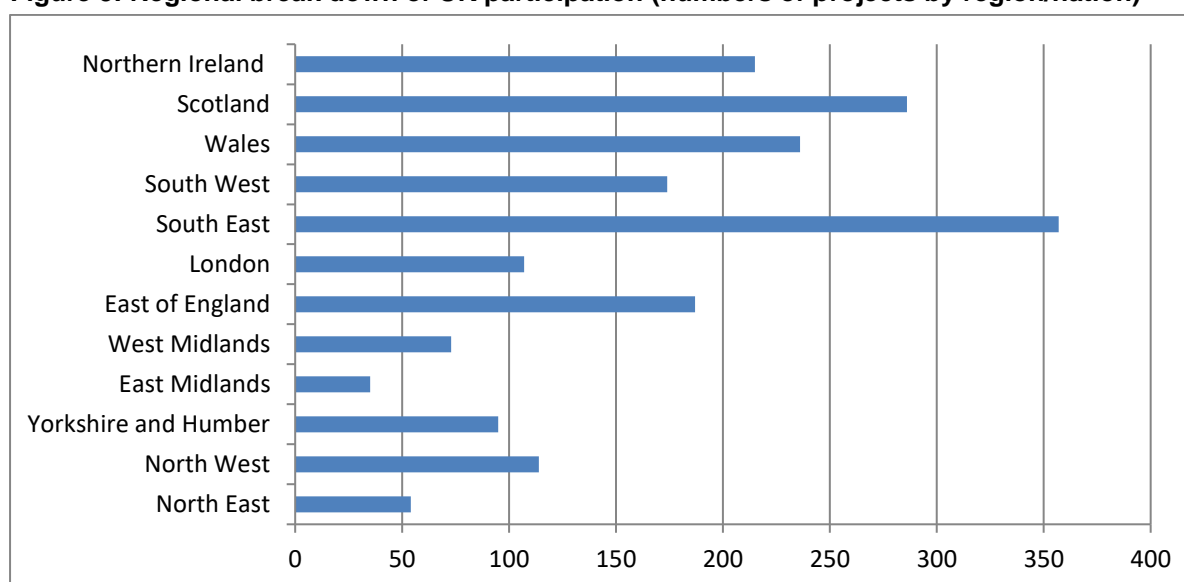
Forschungen 138, Ed.: Federal Ministry of Transport, Building and Urban Affairs (BMVBS) / Federal Office for Building and Regional Planning (BBR), Bonn 2009 <<http://www.act4ppp.eu/publications/documents/impacts-and-benefits-transnational-projects-interregiii-b>>

Taking these challenges into account, this assessment moved away from a reliance on programme-generated data, and assessments against fixed targets set by individual programmes or the European Commission and aimed to build a broader understanding of achievements across programmes and programming periods. The review mainly focuses on projects funded under the 2007-13 Programmes, due to data availability and also the fact that projects funded under the 2014-2020 Programmes are just getting underway. However, where possible reference is made to the 2014-2020 projects already included in the KEEP database or on programme web-sites. As a result, the broad areas of intervention identified in the following analysis have been developed with the themes and topics of the current programming period in mind. It is also worth noting that in the 2014-2020 period the particular emphasis placed on pursuing and delivering results is seen as a 'step change' that will have a positive effect on Programme and project capacity to demonstrate impact. Programmes are working more closely with project developers over longer timescales to build results.

4. INTERREG IN THE UK

Almost 1100 INTERREG and B projects are recorded in the EU's KEEP database as having UK partners, around 600 INTERREG A and 500 INTERREG B. The regional distribution of participation is set out in **Figure 3**. Northern Ireland, which has a direct land border with Ireland and is eligible for five INTERREG A and B programmes has high proportion of partner numbers, particularly given its comparatively small population size. Similarly, Wales and Scotland have high levels of participation. The Welsh government stated that it has attracted funding of around £7.3m per year from European Territorial Cooperation programmes.³ The highest numbers of participants are in South East England, large areas of which are covered by two cross-border programmes and the large INTERREG B North West Europe and North Sea Region Programmes. The low levels of participation in, for example, the East Midlands partly reflects the geography of the programmes, the perceived relevance of 'border' issues, and access to alternative sources of funding.

Figure 3: Regional break down of UK participation (numbers of projects by region/nation)



Source: author calculations from the KEEP database, <<http://www.keep.eu/keep/>>

A wide range of project partners are involved. Strongly represented are: local government; government agencies and authorities; universities and FE colleges; and NGOs, e.g. RSPB. For some institutions, INTERREG is a small 'side line' to their main role. However, in others it forms a quite significant strand of funding. For example, Kent County Council is eligible under four INTERREG A and B programmes, see **Table 2**, and in the past has secured good numbers of projects and associated resources.

³ Llywodraeth Cymru/Welsh Government (2017) 'Securing Wales's Future: Transition from the European Union to a new relationship with Europe' <https://beta.gov.wales/sites/default/files/2017-01/30683%20Securing%20Wales%20Future_ENGLISH_WEB.pdf>

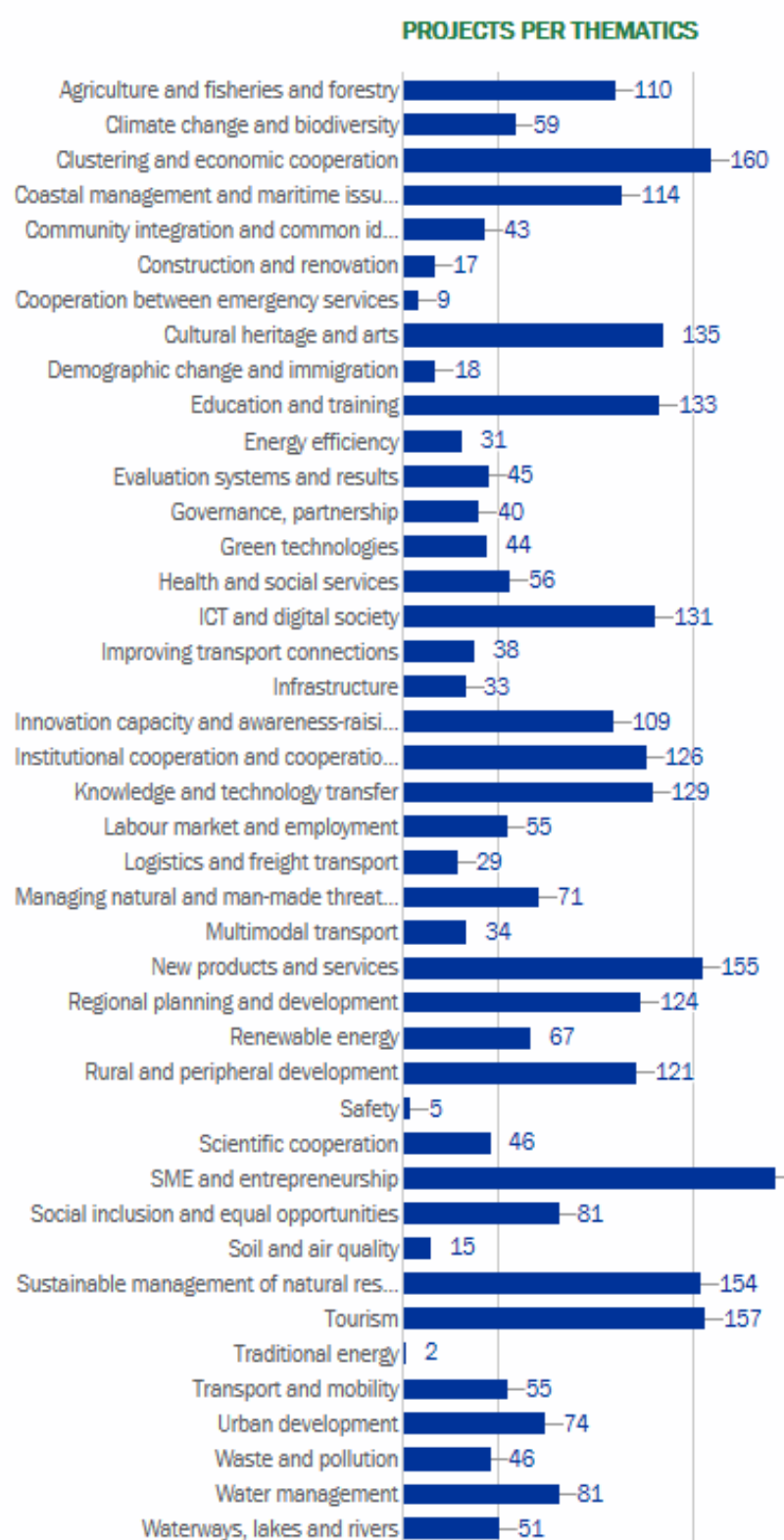
Table 2: EU Funding for Kent 2007-13 (£1= €0.85 exchange rate – figures are approximate as rates vary)

| Funding Programme | No. of Projects Approved involving Kent partners | Total Value of Projects (EU + match funding) | Total Value of EU Funding Secured for Kent | Total Value of EU Funding Secured for KCC |
|--|---|---|---|--|
| Interreg IVA 2 Seas | 37 | £89,561,539 | £13,185,365 | £6,239,985 |
| Interreg IVA Channel | 30 | £39,575,068 | £5,004,190 | £1,510,391 |
| Interreg IVB North Sea Region | 2 | £7,192,101 | £641,340 | £136,015 |
| Interreg IVB North West Europe | 8 | £42,212,944 | £1,713,138 | £288,073 |
| South East ERDF Competitiveness | 2 | £1,244,976 | £622,488 | £373,401 |

Source: Kent County Council (2014) Maximising the Benefits from Kent's European Relationship: Select Committee Report, <https://www.kent.gov.uk/__data/assets/pdf_file/0018/12816/Kents-European-relationship.pdf>

INTERREG projects with UK partners funded since 2000 cover themes ranging from forestry to social inclusion, see **Figure 4**. According to the categorisations used in the KEEP database, and illustrated in **Figure 4**, the highest numbers of projects fall under three main headings:

- SME and entrepreneurship;
- clustering and economic cooperation;
- tourism and sustainable management of natural resources.

Figure 4: UK Projects by Thematic Area/Sector

Source: author calculations from KEEP data base <<http://www.keep.eu/keep/statistics?nuts=UK&l=0>>

Figure 4 usefully illustrates the range of INTERREG activities. However, as has been previously noted, this type of data can present a confused picture, with projects distributed across numerous and diverse themes and providing limited insight into the activities actually undertaken. Additionally, projects do not necessarily fall under single thematic headings. However, this analysis looks at the projects in more detail, particularly those funded in the 2007-13 and 2014-2020 periods. It clusters interventions into broader categories and explores the nature of the interventions and focus of activity.

Based on this analysis it is evident that, in general, capital investments funded through territorial cooperation programme have had the most durable and visible impacts. INTERREG projects have led to, e.g.





- building and area redevelopment - locations within urban areas and villages, public and recreational spaces, public buildings, visitor destinations;
- transport infrastructure provision - community roads, port and marina infrastructure, and small-scale public transport infrastructure.

However, rather than physical outputs, the main focus of projects funded in the 2007-13 and 2014-20 periods tend to be focused more on opportunities for the following:

- **Innovation** in the form of new ideas, approaches and processes is central to the majority of the funded projects. Successful innovation depends on interactions between a variety of public and private organisations. It draws on diverse skills and capabilities across smaller and larger companies, universities, public agencies, business and innovation and financial intermediaries. Territorial cooperation programmes have developed a role in facilitating the flow and exchange of information, which underpins innovation. Additionally, programmes are increasingly in a position to develop, apply and exploit that information. A number of projects have a strong **research and development focus**. **Pre-commercial research** is undertaken in association with potential end users. **Product innovation** is a target for some projects, with a commitment to deliver a new marketable product. In many other cases, **process innovation**, involves developing more efficient, effective sustainable approaches are the objectives.
- **Governance and services** are also cross-cutting themes in projects. For many projects, the main focus is the systems or knowledge that help practical developments to happen rather than the development itself, e.g. systems to support SMEs development; toolkits to improve or develop services and approaches; data and knowledge to inform policy decisions. The outputs resulting from the interventions are **pilots, toolkits, demonstrations, guidance, and services**. The results, which are felt on the medium to longer term, are improved provision of services to target users, better informed decisions, capacity building and efficiency savings.

These two broad themes cut across more thematically oriented clusters of activity which are listed in **Table 3**. The following sections summarise these areas of intervention, noting the types of activity, and areas of achievement.

Table 3: Areas of intervention

| Specific areas of intervention | |
|---|--|
|  | Developing and embedding key sectors: diversifying and strengthening local economies |
|  | Entrepreneurship, SMEs and microenterprise |
|  | Social inclusion and public service provision |
|  | Climate change and environmental management and protection |

(i) *Developing and embedding key sectors: diversifying and strengthening local economies*

In many respects, INTERREG has a 'sector-neutral' approach. The programmes are not strongly constrained by sectoral definitions and boundaries. The projects analysed cover a huge range of sectors, e.g. from agriculture to manufacturing. However, Programmes are grounded in regional needs and opportunities and focus on key established and emerging sectors of national and regional economies. Among the projects reviewed, there are particular clusters of activity are apparent in relation to the following sectors:

- Energy;
- Low carbon/green technology;
- Transport and connectivity;
- Construction;
- Blue Growth and marine economy ;
- Health and life sciences;
- Agri-food; and
- Creative industries and culture.

Notable areas of activity include:

- 'Bridging' R&D and application/adoption & commercialisation through, e.g. developing joint innovation methods, transferable methods, testing methods in companies in different regions, spreading methods and joint research, implementation of innovative technologies or 'niche' areas.
- Opportunity to 'scale up' or 'scale down' new approaches through taking a new initiative/approach and exploring its wider application/adoption; and taking a new initiative/approach and exploring practical application at especially local/community levels;
- Boost skills and training - international education curricula, complementing expertise, strengthening sectors internationally.
- New markets and business links - link business clusters across different regions, larger

markets, collaboration between industries, international visibility, demonstrate excellence in every aspect of the supply chain, competitiveness; development of supply chain, promoting and supporting take up of new approaches

(ii) Support for Entrepreneurship, SMEs and Micro Enterprise

Small and medium sized enterprises and micro enterprises are the focus of numerous projects. The projects cover a wide range of issues including:

- start-up/entrepreneurship;
- internationalisation;
- growth and sustainability;
- access to R&D and innovation;
- technology transfer/readiness;
- supply chains
- development of new markets/sectors; and
- work on region-specific /niche sectors

Interventions are supported through promoting R&D-business links; business to business cooperation, direct advisory services, concept/technology validation, supporting the development of supply chains, e.g.

- SME links to wider networks including public sectors HEIs and NGOs,
- development of clusters,
- mentoring activities and guidance; and
- develop/enhance agency/government support to SMEs.

(iii) Social inclusion and public services

Interventions aimed at social inclusion and public service provision have increased in prominence in the programmes. The PEACE programme between Northern Ireland and Ireland has always had community relations, and building links and understanding at the heart of its activities. However, particularly over the 2007-13 and 2014-2020 programming periods, social inclusion and public service provision, as a factor in not just in the social development but also the economic prosperity of regions has become a strong element in the Programmes. The starting points for many projects are broad economic and social challenges linked to, for example, demographic ageing, youth unemployment and migration combined with pressures on public sector budgets, the rapid pace of development in ICT, and demands on public services. Interventions deliver direct services, tests and pilots for wider adoption/adaptation, and toolkits and resources. They offer:

- An opportunity to 'try out' and test new approaches
- Policy transfer/learning
- Scope to specialise adapt solutions through joint working
- Service innovation
- Improved access to services
- Service effectiveness and efficiency

(iv) *Climate change and environmental protection and management*

Environmental concerns such as climate change, low-carbon economy, pollution, and over exploitation of natural resources are global challenges that do not stop at borders. Cooperation has offered an 'international' link to partners dealing with joint, similar, or related issues which could be difficult to establish through other means. Shared marine environments, promoting advances in the low carbon economy, mitigating and adapting to the effects of climate change, and managing the pressure of societies on their surrounding environments are all shared concerns which are strongly reflected in projects. Some interventions deliver direct actions to improve, redevelop or protect areas. Others aim to develop and promote new innovative approaches to addressing development challenges and opportunities. Actions and achievements include

- **Scientific learning** and knowledge – in the form of findings which inform the development of tools and methodologies for addressing specific environmental issues, operational learning which is sector specific and has been applied by stakeholders to inform decision-making processes, and work to influence the design of relevant public policies and develop procedures and training materials.
- **Developing responses to new regulations**, e.g. marine/blue growth, frameworks and legislation, and flood directive.
- **Scope to trail and test** approaches and work with users/stakeholders building up engagement and interest, maximising take up and adoption.
- **Habitat management and environmental protection** through integrated ecosystem-based approaches, working across borders and sectoral boundaries. The development and design of new or enhanced sustainable management strategies for cultural and natural heritage sites.
- **Develop a 'path' of knowledge transfer between researchers and operational partners**, e.g. assisting public and private bodies to deal with specific environmental challenges.
- **Increase sustainable management knowledge** and practices that address the specific environmental challenges of the territory.
- **Develop locally adapted engagement and action on 'big' issues.**

5. ADDED VALUE OF INTERREG

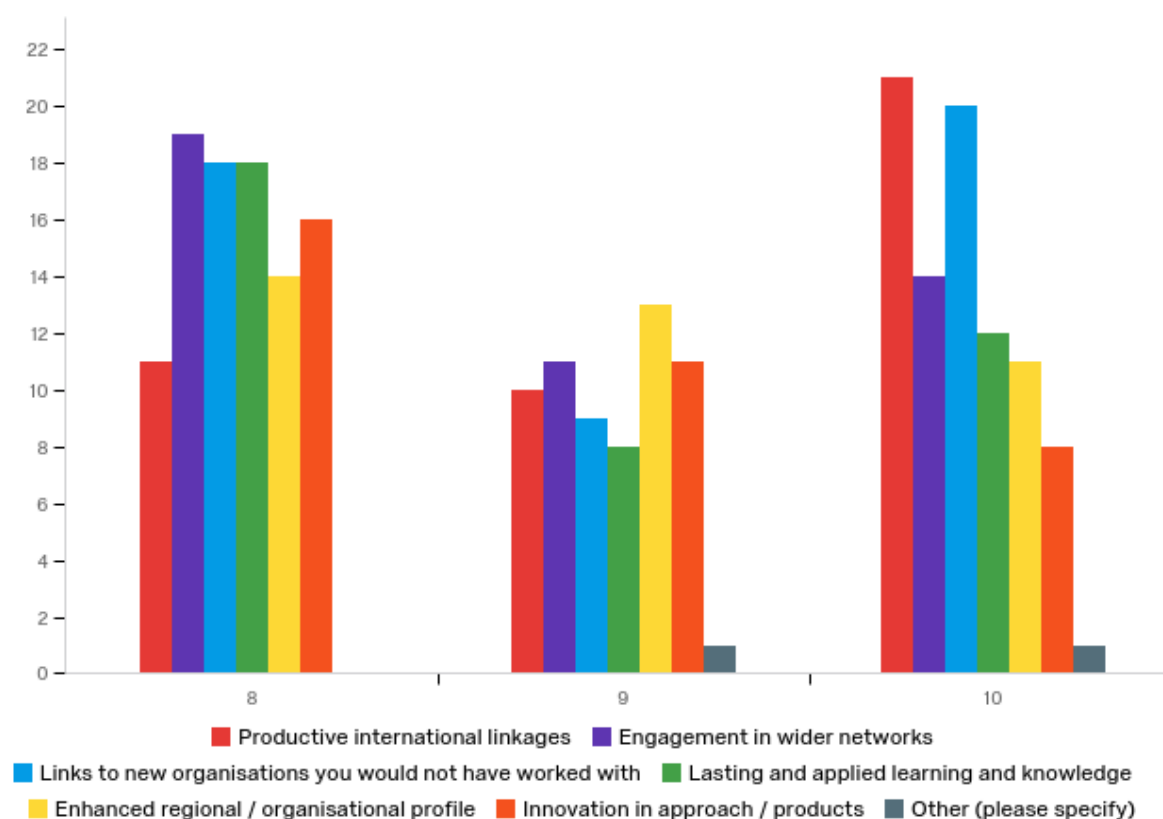
Within complex sectors and development fields, INTERREG projects have addressed specialist elements and issues where connectivity, complementarity and collaboration are key factors for development. As the preceding sections have noted, in particular, work has concentrated on:

- **developing and testing new technologies and applications, and**
- **adaptation and adoption in new environments/sectors/contexts.**

However, all of the areas/themes discussed in the previous sections are the focus of numerous domestic policy interventions. It is, therefore, important to identify any areas/aspects where involvement in INTERREG specifically, as opposed to a domestic or sectorally oriented policy or initiative, has brought about a perceived benefit.

Figure 5 sets out the areas where respondents to a brief survey of stakeholders carried out by EPRC⁴ rate the added value of INTERREG particularly highly, (rank above 8). Productive international linkages and links to new organisations are noted as particular strengths, alongside engagement with wider networks, lasting and applied knowledge, enhanced profile and innovation. Additional areas noted were: new business starts/job creation, professional development, infrastructure, and funding support for business priorities.

Figure 5: Percieved value added to organisation (top ranks of 1-10 scale)



⁴ A short on-line questionnaire was developed and circulated to project partners listed the European Union's KEEP database.

Having established areas where achievements are identified, key subsequent questions, particularly in relation to a comparatively complex form of funding, such as INTERREG, are ‘was it worth the effort; was it effective?’. **Figure 6** focuses on respondent assessments of whether working on a cross-border/ transnational basis helped or hindered project results. While in some cases the process was viewed as either of little value, or too much effort for too little gain, the number of respondents stating that the process enabled results that would not have otherwise been achievable or enhanced results is considerable. **Figure 7** highlights that, even amongst those who were critical of the programmes, a high proportion (85 percent) would be willing to participate again in the future.

Figure 6: Value added of the results achieved

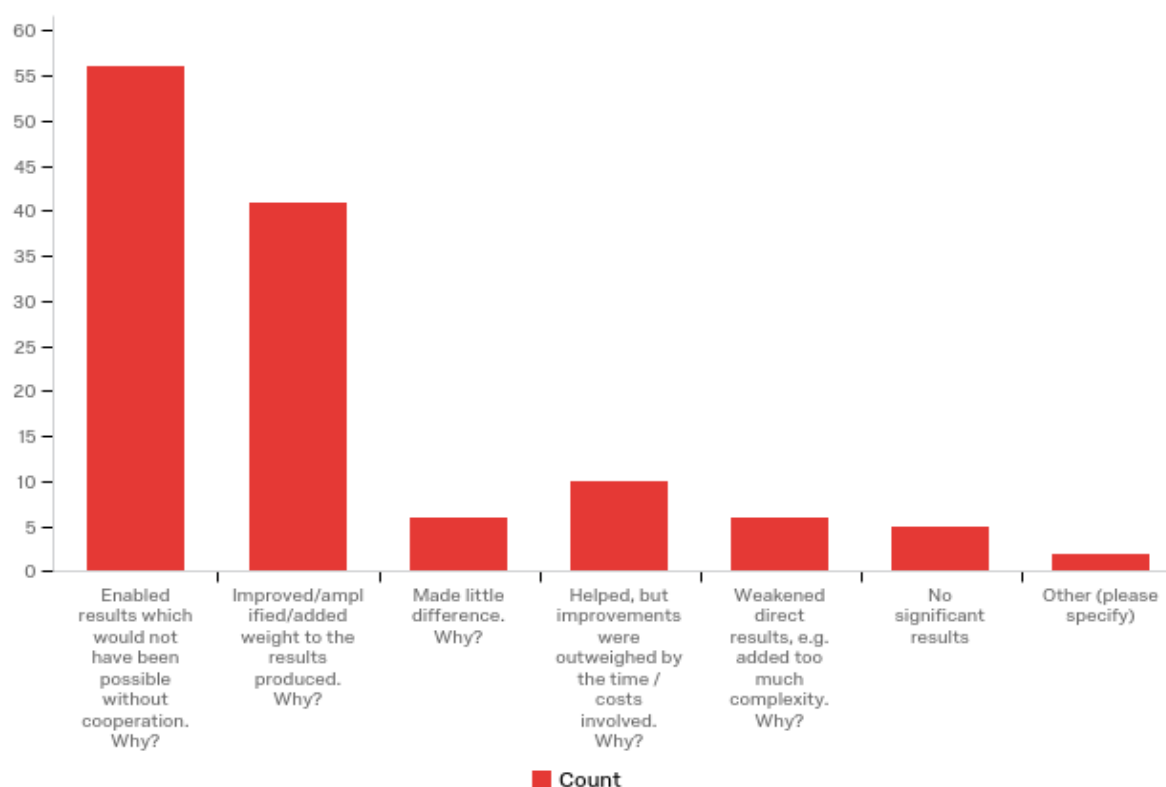
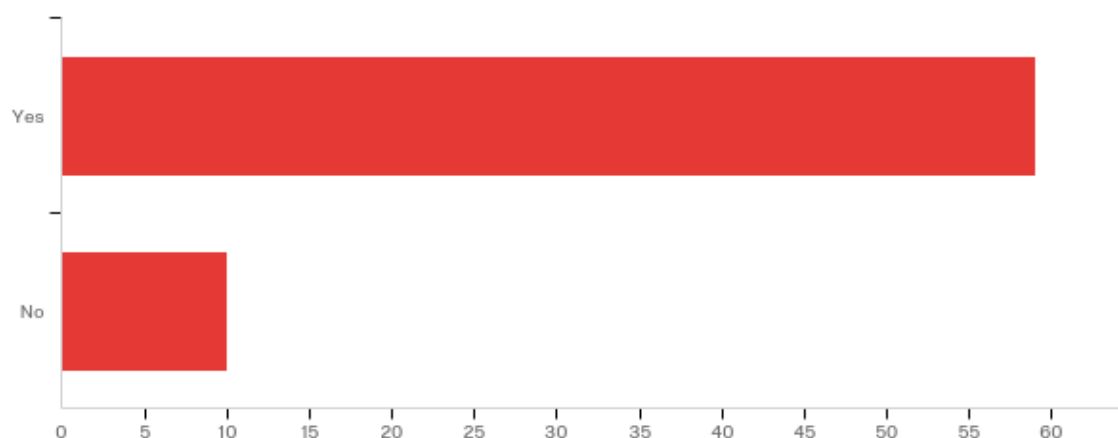


Figure 7: Willingness to participate in INTERREG in the future

In terms of what was gained, key areas are set out below:

(i) Value gained from international engagement

International engagement is a key driver for stakeholder engagement in INTERREG programmes and projects. The opportunity to draw on international perspectives and external cases was identified as the principle driver behind the participation of a number of partners, especially in transnational cooperation programmes. In these cases, stakeholders involved were explicitly 'on the lookout' for the opportunity to engage internationally, e.g.

- to identify examples of how to address an issue of concern;
- to connect with areas facing related/similar development issues;
- to learn and gain new perspectives; and
- to increase international profile and showcase expertise.

This type of engagement is credited with helping to **shape institutional thinking on issues that have gone on to change institutional, policy and service development and delivery.** It has allowed issues to be addressed on a more relevant/impactful scale, e.g. working across borders on environmental protection issues.

In some cases, it was acknowledged that the direct benefits to the UK partners in terms of the solutions developed was not immediately apparent, e.g. the technology/service developed was not easily transferable due to regulatory differences, or the UK project partners did not take on a major role in the project partnership. However, even in cases of this type, benefits were noted. One respondent stated that projects had given **'real substance and focus' to existing international relationships and links**, e.g. participation in city networks and twinning. Participation in an international collaboration can also be the **'step up' from operating at a regional/local level to building an international reputation and network**, developing profile, confidence and knowledge. It also provides an opportunity to gain perspective on 'where stakeholders are in the policy scale' - are there policy areas/issues where they are leading/lagging?

(ii) Productive networking and learning

Respondents highlighted the **particular value of working collaboratively on a specific issue, and on a close/face-to-face basis**, which again differentiated INTERREG involvement to simply participating in a network. Project engagement is attributed with having:

- developed stakeholders understanding of sectors going from the grassroots level up to policy and political levels in the EU, allowed projects to forge stronger links with industry and government and regulatory bodies, opening direct engagement with decision-makers and policy influence;
- brought together stakeholders who would not have been round the same table – ‘mixes things up a bit’;
- intensified and extended national and local level engagement between diverse stakeholders around shared issues, built up strong active grouping around an issue locally as well as internationally (this is particularly notable in the UK context due to the fact that project partners have to secure co-financing for projects, which has acted to intensify links);
- allowed partners ‘space’ to reflect on their own performance, improve the effectiveness of practices, and develop new ways of thinking; and
- accelerated learning and supported professional development.

As these points indicate, INTERREG projects engage stakeholder groups who traditionally may be limited to a more local/narrow focus. Not only have projects been noted as a way to engage with external partners, but they have reinforced partnerships between local actors working in related fields. Of particular note is INTERREG’s role in widening the engagement and networks of small organisations, or individuals working on specific themes within wider organisations, allowing them to ‘punch above their weight’ in wider policy environments.

Thus, the relationships established through INTERREG continue to be valued in their own right, e.g. with economic benefits and new work initiated via partner involvement in projects. Nevertheless, networking, learning and knowledge exchange are increasingly viewed as a means to an end and not enough to justify engagement. Key to the current round of programmes and many of preceding projects is ‘networking with a point/to some effect’.

(iii) Filling a support gap

INTERREG has been identified **as filling a ‘gap in the market’, linked to its thematic coverage, scale, and international dimension**. Notable ‘distinctive’ elements of INTERREG funding were identified as the scope to:

- work in fields that due to sectoral or area designations are not the focus of direct policy interventions, e.g.
 - conservation efforts targeting areas outside formally protected areas;
 - cross-sectoral working, which can involve a range of partner types that may not be possible for other sources of funding;
 - areas which are nationally ‘niche’, but regionally relevant, or specialist parts of wider sectors.
- work over a wider cross-border area;

- address local/community issues from an international perspective;
- engage with new and emerging approaches, which may not yet be the focus of other forms of funding, e.g. INTERREG has worked in the past in the field of distance learning, e-health, and city resilience.

Cooperative actions are also valued catalysts to stimulate bids for other forms of funding. The scale of the projects has proven appealing as a 'start' for organisations wishing to engage, but lacking the experience or scale to move straight into a larger application to one of the bigger funds. It was noted as helping organisations to build up a 'funding CV', which supported chances for securing other types of funding, notably Horizon 2020. For example, within university and further education institutions, INTERREG is an important 'stepping stone' towards other, larger, funding sources - a point from which to develop and refine ideas, and build partnerships and relationships.

(iv) Strategic value

The primary focus of the Programmes is economic growth. However, **the 'strategic engagement'/'international-relations' role of INTERREG is increasingly recognised**. First, cooperation programmes and projects address areas of high political and symbolic added value. The PEACE programme and Northern Ireland, Ireland, Scotland Cross-border programmes are key examples. The significance attached to these programmes in the participating areas, particularly Northern Ireland, is high. The programmes are set within the context of the wider Peace process, which adds a crucial dimension to these programmes and visa versa. Many cross-border projects are reliant on EU funding for their survival and are credited with having a transformative effect on Northern Ireland and its border regions in particular. In the context of this project, respondents credited the cross-border approach required by INTERREG as having helped initiate, 'mainstream' and normalise cross-border working. Looking to the future, concerns surrounding the impacts of the loss of such funding are such that a recent House of Lords Report called on the Government to explore during the course of Brexit negotiations means by which it might continue to be eligible to apply to some EU funding programmes, in particular for cross-border projects.

The strategic link to UK INTERREG programmes is not limited to Programmes in Northern Ireland. INTERREG programmes also provide a link between Gibraltar and Spain through the South West Europe and Med programmes. More generally, INTERREG is viewed as giving an operational value to wider international links to neighbouring countries. For example the Welsh government note the fact that cross-border cooperation with Ireland could become even more important post 2020 and identify the value attached to the cross-border programme between Ireland and Wales, especially in relation to port development.

Another example is engagement in the Northern Periphery and Arctic Programme, which links Scottish partners to the Arctic region. As the part of the UK closest to the Arctic and with its longstanding involvement in the NPA and its predecessor NPP programmes, Scotland has particular interest in Arctic development and cooperation. Its Nordic Baltic Policy Statement reflects Scottish interests in, and its long-standing relationship with, Europe's northern periphery. More generally, the United Kingdom is among several non-Arctic states which have formulated policies which address and respond to Arctic challenges and opportunities. The UK considers itself the Arctic's nearest neighbour and as such has an interest in Arctic development. Cooperation is one of the principle pillars of the UK's approach to the Arctic.

The value of strategic cooperation in the North Sea Region was noted in the 2015 House of Lords Report 'North Sea Under Pressure'. A recommendation from the report was that the UK Government work with other North Sea countries on, e.g. the development of marine planning in the North Sea. The particular value in cooperation was noted in relation to North Sea energy, transport and blue growth sectors, all of which have high levels of interdependence and interrelationships which offer development opportunities and as competition for space grows increasingly intense, so the need to cooperate will intensify.

Those who said that they would not participate again were very clear on the fact, and the research notes the substantial criticisms and questions were raised about INTERREG. Well-recognised difficulties and criticisms are discussed in the following sections

(i) High administrative and operational challenges and costs

Linked to the complexities of cross-border and transnational working, and the regulations in place for INTERREG, the **high administrative and operational challenges and costs** involved in participation are acknowledged to be highly burdensome and even off-putting. The administrative burden was described as 'enormous', especially for smaller organisations.

Despite efforts at simplification, each programming period brings challenges, e.g. the time taken to develop projects, time and cost involved in maintaining large partnerships, administrative complexities and delays, heavy reporting requirements and bureaucracy around verification of claims and procurement requirements. These issues are considered to have 'scared away' potential participants and have been to the 'detriment of concrete delivery'.

In some instances, these difficulties are heightened by weaknesses in the support and guidance offered to partners by Programme authorities, e.g. lack of clarity on results, lack of useful feedback on applications, more focus on paper work than results. However, in other cases the support from Programme Secretariats is viewed as being extremely helpful. It is also recognised by many of the more experienced stakeholders that administrative burdens are increasingly part of any form of public funding and 'to be expected'.

Beyond administrative burdens, project stakeholders also face the additional 'work' of building and maintaining the project partnership. Relationships within the partnership can be challenging; project partnerships don't always 'work'. In some projects cultural and linguistic differences can cause delays and challenges. In others weak commitment by national governments to pursue engagement can affect the achievements. In some cases, respondents expressed the opinion that smaller partnerships could have been more effective and less complex to manage.

(ii) Weak private sector engagement

A recurring criticism of INTERREG is its **weaknesses in private sector participation**. The regulations are unattractive for private sector partners, particularly SMEs. This is identified as a particular problem when considering the sustainability of project outputs and results, as there is currently a dependence on public sector involvement, which is increasingly being cut but not replaced by the private sector.

Key concerns include: ⁵ confusion with regards to the different profiles of EU/territorial cooperation programmes; complex EU and national regulations on public procurement; unclear state aid rules; expensive start-up costs, which can be risky especially for SMEs; financial rules which can cause liquidity problems; complex (perceived or real) administrative processes; and, the overall territorial cooperation framework, which is not necessarily perceived as suitable for projects implemented by the private partners. Indeed, many private sector actors question the relevance of the Programmes to profit making and profitable end products. There are also issues with respect to the, at times, differing working cultures between the private and public sector, and capacity issues which can also limit private sector involvement.

However, it should be noted that participation of private sector is gradually increasing in some projects and Programmes. For example, companies have been involved in projects through in-kind contributions, they test materials/services, and IT companies have been engaged to work with academics to develop apps. Private sector stakeholders and companies are represented on the advisory boards of projects, giving insights for the project, and also potential links for future development. This form of engagement allows private companies to avoid being burdened by the complex administrative processes and procedures, but they can still link to the project. These arrangements are not immediately apparent in the basic project data and reports that are most commonly used in evaluations etc. However, it would be wrong to say that INTERREG has not engaged with the private sector. The project partnerships have wider networks of engagement.

(iii) Weak rationale for territorially-based cooperation

The rationale for joint cross-border or transnational solutions is questioned in some projects and programmes. Not all projects derive benefit from being cross-border or transnational, e.g. it is not a joint solution to a common problem that is applied as a result of the project. Previous evaluations have been critical of so-called parallel projects where a project funds separate activities that take place either side of the borders.

More generally, some Programmes, and the projects they fund, have struggled to build an identity and coherence that makes them attractive to potential partners, and policymakers. This is not the case for all Programmes; some have a very strong thematic or geographic rationale. However, in others partners felt it was difficult to develop good INTERREG projects due to lack of familiarity with the other regions meaning they were not able to spot opportunities arising from commonality of need / problem / solution. In others, the relevance of the Programme geography was questioned and linked as a factor weakening participation and engagement.

Although projects and Programmes do have distinctive features, e.g. addressing needs in specific sectors or communities, a large number of projects are focussed on related themes, such as SME support. This suggests that there is potential for capitalisation and collaboration in order to maximise their actions and outputs and reduce the possible risk of overlap and duplication. This poses the question as to whether these actions be delivered more simply through other means. For example, increasingly synergies, collaboration and international engagement are recognised as valued parts of other policy initiatives and interventions, e.g. Horizon 2020 and regional innovation interventions.

⁵ Vironen, H. McMaster, I and van der Zwet, A (2013) Ex Ante Evaluation of the Northern Periphery Programme: SME Participation, Evaluation Note, EPRC, University of Strathclyde

Despite these criticisms and questions about overall rationale, a number of project partners were keen to stress that even though a project may not have developed a truly joint response/approach to an issue, or had an 'equal' impact on either side of a border, the process of working collaboratively was valued. For example, in some cases a joint service was planned, but regional specificities meant it could not be applied across all participating regions. Yet, the partners involved were able to build a better understanding of their own area, what adaptations were needed to address their own needs, or what options were not worth pursuing.

(iv) *'Policy periphery'*

INTERREG projects and programmes have been described as leading a '**shadowy existence**', somewhat set apart from mainstream projects and programmes. This lower policy profile can be linked to their comparatively low budgets, method of working, and bureaucratic complexities, which are often unclear to non-specialists. In the past, little knowledge-sharing, transfer of practices and policy tools, or learning has taken place beyond the first circle of actors directly involved in projects. In this sense, many projects have been implemented in isolation.

In the past, there has also been little coordination between INTERREG and other funding streams, and likewise limited sharing of project results between regional stakeholders and central/regional authorities. Although not the case for all areas, the lack of engagement at national level has been seen as a further barrier to promoting and progressing INTERREG outputs and results. For example, the INTERREG ex post evaluation case study of the Channel/Manche programme found that an absence of political will on both sides of the Channel raises some questions about the sustainability of the learning mechanisms and cooperation.⁶ Institutions such as SEUPB (Special EU Programme Body) in Northern Ireland are a notable exception, but more generally, the administrative and political structures and, even partner representatives, involved in INTERREG do not have cross-border/transnational links at the core of their functions and, as a result, there can be perceived issues with: weak commitment in promoting and developing the programmes and projects; and missed opportunities to capitalise on outputs and networks.

The lack of visibility is compounded by the challenges in presenting INTERREG results effectively, as has been previously noted. Also in the process of undertaking this research it has become apparent that there are additional barriers to the 'visibility' of INTERREG:

- many of the projects are small-scale and work in highly specialist fields: this can mean that communicating the focus and achievements to non-specialist audiences has proved challenging for some projects; and
- the lack of a coherent 'national' overview of the programmes. Gathering data from across the programmes is extremely challenging and time consuming, project contact lists quickly go out of date which means scope to follow up on post-project results is limited, project and programme results are not reported on a national basis, and in the past the European

⁶ McLeod, C. (2016) Case Study INTERREG IVA France (Channel)- England, Ex post evaluation of Cohesion Policy programmes 2007-2013, financed by the European Regional Development Fund (ERDF) and Cohesion Fund (CF), European Territorial Cooperation (Work Package 11), ADE Consulting for DG Regio.
<http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp11_interereg_fr_uk.pdf>

Commission has discouraged taking too 'national' a view of engagement. However, this has led to a critical information and knowledge gap.

The sustainability and durability of outputs and results is also a concern. Not all INTERREG projects and programmes 'deliver'. The exploratory/ test-based approaches to many projects mean that some will simply not work. Further challenges are that:

- after a pilot phase the project stops and the innovation cycle breaks.”⁷
- the infrastructure developed lies with a different partners that are not a lead partners which can limit more general take-up; and
- activities are hard to sustain due to public sector cuts in spending.

However, the process involved in gaining funding, particularly for UK partners, means that overall the quality of projects with UK partners is recognised as high and the process of securing match-funding has supported a process of more results driven actions. In addition, Programmes are more actively invested in supporting projects and meeting targets, e.g. taking a more strategic approach to project development, clustering projects to support more strategic engagement and influence and supporting dissemination. Partners have also noted the valuable lessons learned even from less successful projects or the value gained from the more tangential results, e.g. changes in perspectives on an issue.

⁷ WaterCAP Final report 'One step beyond implementation of climate adaptation innovations: Experiences from the INTERREG IVb project WaterCAP' <http://www.watercap.eu/NR/rdonlyres/47B39E94-8FCB-4F0F-AEE7-84B2ECD757E9/0/Report_WaterCAP.pdf>

6. FUTURE PERSPECTIVES AND CONCLUSION

Looking to the future the nature of the UK's engagement and relationship with INTERREG will change.

- **An exit from the EU will change the UK's cross-border and transnational interactions with neighbouring EU Member States and regions.** However, the UK will retain long land and sea borders with the EU. INTERREG has a long tradition of involving EU Member States and non-Member States, which is becoming and increasingly important and well-recognised element of the initiative by both the EU and non-Member States. For example the EEA/EFTA Forum of Local Governments noted Iceland's active participation in the 2007-13 Northern Periphery Programme.⁸ Speaking in October 2016 the Norwegian EEA and EU Minister stated *"INTERREG is and still shall be an important tool for Norwegian regional development"*. Similarly, the Director of the Swiss Centre for Mountain Regions observed, *"ETC is an important instrument of Swiss regional policy and international cooperation and Switzerland wishes to continue to be actively present in the ETC programmes...More and more Swiss partners are becoming aware of the opportunities that various ETC offer and decide to get involved."*
- **In the context of future Cohesion policy reform, questions are being asked about the role and approach of INTERREG.** The performance of INTERREG has come under increased scrutiny in the context of on-going criticism about its effectiveness, difficulties in measuring and demonstrating achievements, and demands for greater value-for-money and added value. The issue of how to strengthen territorial cooperation and whether it should be strengthened, are likely to resurface in the debate about post- 2020 Cohesion policy. Among the issues 'up for debate' for the post-2020 period is whether there should be a Cohesion policy model where funding in richer regions is only provided through INTERREG an option.⁹ This option is not widely favoured, although for richer Member States facing cuts in their mainstream Cohesion policy programmes more support for territorial cooperation could be viewed as important. Extensive debates are also expected on simplifying cooperation. One option could be to work along the lines of the Vanguard initiative.¹⁰ Under this initiative, it is up to the region to decide whether they want to join the network, and decisions are made in the regions (rather than at the centralised secretariat), which in turn allows a flexible use of the funding.¹¹

⁸ European Economic Area, Forum of Local and Regional Authorities, (2014) Ninth Meeting of the EEA EFTA Forum, Grímsnes- og Grafningshreppur, 26-27 June 2014

⁹ Bachtler, J. et al (2016) Ideas and Options for Cohesion Policy Post 2020, IQ-Net Thematic Paper 38 (2) , May 2016, EPRC, University of Strathclyde

¹⁰ Bachtler, J. et al (2016) Ideas and Options for Cohesion Policy Post 2020, IQ-Net Thematic Paper 38 (2) , May 2016, EPRC, University of Strathclyde

¹¹ The Vanguard Initiative is a network of 27 EU regions, which are politically committed to revitalising European industrial growth by leading by example in boosting growth, competitiveness and innovation in their regions. This is delivered by aligning regional areas of strength and enabling co-investment, on the basis of regional smart specialisation strategies. The political leaders in every partner region have signed a joint declaration, the Milan Declaration, which sets out how this will be accomplished. Source: Vanguard Initiative, Annual Report 2015.

As has been discussed there are significant challenges in clearly identifying and measuring the results of the projects funded through INTERREG in its current form and their value for money. However, based on this review significant strengths and areas of achievement are identified. The areas of activity identified in this engage with areas of economic growth policy, notably innovation, skills, infrastructure, new business, trade, energy and clean tech and key sectors, and developing the best institutions and infrastructures to support development.¹² At the same time, they include strong local roots and external engagement. In these areas INTERREG programmes and their projects do deliver benefits to people and businesses, but crucially they leverage or drive wider productive change and gains allowing UK organisations to 'do more of what they do and do it better'.

More generally, the relevance of the overall themes of cooperation, collaboration and coordination continue linked to:

- significant economic, social and environmental developmental challenges that demand transnational, solutions, most notably climate change.
- need to address on-going practical and legislative obstacles businesses, institutions, organisations and individuals face in engaging in cooperation in border areas.¹³
- value in retaining programmes where new innovative ideas can be formulated and tested and provide a springboard to other funding and financing instruments.
- durable and visible form of practical cooperation on shared concerns and basis for neighbourhood engagement that INTERREG can offer as relationships along the EU borders continue to evolve and change.

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585107/industrial-strategy-10-pillars.pdf

¹³ DG Regio, (2016) Overcoming Obstacles in Border Regions, Summary Report on the Online Public Consultation 21 September – 21 December.