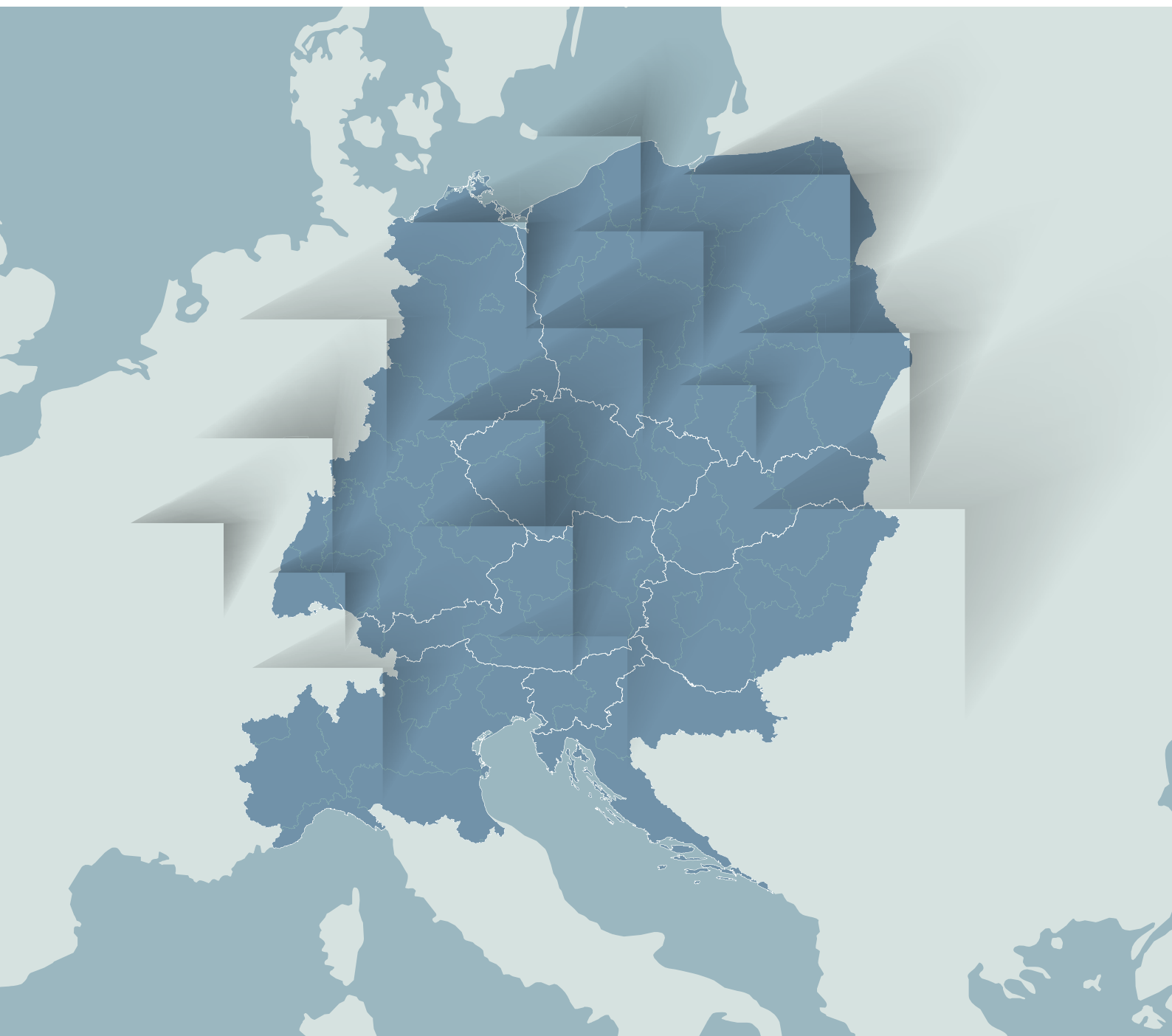


A more united and stronger central Europe needs transnational cooperation

Input paper of the Interreg CENTRAL EUROPE Programme

July 2018



Cooperation is essential for building a stronger central Europe

Since the fall of the *Iron Curtain* in 1989 and the accession of central eastern countries to the European Union (EU) in 2004, regions and cities in central Europe have become stronger by working together on shared challenges and needs. Citizens have benefitted in many ways from cooperation on the ground at all levels.

Despite obvious achievements, cooperation cannot be taken for granted in this region at the heart of Europe. Recent political discussions show that closer integration may not remain the dominant political trend in coming years. Support for cooperation beyond borders is needed more than ever and ESPON has warned policy makers that less cooperation would ultimately result in lower economic growth in central Europe.

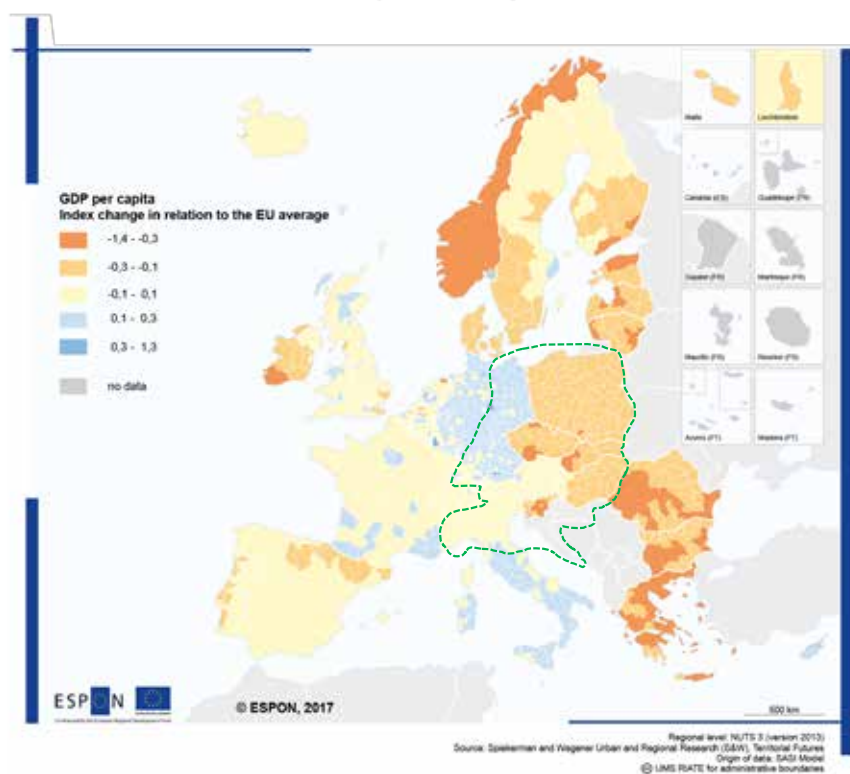
If European integration slows down or even comes to a halt, GDP per capita would be lower everywhere compared with continued integration. The impacts of disintegration on territorial cohesion would be negative.

An impression of the territorial distribution of tentative changes in terms of GDP per capita relative to the European average is shown on the map.

Many of the lagging regions face stronger reductions, i.e. they are falling behind compared to the European average. These are mostly regions in eastern and south-eastern Europe, though several regions in northern Europe would lose compared to the European average.

Most of the stronger regions will also lose out in absolute terms but gain in relative terms compared to the European average. This would be true in particular for most regions in Germany and middle and southern parts of Italy.

Territorial cohesion effects of European disintegration 2030



Source: Adapted from ESPON 2017, *European Territorial Review*, p. 19 (delimitation of CENTRAL EUROPE AREA)

In lack of an overarching platform, transnational funding provided through Interreg CENTRAL EUROPE has been an important incentive for cooperation in the area for more than 20 years. The programme has been contributing to increased solidarity and economic well-being beyond borders by financing hundreds of transnational cooperation projects and partnerships across the heart of Europe. It has helped creating and strengthening links from east to west and from north to south in this functional area.

Central Europe is a functional area with unique challenges and needs

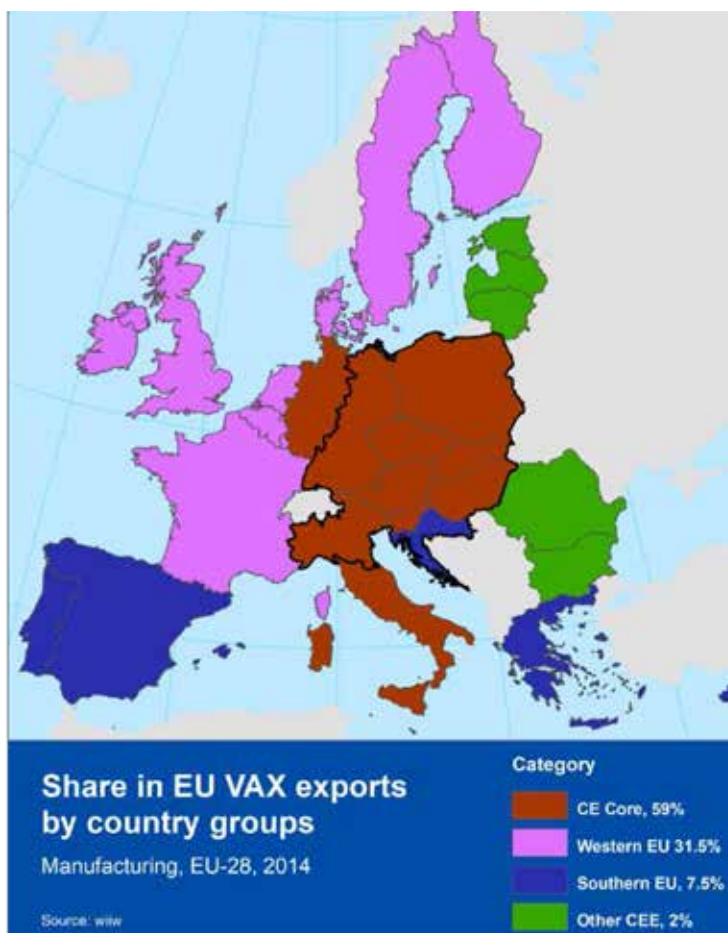
Intense economic and social ties link central European regions and cities and make this geographical area a “functional area”. An expression of this is that **central Europe is one of the EU’s industrial core areas**, with shared challenges and needs that can best be tackled by cooperation. This was also the result of a recent study carried out by the Vienna Institute for International Economic Studies (wiiw).

Central Europe represents an industrial core area of the EU. This fact is exemplified by the **share of central European regions (CE) in the EU manufacturing industry, which is as high as 35 per cent**. This share will only grow further after Brexit.

This feature adds a unique functionality to the area, making it a highly important - if not the most important - functional area in the EU. This is because central European countries are not only tightly linked to one another in terms of trade and value-added chains, but many of them are also small, open economies that can easily be affected by shifts in global trade flows.

Transnational cooperation in central Europe therefore helps to make the area more resilient to external economic shocks. Much more than this, cooperation also brings the countries closer together, in both economic and social terms, thus making the CENTRAL EUROPE area a genuine functional area.

Source: Vienna Institute for International Economic Studies. Final Report of the study “Territorial challenges, potentials and impacts of transnational cooperation in central Europe”. June 2018



Note: Black line indicates CE territory. Source (data and maps): wiiw.

A careful planning of Interreg CENTRAL EUROPE back in 2013 resulted in a distinct programme strategy that, from a territorial and a thematic perspective, complements priorities of other EU funding instruments.

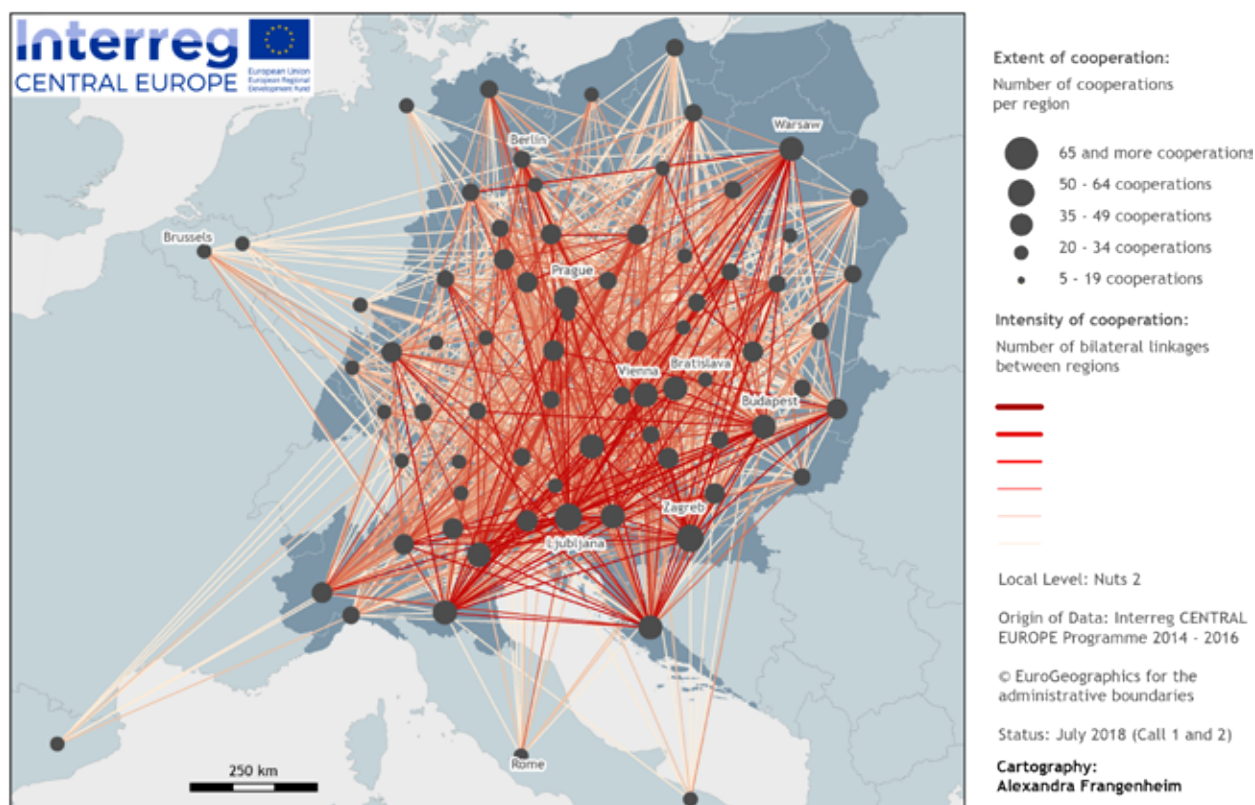
From the beginning, the programme was **shaped to respond to specific and long-term challenges affecting the area** along its north-south and east-west axes. The aim was to focus on concrete needs shared and expressed by regional stakeholders. Topics that are currently funded by Interreg CENTRAL EUROPE were thoroughly **consulted with thousands of local, regional and national stakeholders and civil society** in an inclusive approach. The recent territorial impact study by wiiw has in many aspects proven the continuous validity of the chosen funding priorities and topics.

As a result, Interreg CENTRAL EUROPE has a **clear strategic focus on its own territory**. It has managed to avoid any duplication of efforts with overlapping instruments and the programme clearly helped to **increase competitiveness in the central Europe area**. It only funds cooperation on topics with a special relevance to regions and cities in this EU industrial core area - sometimes even generating additional positive spill-over effects for regions located outside the programme area.

Intense cooperation shows that central Europe functions as a coherent area

Due to the above mentioned specific and commonly shared challenges and needs, the **intensity of transnational cooperation in central Europe is very high** (see box below). Demand in transnational cooperation supported by Interreg CENTRAL EUROPE has been highest across Europe for many years.

Regional participation in projects and bilateral cooperation links are numerous and well spread across the area. The core of cooperation, shown by a strong red triangle, evenly involves regions from all 9 programme countries. It can be observed that the frequency of cooperation leads to cooperation maturity whereby, agglomerations and economical strong regions have advantages.



Since 2014, Interreg CENTRAL EUROPE has launched three calls for proposals and received more than 1.000 applications developed by more than 11.000 institutions and businesses. Nearly all of the 85 projects that are funded after two finalised calls involve regions and cities from both sides of the former Iron Curtain, combining and exploiting various degrees of knowledge and experience. Around 20 percent of beneficiaries are private institutions.

Interreg CENTRAL EUROPE projects strengthen and facilitate linkages and flows between Italy, Austria, Germany and the enlarged Visegrad Group along European core network corridors. They support institutional, cross-sectoral and multi-level cooperation between these countries. Projects also raise awareness of political capital cities and administrative centres, often located far away from border regions, on issues threatening territorial cohesion on the ground.

Discontinuing the programme would negatively affect the functionality of developed networks and ultimately reduce cohesion and trust. More concretely, terminating Interreg CENTRAL EUROPE would have direct negative effects on the quality of public services to citizens and companies.

It is also important to note that without Interreg CENTRAL EUROPE, Poland, the Czech Republic, Slovakia, Hungary, and eastern German regions and cities would face **dramatically reduced, or even completely lose, opportunities to cooperate with their closely related neighbours.**

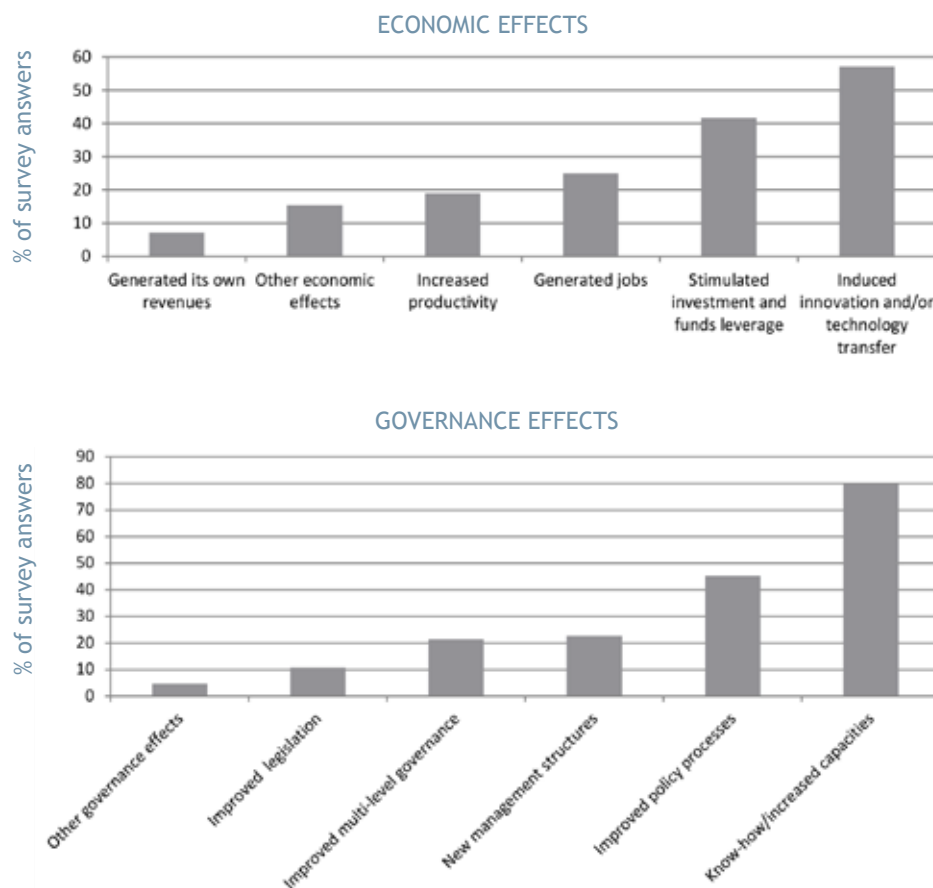
Interreg CENTRAL EUROPE is ready to meet the new policy objectives

In the programming period 2021-2027, all cohesion policy programmes including Interreg will have to focus on building a smarter, greener, more connected, more social Europe and a Europe closer to the citizens.

Interreg CENTRAL EUROPE is already doing so. Thanks to the programme's clear **result-oriented approach**, stakeholders from across central Europe develop, test and implement policies, strategies and new solutions that ultimately help to offer better services to companies and citizens.

Strategically, the programme takes a “central Europe first approach” when building regional capacities: Solutions that are developed take into account the specific context of central European stakeholders in order to facilitate the integration of these into their structures and work routines. Novel solutions tailored to the needs of stakeholders and tested within CENTRAL EUROPE projects have long-lasting effects, well beyond the end of the public support.

Transnational projects in central Europe achieve high impacts in economic and governance terms. This was the result of a 2018 survey, which addressed beneficiaries of the CENTRAL EUROPE 2007-13 Programme. Pilot actions were successfully used for showcasing potential policy options or solutions and helped to secure policy buy-in. The majority of projects had long-term, or even permanent, effects on stakeholders in the public as well as in the research sector and other interest groups.



Source: Vienna Institute for International Economic Studies. Final Report of the study “Territorial challenges, potentials and impacts of transnational cooperation in central Europe”. June 2018

For more than 20 years, transnational cooperation supported by Interreg CENTRAL EUROPE has thus helped to develop, test and apply new knowledge on a small scale and offers learnings, outputs and results for scaling up and easy deployment. Between 2007 and 2013, CENTRAL EUROPE projects prepared large-scale investments worth 4.3bn EUR through e.g. feasibility studies or the establishment of links to potential investors and funds. Projects also implemented in total 952 pilot actions to test novel approaches and tools; about one third of them realised pilot investments.

Interreg CENTRAL EUROPE builds trust

Last but not least it has to be pointed out that the value of Interreg CENTRAL EUROPE goes far beyond the before-mentioned economic and social dimensions. **Regions in central Europe share a common historic and cultural identity** that differs distinctively from that in neighbouring areas such as the Balkans or the Baltic Sea. This shared identity **facilitates cooperation on common social, environmental and other challenges and opportunities** in the area, thus making central Europe a coherent territory.

Nowadays, when stability, mutual trust and cooperation culture at the heart of Europe have to be secured and reinforced, Interreg CENTRAL EUROPE is a **crucial instrument for keeping up strategic dialogue** between European countries for their mutual growth.

“The main strength of Interreg CENTRAL EUROPE is its ability to support territorial cohesion and integration within its geographic boundaries but, in a unique way for transnational cooperation programmes, also beyond its borders. This becomes ever more important as EU scepticism and disagreement with fundamental European values increase. Because of this, a future Interreg CENTRAL EUROPE programme needs to be highly aware of its potential to strengthen territorial and political cohesion, and needs to make it a foundation of its work.”

Source: Vienna Institute for International Economic Studies. Final Report of the study “Territorial challenges, potentials and impacts of transnational cooperation in central Europe”. June 2018



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Criteria for defining a functional area should therefore go beyond economic needs and challenges alone and also take into account common identity. Here, it is important to note that Interreg CENTRAL EUROPE is the **only programme supporting cooperation between the four Visegrad countries and their neighbours**.

Interreg CENTRAL EUROPE projects build trust through cooperation. The belief to be central Europeans is widely shared by project partners and helps achieve common results, thus strengthening cohesion and European integration on the ground. Public and private partners from different countries work together on issues of high relevance for the area. They create **permanent networks which continue their cooperation well beyond the end of the programme’s financial support**. Together, they contribute to reducing regional disparities and they want this cooperation to continue as can be seen by their active involvement in the #cooperationiscentral campaign, which was launched in March 2018.