



TERRITORIAL COOPERATION IN SOUTH-EAST EUROPE

& the Greece – FYROM Cross-Border Territorial
Cooperation Programme

ABSTRACT

Territorial Cooperation has had an impactful presence in Southeast Europe for the last 20 years. In addition, Cohesion Policy instruments are constantly being refined and the new Programming Period is dawning over the Balkan Peninsula. Is Territorial Cooperation in the Balkans a driving force of regional integration and cohesion or does the region remain indifferent and unchanged? This work attempts to address the importance, if any, that Territorial Cooperation Programmes & Initiatives hold for South East Europe, to examine how these cohesive instruments change over time - and how that change impacts their capacity to respond to regional problématiques – and to identify how invested regional actors remain in Territorial Cooperation.

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Territorial Cooperation in South-East Europe

& the Greece – FYROM Cross-border Territorial Cooperation Programme

1 INTRODUCTION – TERRITORIAL COOPERATION IN THE EU

“Although trans-national cooperation is not easy, it can often be the most effective way of achieving results. This is because trans-national cooperation provides a tool for the kind of lateral thinking we need to innovate. It brings forward new ideas that would never see light of day under normal circumstances. It is important to underline that the trans-national dimension is not simply "an optional extra" for a few actors. It is an integral part of all the partners' work. We can all learn from each other - provided that partners exist. This is why the Commission considers that all Member States should participate in transnational cooperation.”

Vladimir Špidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities

1.1 A BRIEF HISTORY

Cross-border cooperation in the EU has a long and rich history, as the first instances can be traced back almost to the very beginning of the Union in the late 50's. For that reason it remains one of the most versatile and integral tool of European integration (Spinaci & Vara-Arribas, 2009, pp. 5-7), especially since EU borders continue to expand and every enlargement brings into the European fold even more territory and creates even more interlinked regions. As is expected - due to a long history of, intuitive at times, national cooperation - the first forms of territorial cooperation in Europe emerged from the Benelux countries in the form of cross-

border cooperation between German and Dutch communities. For example, some of the first initiatives in that aspect were the conference of Regions of North West Europe (CRONWE), which was established in 1962 and helped pave the way as frontrunner by bringing into focus the benefits of coordinated action amongst neighboring states.

As the European integration moved forward and other events re-shaped the political landscape of the continent – namely the fall of the Soviet Union and the consequent first expansion of the EU towards the East – territorial cooperation was also expanded in two distinct waves, manifested in the 80's and 90's respectively. The first wave of the expansion was due to the then newly established regional policy and the fact that, for the first time, the EU allocated funds for its border regions. The second wave followed the Union's enlargement towards the East, as the EU grew to encompass member states from the former Soviet Union (Engl, 2007, pp. 5,6). In 1986 the Benelux countries, arguably the most active in territorial cooperation, brought forth the *first joined policies* which were later updated in the *Second Structural Outline for the Benelux in 1996* (Duhr, et al., 2007, p. 292). By that time the Community initiative INTERREG had already completed its first Programming Period (1990 – 1993) and INTERREG II was already in effect. From that point forward territorial cooperation in the EU continued to evolve into even more elaborate initiatives or programmes and cross-border cooperation also led to transnational and interregional cooperation initiatives as well.

In that respect, and in order to distinguish one form of territorial cooperation from another, it must be pointed out that *cross-border* or *transfrontier* cooperation has since been implemented either through bi-lateral or multi-lateral cooperation initiatives between adjacent regional authorities and organizations¹ while *transnational* cooperation now refers to a wider area and may include national authorities. On the same note, and as territorial cooperation

¹ In most instances eligible for territorial cooperation funding are local and regional authorities, state institutions of a local, regional and, sometimes, national jurisdiction and NGO's also active in the region. Entities governed by private law have also been included, on and off, however their participation is not the norm and it is usually restricted to only a fraction of the available funds – or if there is no budget limitation other kinds exist - the most notable example being non-profit enterprises etc.

continues to evolve new mechanics and expand in scope and intend, *interregional* cooperation is also relevant and part of territorial cooperation initiatives, whilst it refers to cooperation between non-adjacent territories.

It is, therefore, not surprising that a long history of territorial cooperation is interwoven in the European integration process in a way that is impossible to untangle, even if one attempted to do so. On the contrary, territorial cooperation initiatives have been, from the start, at the heart of every theoretical debate concerning the European Union – dating as far back as the question between whether Intergovernmentalism or Neofunctionalism would best serve European integration – and are now, through the establishment of the *European Grouping of Territorial Cooperation (EGTC)*, which will be further examined below, not only the established practice of promoting regional policy or implementing cohesion policy in the Union but also, for the first time, a subject of *Community Law*.

In all, territorial cooperation has by now, especially through its INTERREG programmes, become a central part of European integration – as Ricq states: *Transfrontier co-operation is one the of the irreversible features of the European construction process, with ramifications in public law, European reunification, subsidiarity and partnership, regionalization and decentralization and so on* (Ricq, 2006, p. 11).

1.2 FROM INTERGOVERNMENTALISM TO FUNCTIONAL MACRO-REGIONS

The theoretical foundation of Territorial Cooperation can be traced back to those theoretical constructs that competed at the birth of the European Union for paternity over the European integration process. In greater detail, Ernst B. Haas' Neofunctionalism and Moravcsik's Intergovernmentalism have been the two major and competing theoretical models that took the stage as those theoretical concepts that were to bring the European polity into being, even though – in the end – both failed to account for the totality of the European Integration Process. On the contrary, the conflict proved, if nothing else, that European Integration is a complicated and intricate process that defies uniform explanations: on the contrary it is suggested that its

nature is not to be attributed to a specific theoretical approach but it can rather be better explained under a multitude of different doctrines. It is, perhaps, the political singularity that the European integration represents that doomed neofunctionalism and intergovernmentalism to failure, since at its core there are both functionalistic and intergovernmentalistic elements to be found. In addition, both opponent theories were inexplicably introvert and accounted very little, in their frameworks, for whatever occurred and was to occur outside of European borders. Whatever the case, empirical data regarding the regional integration of Europe failed to verify the revelations of theory, and for that both theorems will forever be held accountable. However, they still remain relevant in a segmented and focused application and they still provide, in many cases, the best theoretical apparatuses by which to examine European integration and the development of Cohesion Policies and Cohesion Policy tools, such as Territorial Cooperation. For that reason, it is important to examine the theoretical matter that birthed Territorial Cooperation and to take a closer look into the inner workings of the theories that still drive Cohesion Policy implementation in the Union.

As It's been almost 65 years since Ernst B. Haas (Haas, 1958) first introduced Neofunctionalism as his proponent theoretical framework for regional European integration and over all this time his theory has been praised, rebuked, then revisited only to – again – be refuted and then rediscovered in contemporary analysis (Rosamond, 2005) once again. Haas' neofunctionalism was influenced by the functionalist propositions set forth by David Mitrany, who's work might not have taken regional integration in mind (Mitrany, 1965), it did however set the foundations for Haas' neofunctionalist approach to integration theory (Rosamond, 2005) and greatly influenced Monet's model for European integration (Judt, 2005). In greater detail, Neofunctionalism can be defined as a theory of regional integration that places major emphasis on the role of non-state actors – especially the *secretariat* of the regional organization involved and those interest associations and social movements that form at the level of the region – and, therefore, it is still applicable in providing the dynamic for further integration. It assumes that even though member states remain important actors, the incremental process of European

Integration will culminate in the telos of a supranational European state or state-like structure. From the above it is fairly evident that territorial cooperation was greatly influenced by the neo-functionist approach as, as it has been elaborated upon, it involves regional actors rather than national ones, it promotes cohesion in the regional rather than the national level and it is implemented by initiatives, originally, and programmes, as it evolved over time, which are set up, managed and funded by supra-national structures, e.g. the ERDF, the IPA or the ENPI i.e. ultimately the European Commission. In addition, it is for exactly those same reasons that *"the first supra-national institution that dealt with cross-border co-operation and offered an international legal framework for these activities was the Council of Europe – a non-EU institution"* (Nadalutti, 2013). Even though the historical aspect of the involvement of the Council of Europe in promoting territorial cooperation in the European Union will not be further explored here, it is of great importance to take into account that, at least in the beginning, a supra-national organization was the driving force behind territorial cooperation- a concept entirely consistent with the functionalist approach since, from the beginning, territorial cooperation was utilized in order to solve problems both on the local and cross-border level, e.g. pollution in cross-border regions. After all, cross-border cooperation is *"a functional need – or problem-oriented horizontal cooperation serving concrete and pragmatic purposes and obtaining its legitimacy from practical benefits"* (Engl, 2007, p. 6). This is also indicative of the many ways that it has been implemented over its, relative, long history and by the manner by which it evolves constantly – which will be further examined via the CB Territorial Cooperation Programme GR-FYROM in a later chapter.

The liberal intergovernmentalistic view however argues that this is not so: the state remains the pivotal figure in territorial cooperation as the latter is only meant to serve the needs of the foremost since cooperation, in the end, serves the interests of the State. Supra-national involvement is restricted to a few supra-national or intergovernmental institutions that only legitimize the cooperation, help implement the programmes and, in essence *"exercise very little power and autonomy"* (Nadalutti, 2013, p. 756) while the state remains the only structure able

to control the process of integration and its effects (Moravscik, 1995) and it all culminates in a *zero-sum* game² where territorial cooperation is, ultimately, guided and enabled by the state.

However, which view prevails is not simply a matter of a theoretical debate, as it directly affects the nature by which territorial cooperation is implemented on the ground. Nation-state concerns about loss of sovereignty over regional actors – in the case of territorial cooperation – meant that, up until now, supra-national institutions could oversee partnerships of regional actors implementing a particular project, but the extent of cooperation would progress no further and neither was it even possible outside the mandates of regional policy or without funding from the *cohesive resources*³.

However, through the establishment of the European Grouping of Territorial Cooperation⁴ (European Council, 2006), and the introduction of *functional macro-regions*, it was made clear that neither a functionalistic approach nor an intergovernmentalistic approach to territorial cooperation seemed to be able to provide the framework upon which territorial cooperation could be applied effectively. On one hand a *functional territorial cooperation* was, and continues to be, a prospect that creates uneasiness in many states: in most cases unitary states are more expressive in their discomfort than federal states since they are the ones to most likely feel threatened by empowered regional actors (in particular an empowered regional authority). Moreover, autonomous, supra-national structures that can instigate activity in cross-border regions without the direct consent of the central state and which would be bound by community law but not national law – or would be bound by both but would fall ultimately under the jurisdiction of the first- or public authorities which negotiate with technocracy for the proposition of project implementation in border regions again with *limited state intervention* are also a source of concern for many states. As indicated earlier, this response is neither universal in intensity or scope: federal states – which are far more accustomed to

² The state in which the gain of one political structure (e.g. the State) is equaled by the loss of another (e.g. a supra-national institution) and vice-versa.

³ The European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund.

⁴ Hence EGTC

surrendering sovereignty to the federal/regional level – are better equipped, either structurally, politically or mentally, to deal with more self-directed regional actors. Unitary states however, which are accustomed to exert unilateral control on all issues that concern policy, either domestic or external, are, perhaps understandably but not, necessarily, justifiably, more hesitant in empowering regional actors with the ability to formulate and apply policy since they consider that an enhancement of regional actors constitutes an encroachment into state power.

On the other hand liberal intergovernmentalism, as a proponent of territorial cooperation, has demonstrated to be a poor framework. By definition, state policies, and in particular high politics, have time and again proven an obstacle to regional cross-border initiatives, in whatever form those may materialize. One such example is the *European Outline Convention on transfrontier co-operation between territorial communities or authorities* (Council of Europe, 1980). The following countries have ratified the *Outline Convention* – as it has come to be known.

Table 1: List of Countries that have ratified the Outline Convention on Transfrontier Cooperation, source: [Council of Europe](#)

PARTY	SIGNATURE	PROVISIONAL APPLICATION	RATIFICATION	ENTRY INTO FORCE	RENUNCIATION	TERMINATION
ALBANIA	7/5/1999		07-11-2001 (R)	8/2/2002		
ARMENIA	3/4/2002		31-10-2003 (R)	1/2/2004		
AUSTRIA	21/5/1980		18/10/1982	19/1/1983		
AZERBAIJAN	5/1/2004		30-03-2004 (R)	1/7/2004		
BELGIUM	24/9/1980		06-04-1987 (R)	7/7/1987		
BOSNIA AND HERZEGOVINA	30/4/2004		28-03-2008 (R)	29/6/2008		
BULGARIA	2/6/1998		07-05-1999 (R)	8/8/1999		
CROATIA	7/5/1999		17-09-2003 (R)	18/12/2003		
CYPRUS	8/9/2011		18-12-2013 (R)	19/3/2014		
CZECH REPUBLIC	24/6/1998		20-12-1999 (R)	21/3/2000		
DENMARK	2/4/1981		02-04-1981 (R)	22/12/1981		
FINLAND	11/9/1990		11-09-1990 (R)	12/12/1990		
FRANCE	10/11/1982		14-02-1984 (R)	15/5/1984		
GEORGIA	25/10/2005		24-07-2006 (R)	25/10/2006		

PARTY	SIGNATURE	PROVISIONAL APPLICATION	RATIFICATION	ENTRY INTO FORCE	RENUNCIATION	TERMINATION
GERMANY	21/5/1980		21-09-1981 (R)	22/12/1981		
HUNGARY	6/4/1992		21-03-1994 (R)	22/6/1994		
ICELAND	15/6/1999					
IRELAND	21/5/1980		03-11-1982 (R)	4/2/1983		
ITALY	21/5/1980		29-03-1985 (R)	30/6/1985		
LATVIA	28/5/1998		01-12-1998 (R)	2/3/1999		
LIECHTENSTEIN	20/10/1983		26-01-1984 (R)	27/4/1984		
LITHUANIA	7/6/1996		13-06-1997 (R)	14/9/1997		
LUXEMBOURG	21/5/1980		30-03-1983 (R)	1/7/1983		
MALTA	7/5/1999					
MOLDOVA	4/5/1998		30-11-1999 (R)	1/2/2000		
MONACO	18/9/2007		18-09-2007 (R)	19/12/2007		
MONTENEGRO	10/11/2009		08-12-2010 (R)	9/3/2011		
NETHERLANDS	21/5/1980		26-10-1981 (R)	27/1/1982		
NORWAY	21/5/1980		12-08-1980 (R)	22/12/1981		
POLAND	19/1/1993		19-03-1993 (R)	20/6/1993		
PORTUGAL	16/3/1987		10-01-1989 (R)	11/4/1989		
ROMANIA	27/2/1996		16-07-2003 (R)	17/10/2003		
RUSSIA	3/11/1999		04-10-2002 (R)	5/1/2003		
SERBIA	29/5/2015					
SLOVAKIA	7/9/1998		01-02-2000 (R)	2/5/2000		
SLOVENIA	28/1/1998		17-07-2003 (R)	18/10/2003		
SPAIN	1/10/1986		24-08-1990 (R)	25/11/1990		
SWEDEN	21/5/1980		23-04-1981 (R)	22/12/1981		
SWITZERLAND	16/4/1981		03-03-1982 (R)	4/6/1982		
TURKEY	4/2/1998		11-07-2001 (R)	12/10/2001		
UKRAINE			21-09-1993 (A)	22/12/1993		

What the above table helps underline is the fact that state politics interfere with the work of supra-national institutions, as the absence of Greece from the list of countries that have ratified the Outline Convention aptly proves. Of course Greece is not the only absentee nor can its absence so dismissively be appointed to a singular cause, however – as an indicative example – the proposition stands. Moreover, additional proof can also be sought after in the great disparities between the dates that the various states proceeded to sign and/ or ratify the convention - some decades apart - furthering the case that States are still reluctant to relinquish

sovereignty to the supra-national level or, perhaps, are hesitant in doing so due to their inability in comprehensively accounting for its ramifications, even in the name of availing themselves of the benefits of cooperation.

In conclusion, the proponents of *liberal Intergovernmentalism* insist that the EU emphasizes the State since cooperation reflects state's interests and, in addition, EU institutions by themselves exert only nominal jurisdiction. However, there is an emerging view that *distribution of power* within the European Union has augmented the autonomy of regional or sub-national actors and, as a consequence, has led to the empowerment of agents *other than the nation-state* (Nadalutti, 2013, pp. 756-757). An apparent expression of this are Territorial Cooperation Programmes and the way that they are being designed and implemented. An elaboration of how multi-level governance in the EU manifests through regional cooperation will be attempted below; and even though there is no general consensus on whether multi-level governance is gaining ground within the EU, there is sufficient evidence that the future of Territorial Cooperation is designed with a framework of multi-level governance in mind.

1.3 TERRITORIAL COOPERATION AND MULTI-LEVEL GOVERNANCE

It is for the above reasons that literature on the subject has so much delved into the challenges that regional integration imposes on the nation-State and why there is substantial evidence of a process of decentralization and regionalization, which leads to a more autonomous level of governance on the subnational level (Keating, 2003, pp. 256-273). As Blatter describes: "[...] we are witnessing a multiplication of layers of governance, a process which critical geographers have called "relativization of scales". Scholars of European Integration use terms like "multi-level governance" [...] Those who do not focus exclusively on the European Union have introduced the neologism "glocalization" to indicate the stronger interdependencies and interactions between local and global actors" (Blatter, 2004, pp. 530-548). Though it is beyond the scope of this work to delve further into theory, it becomes readily apparent that multi-level governance in the European Integration process is the driving force behind Territorial Cooperation and the

European Grouping of Territorial Cooperation (EGTC) is instrumental in the emergence of a new scale of territorial cooperation: the functional macro-region, as this *"goes beyond the traditional cross-border neighborhood (150 km from border as ruled within structural funds) and is more focused than large transnational cooperation basins (e.g. the whole North-West Europe), as negotiated between national governments. These functional macro-regions are rather defined bottom-up on the basis of common needs, assets and a dense agglomeration of shared policy making"* (Spinaci & Vara-Arribas, 2009, p. 8).

In conclusion, as the EGTC enters into force a new age of territorial cooperation emerges within European space, one that adheres to the doctrines of multi-level governance and is meant to enhance territorial cohesion across Europe by "contractualizing" the EGTCs with the Commission directly, thus intensifying the interactions between regional actors and EU institutions.

1.4 SCOPE OF THIS WORK

The scope of this work is to showcase the importance that Cohesion Policy demonstrates for the countries of South-East Europe and to underline the significance of Cohesion Policy funding in regional development for the countries of the Balkan Peninsula. As demonstrated above, even in theory Territorial Cooperation is intricately intertwined with Cohesion Policy and its instruments, vis-à-vis the cohesive resources, and is an integral part of the European integration process – making Territorial Cooperation a direct expression of how the *deepening* of European integration manifests itself in the Union in general and the Balkan region in particular.

In addition, as Territorial Cooperation Programmes evolve over time, the nature and scope of the interventions they aspire to impact on the regions of their application also portray a compelling argument on whether the European Union is constantly steering its policies towards a *multi-tiered system of governance*, thus enhancing the interactions of regional actors with supra-national institutions but without ostracizing national authorities. As demonstrated above,

on a theoretical level this is already at the core of Territorial Cooperation design. However, to better showcase this for the South-East Europe area two Programming Periods of the Greece-FYROM Territorial Cooperation Programme will be contrasted, as an indicative example of how, through Territorial Cooperation, one can observe the passing from *Type 1* to *Type 2* governance: from the limited dispersion of authority at the cross border level (*Type 1*) during the Programming Period 2000-2006 to the more dispersed and interconnected jurisdictions that came into being during the 2007-2013 Programming Period (*Type 2*).

2 THE CROSS-BORDER TERRITORIAL COOPERATION PROGRAMMES

The European Integration process, and EU Cohesion Policy in particular, has been conceptually and physically intertwined with inter-regional Co-operation, in the way that the latter has been expressed by the multitude of Cross-border and Trans-national Cooperation initiatives and programmes, since its early beginnings. In fact, literature on the subject often ascertains the reassertion of regional identity throughout European space as a consequence of European Integration (Sodupe, 1999, p. 58), strengthening the point that, at the very least, there is distinct and considerable interaction between the two. For all accounts and purposes cross-border cooperation has been materializing in European space for almost sixty years, dating back to the late 1950s when the first cross-border initiatives emerge in the Dutch – German borders (Engl, 2007, p. 5), and it has been growing ever since into more elaborate and enriched forms that now span more than 16 cross-border or bi-lateral programmes and 6 transnational or multi-lateral programmes in the Balkan region alone⁵ (Regional Policy - Inforegio, 2015). Furthermore, as Kotios et al. point out "*The new target of Territorial Cooperation of the Cohesion Policy 2007-2013 has enhanced and enlarged the scope of the territorial cooperation both within the EU and with non-EU countries*" (Kotios, et al., 2014, p. 32). Territorial cooperation Programmes can be bi-lateral or multi-lateral, cross-border or transnational and they are inaugurated with each Programming Period that the European Union is enacting, leading to projects that may exist from months to years and tackling issues that range from the local to Union-wide and from social issues to economic development.

2.1.1 The Programming Periods

However, this prompts a necessary clarification at this point: before delving further into the various programmes themselves, it should be mentioned here that, even though the next programming period of 2014 – 2020, as of this moment, has already been inaugurated and, in

⁵ For a complete list of multi-lateral and bi-lateral programmes in the EU for the Period 2007 – 2013 please access: http://ec.europa.eu/regional_policy/index.cfm/en/atlas/programmes?search=1&keywords=&periodId=2&countryCode=ALL®ionId=ALL&objectiveId=11&themeld=ALL

many instances, the European Commission has given the go-ahead for an even larger number of territorial cooperation programmes than in the past, these will not be taken into account for the purposes of this work; to elaborate further, many of these programmes are still being developed⁶ or are at various stages – however final by this point – preceding inauguration. Therefore, this work will not reference the upcoming Programming Period 2014 -2020 since, particularly in the Balkan region, there are a number of bi-lateral and multi-lateral programmes that are still being processed. Consequently, the time frame that will be examined is limited to the two previous programming periods, 2000 – 2006 & 2007 – 2013 respectively, with the first having been evaluated thoroughly and the latter still undergoing ex-post evaluation in some cases. Since information concerning the current period, 2014 – 2020, would have to be based on ex-ante evaluation reports, which are not necessarily made available publicly, and indicative figures⁷ this would add rigid information that would not adhere to scrutiny and therefore would negate the purpose of contrasting actual data. However, as part of this endeavor is to identify *in vivo* changes that occurred between Programming Periods to the various programmes, and the Cross-border Territorial Cooperation Programme of Greece – the Former Yugoslav Republic of Macedonia⁸ in particular, limited reference to the upcoming period will be pursued in cases where such information is deemed useful. For similar reasons, even though five Programming Periods have succeeded each other so far⁹, an elaboration into INTERREG I and II will not be pursued as this would only complement the analysis with extraneous historical data, since the great time span between Programming Periods and any changes that can be observed between the Programmes is overshadowed by the deepening of the European Integration process that occurred due to other stimuli.

⁶ e.g. The Balkan-Med Territorial Cooperation Programme who's enactment – while considered a formality at this point - is still expected (INTERREG Balkan - Mediterranean, 2015), even though the Programme itself has been adopted by the Commission (INTERREG IV, 2015).

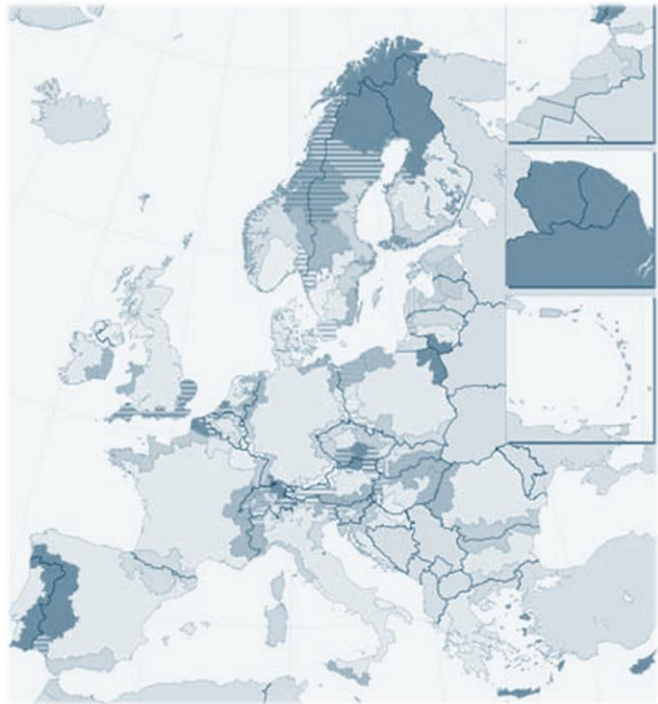
⁷ Volume of CBC Programmes, Budget availability, expected number of implemented projects based on projections of the first running year (2014 – 2015) etc.

⁸ Hence FYROM and CBC Greece-FYROM

⁹ INTERREG I (1990-1993) - INTERREG II (1994-1999) - INTERREG III (2000-2006) - INTERREG IV (2007-2013) - INTERREG V (2014-2020)

2.1.2 South-East Europe and Territorial Cooperation

In addition, the same distinction should be made geographically. While the issue of Territorial Cooperation in the European Union and its impact in the European integration process should be examined throughout European space, this work will limit its study to the Balkan region, in general, and the CBC Greece-FYROM Programmes in particular. The reason for this is twofold: primarily, even though territorial, transnational cooperation and regional policy in the European Union are interlinked to a great extent (Duhr, et al.,



Picture 1: Bi-lateral and Multi-lateral Cooperation Programmes 2014 – 2020, European Commission – Inforegio

2007, pp. 293-295) this essay attempts to examine how this bi-directional relationship shapes Cross-border Programmes both in scope, intend and volume. For this reason a juxtaposition between two Programming Periods of a single Programme, the CBC Greece-FYROM, was selected as the most indicative way in order to demonstrate and examine the effects from one Programming Period to another. Secondly, while there is little doubt that there would be undeniable value in examining the totality of Territorial Cooperation Programmes between Programming Periods, or – at least – an assortment, it is postulated that this could dilute the observable data as Programmes are adopted and taken out of commission for a variety of reasons, many of which are irrelevant to locality¹⁰. Therefore, as the aim of this work is to examine, amongst others, the impact of regional policy in the formulation of Cross-border

¹⁰ E.g. the Southeast Transnational Cooperation Programme 2007 – 2013 which is now being segmented into two different programmes, the BalkanMed Programme and the Danube Transnational Programme, due to the administrative complexity, amongst other reasons, that the Programme induced to both the Joint Technical Secretariat and the Lead Partners, as the Projects that were implemented demonstrated.

Cooperation it is deemed more suitable to focus the analysis on a single Programme, as this would ensure that the effects of regional policy would be most accurately demonstrated and that the impact of other, foreign factors could be kept to a minimum.

In the respect, the Balkan region represents a particular hub of activity regarding cross-border cooperation as it includes full European Union member states¹¹, countries which have opted for accession¹² and countries which border the European periphery and in particular the Mediterranean basin and Eastern Europe¹³. It becomes fairly evident that, based on the plethora of European Instruments and Funds that are active in the region and which undertake the mantle of promoting cross-border cooperation (Kotios, et al., 2014, p. 32), South-East Europe is a particularly enticing region in order to study and evaluate both the effectiveness of territorial cooperation and EU regional policy implementation and in what respects the programmes themselves mature over time – from one Programming Period to another – in order to tackle even more complicated and complex phenomena and problématiques. A closer look in the region reveals that apart from the over-arching South-East Europe Transnational Cooperation Programme¹⁴ there are also a number of cbc programmes active between the countries of the region plus a great number of other transnational programmes that crisscross the area as well¹⁵. The above not only exemplify the affluence of territorial cooperation in the area but also render the region both a testing and a proving ground for the formulation, planning and implementation of regional policy.

2.1.3 Cross-Border over Transnational Territorial Cooperation

After all, the Balkan Peninsula itself is, in many ways, the most challenging ground for Europeanization and institution building (Paraskevopoulos, 2006, pp. 232-255) as the transitional national economies of the region each indicated quite different initial conditions

¹¹ Funded by the European Regional Development Fund - ERDF

¹² Funded by the Instrument for pre-Accession Assistance - IPA

¹³ Funded by the European Neighborhood and Partnership Instrument - ENPI

¹⁴ http://www.southeast-europe.net/en/about/see/programme_presentation/

¹⁵ The Black Sea Cross-Border Cooperation Programme, the Adrion: Adriatic – Ionian Interreg Programme etc.

and each followed – and continue to do so – quite distinct routes towards liberalization. In truth, rather than appearing similar, one could argue that the transition of the Balkan economies proved anything but a *smooth ride*, with initial conditions varying greatly from country to country and various adaptation models being employed with, respectively, dissimilar effects - echoing Jacques Rupnik's testament that "*the word 'post communism' has lost its relevance [...] it is striking how vastly different the outcomes of the democratic transitions have been in Central and Eastern Europe*" (Rupnik, 1999, p. 57). This, of course, does not imply that theory was either redundant or inadequate to supply efficient models, on the contrary the end results "*fell more or less in line with theoretical predictions*" (Carlin & Landesmann, 1997, pp. 77-105). However it does confirm that the political, economic and cultural tapestry that the Balkan Peninsula represents does pose a unique and convoluted puzzle for European integration (Judt, 2005, pp. 749-776).

However, it is precisely this richness in individuality and the consequent abundance in particularities that also prohibits from approaching territorial cooperation in South-East Europe through transnational initiatives when, expressly, the attempt is to identify how the instruments of Europeanization – regional policy, cohesion policy etc. – change over the time since, by default, the complexity of the region impacts those changes in different manners and forces are employed which only partially deal with cross-border initiatives. This, again, is indicated by the segmentation of the *South-East Transnational Cooperation Programme 2007 – 2013* into two subsequent INTERREG programmes that split the initial eligible area by half – as already stated above. To elaborate, even though *interim evaluations* of the *South-East Territorial Cooperation Programme* were favorable (Kotios, et al., 2014, p. 33) and the Programme was, initially, praised for its reach and range its division into two separate INTERREG programmes for the current Programming Period of 2014 – 2020 exposes complications that arose from the effort to encompass the whole region under a unique initiative. This is not surmised only on Programme level, but is also evident in deliverables produced by projects implemented under

the Programme that clearly demonstrate the disparity of the region¹⁶ (Instituted of Applied Biosciences of the Center for Research and Technology - Hellas, 2014). However, an even stronger indication of why territorial cooperation is best examined on the cross-border level can be derived from the available budgets of the Programmes themselves: while the total available ERDF contribution for the Greece – Bulgaria Territorial Cooperation Programme 2014 – 2020 is approx. 110.241.000€ (European Commission, 2014, pp. 28-29) the corresponding budget for the newly inaugurated BalkanMed Programme is only 39.727.654€ (Managing Authority of European Territorial Cooperation Programmes, 2015) or at about 35% of the former. This differentiation budget-wise is congruently imprinted on the scope of the *Priorities* of the two Programmes, with the BalkanMed Programme *having taken into account the European Commission comments and the chosen thematic objectives [...]could support the implementation of the EUSDR by contributing to three (3) of its pillars and to seven (7) of its eleven (11) Priority Areas* (Managing Authority of European Territorial Cooperation Programmes, 2015), emphatically lesser in scope by its cross-border counterpart. In all, one can surmise from the above the Directorate-General for Regional and Urban Policy – and other involved European agencies – feel that *some problems* concerning regional cohesion are best tackled by cross-border rather than transnational cooperation programmes. In conclusion, since the purpose of this work is to examine how territorial cooperation in the European periphery, and in particular in South-East Europe, evolves over time it is deemed more appropriate to facilitate the endeavor by focusing on cross-border cooperation programmes, due to their increased capacity of addressing European integration issues with consistency in clearly defined regions, rather than transnational programmes, which vary in scope, variability

¹⁶ Bearing in mind that deliverables of Projects implemented under territorial cooperation projects are also deemed the intellectual property of the European Union and are, consequently, made public when possible (unless they contain sensitive information on a particular field or industry etc.), they also provide a great insight into the operations of Territorial Cooperation – apart from their original goal of addressing a specific activity within a Project.

and economic ability and who's implementation is also affected by the complexities of multiple regions.

3 REGIONAL OVERVIEW

It is, therefore, important to describe here the socio-economic conditions present today in South-East Europe, and the Balkan Peninsula in particular, as a way of identifying the reasons why regional and cohesion policy funding is so crucial for local development. Even though in later chapters a separate analysis regarding the cross-border region between Greece and FYROM will be presented, it should be noted that a regional understanding of the area provides unique insight into the problems that territorial cooperation is attempting to address and also elucidates why the European Union is so invested, through territorial cooperation, in addressing those issues.

For that reason, it is also necessary here to establish a working definition of the term *cross-border region*, since Territorial Cooperation initiatives are rooted on the notion of *cross-border areas* and, of course, they center their activities on said territories. To that effect *cross-border regions* can be defined as "*bounded territorial units composed of the territories of authorities participating in a cross-border cooperation initiative*" (Perkmann, 2003, p. 157) where "*different political arenas are interconnected rather than nested, and sub-national actors operate in both national and supranational arenas, creating transnational association and transnational governance*" (Knippenberg, 2009, p. 610). By combining the two definitions into a single concept theory, again, finds its way to application: while cross-border regions can be described as the geographical fix directly proportional to the specifics of Territorial Cooperation it is the connotations that are being implied for the regional actors that instills in the definition the aspect of integration.

As it has already been hinted above, the Balkans – even though riddled with territorial cooperation initiatives – remain still an area of great disparity between the national and regional economies they encompass. Furthermore, a number of issues that trouble the European Union in general find themselves also deeply rooted in the Peninsula, for example the ageing of the population, unemployment etc., whilst the current economic crisis has

substantially dampened economic activity both in the Balkans as a whole, but in particular in the Peninsula's two most developed economies, i.e. Greece and Slovenia. Adding to the above the variety of cultures that on occasion pose cultural barriers in the undergoing Europeanization process, the different levels of institutional building that the nations of the region find themselves in and any individual problématiques that each nation is trying to address¹⁷ and it becomes apparent that territorial cooperation in the Balkans is confronting a plethora of issues, both local and European in range, and that the endeavor is both arduous and labyrinthine. In fact, the enormity of problems undertaken and the importance that local actors place in territorial cooperation programmes can also be testified by the fact that a great number of them include cohesion policy funding in general and territorial cooperation funds in specific in their annual budget planning, alongside state-allocated funding.

3.1.1 Demographics

The Balkan Peninsula is situated in the Southeast part of the European Continent, covering an area of approx. 666,700 km² and hosting a population exceeding 60 million people. As stated above, the region incorporates both whole countries and also regions of countries, making it difficult to determine uniform commonalities, while the particularities of each country and region pose a challenge when trying to establish common trends. The table below enumerates the countries and regions that comprise the Balkans and provides some essential demographic data on the region.



Picture 2: "Balkan Peninsula" by Arnold Platon - Own work vectorization based on File: Balkanpeninsula.png

¹⁷ E.g. institutional corruption remains a large issue for many Balkan countries, although it is expressed quite differently in each case.

Table 2: Demographic Data on the Balkan Region¹⁸

	Country	Total Population	Population in the Balkans	Population Density (/km ²)	Life expectancy (in years)
1	Albania	2.831.741	2.831.741	98,5	77,4
2	Bosnia and Herzegovina	3.839.737	3.839.737	75	74,9
3	Bulgaria	7.364.570	7.245.677	66,4	74,5
4	Croatia	4.284.889	4.284.889	196,3	-
5	Greece	11.123.034	11.123.034	81,7	82
6	Kosovo	1.733.872	1.733.872	178,7	-
7	Macedonia	2.057.284	2.057.284	80	74,2
8	Moldova	2.913.281	2.913.281	105	-
9	Montenegro	625.266	625.266	45,3	-
10	Romania	19.042.936	832.141	90,2	72,5
11	Serbia	7.209.764	7.209.764	93,06	74,2
12	Slovenia	2.061.085	2.061.085	101	-
13	Turkey	76.667.864	14.160.467	447	75
	<i>Total Population in the Region</i>		60.918.238		
	<i>Average Population Density</i>		127,55		
	<i>Average Life expectancy*</i>		75,59		<i>*for where there is available data</i>

From the above it becomes clear that the Balkan region represents approx. 11% of the total European Union¹⁹ population, indicating the region's significant participation in the EU total.

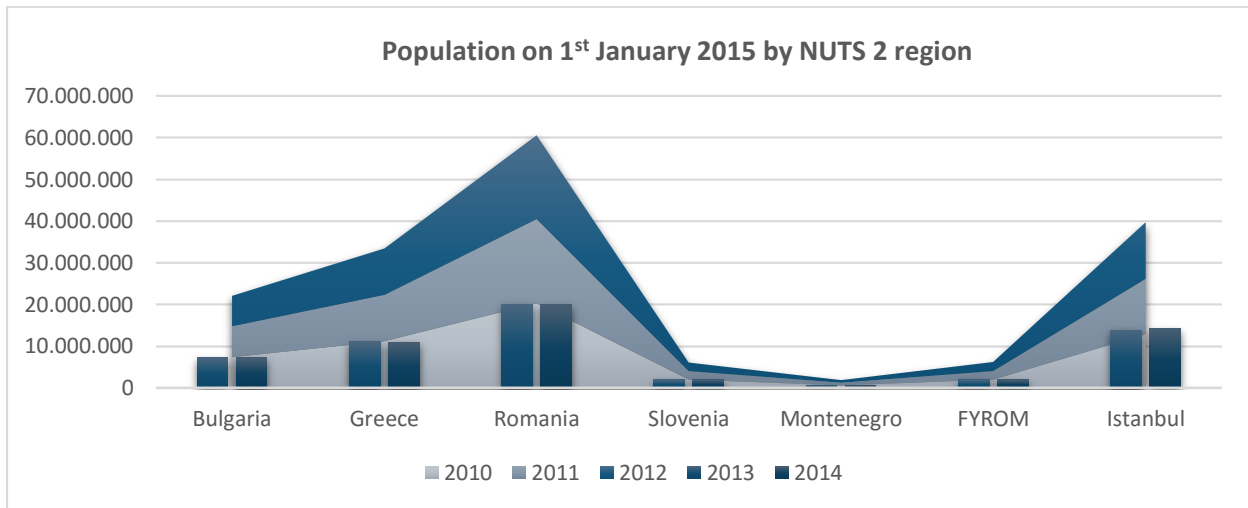
The data depicted below concerns only those countries of the Balkans that have achieved either member status within the European Union or are considered candidates and it depicts population progression from 2010 to 2014. The specific demographic indicator is considered of particular significance since the ageing of the European population remains an important *problématique* (Goll, 2010). It becomes readily apparent that the ageing of the population is a problem that also affects the Balkans, with the exception of the region of Istanbul. The problem is persistent, creating permeating socio-economic effects that ripple through the economic landscape of the EU, e.g. the ageing of the EU Labour Market for which, after a peak at 70,3% in 2008, the indicator *employment rate*²⁰ shrunk to 68,3% by 2012, mainly due to the financial crisis that affected the Union (Eurostat, 2014, pp. 94-116). In order for the employment indicator

¹⁸ Data source: Eurostat, The World Bank & Wikipedia

¹⁹ Of the EU-28 total population, est. 506,824,509 – source: Eurostat

²⁰ The indicator employment rate is based on the ratio of employed persons to the population of a specific age group – Source: Eurostat

to reach its 2020 stretch goal of 75% that implies that an average increase of 0,8% per annum must be achieved which, notwithstanding a net inflow of immigrants, is considered a rather challenging endeavor by current conditions.



Graph 1: Population progression by NUTS 2 Region for the Balkan Region (EU Members and Candidates)

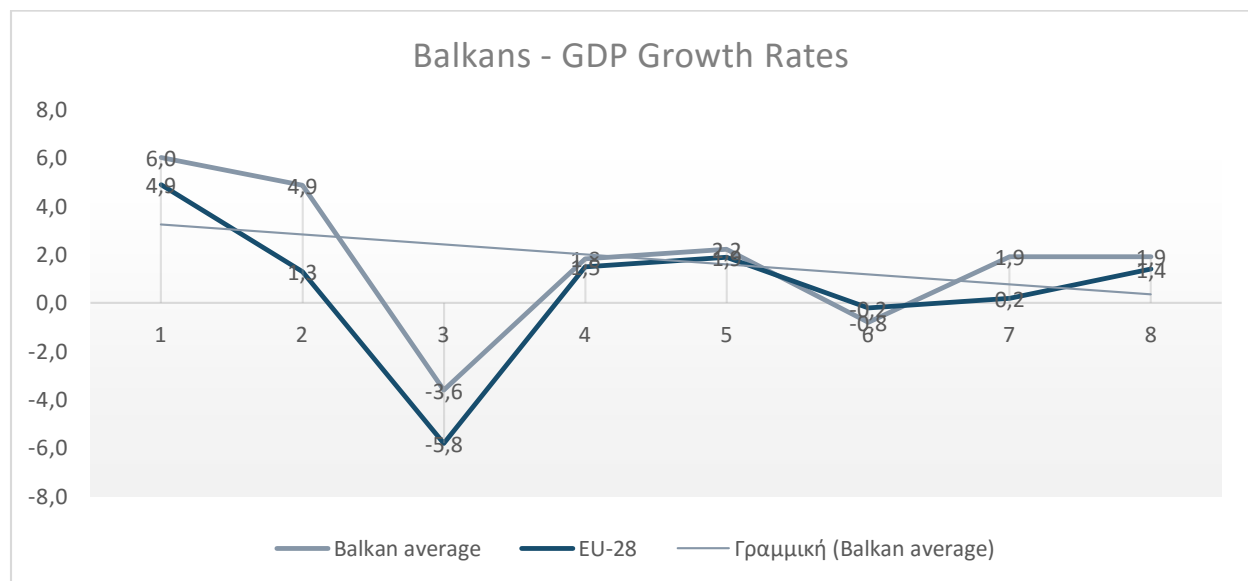
3.1.2 Macroeconomic & Socioeconomic Data

The Balkans were severely affected by the global financial crisis, with each country exhibiting localized particularities. Even though during the previous decade GDP growth rates were well above the EU-28 average, in 2009 the region dipped momentarily to recession only to spring back in 2010. The effect was repeated in 2012 in less dramatic fashion, with the region each time retreating below the EU-28 average however. Since 2013 nonetheless it appears that the region has stabilized at a healthy growth rate of approx. 1,9%, again well above EU-28 average. This indicates the ability of the majority of the Balkan economies to respond quickly and efficiently to the crisis, however the abrupt declines in 2009 and 2012, respectively, might also indicate deep-seated systemic inefficiencies within the economies of the region. The table below depicts GDP growth rates of the Balkans for the period 2011-2014, while also presenting accumulated data in comparison to the EU-28 average (Papapanagos, 2014).

Table 3: Balkan Region GDP Growth Rates 2007-2014

Country	2007	2008	2009	2010	2011	2012	2013	2014
Albania	5,9	7,5	3,3	3,8	3,0	1,3	0,7	2,1
Bos-Her.	6,0	5,6	-2,7	0,8	1,0	-1,2	1,2	2,0
Bulgaria	6,4	6,2	-5,5	0,4	1,8	0,6	0,9	1,6
Croatia	5,1	2,1	-6,9	-2,3	-0,2	-1,9	-1,0	-0,6
FYROM	6,1	5,0	-0,9	2,9	2,8	-0,4	3,1	3,2
Greece	3,5	-0,2	-3,1	-4,9	-7,1	-7,0	-3,9	0,6
Kosovo	8,3	7,2	3,5	3,2	4,4	2,5	2,5	3,9
Moldova	3,0	7,8	-6,0	7,1	6,8	-0,7	8,9	3,5
Montenegro	10,7	6,9	-5,7	2,5	3,2	-2,5	3,4	2,8
Romania	6,3	7,3	-6,6	-1,1	2,2	0,7	3,5	2,2
Serbia	5,4	3,8	-3,5	1,0	1,6	-1,5	2,5	1,0
Slovenia	7,0	3,4	-7,9	1,3	0,7	-2,5	-1,1	0,3
Turkey	4,7	0,7	-4,8	9,2	8,8	2,2	4,3	2,3
Balkan average.	6,0	4,9	-3,6	1,8	2,2	-0,8	1,9	1,9
EU-28	4,9	1,3	-5,8	1,5	1,9	-0,2	0,2	1,4

The graph below depicts the close correlation between EU-28 growth rates and the Balkan average. Given the available data, it becomes easily apparent that the Balkan economies responded to the financial crisis more fiercely, however their recovery also proved more robust, indicating, perhaps, the region's ability to overcome adversity in a more efficient manner.



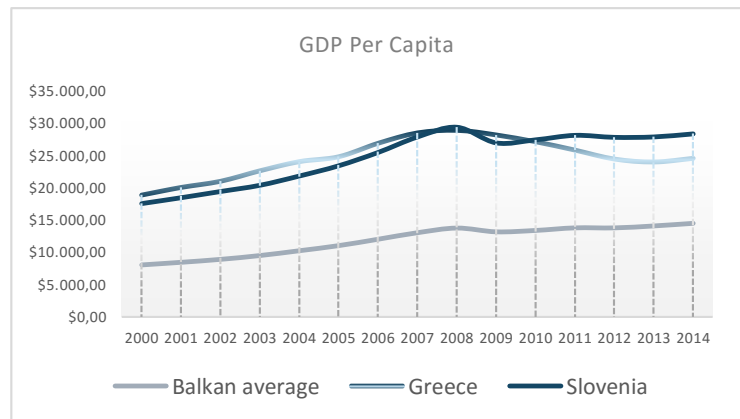
Graph 2: Balkans, EU-28 GDP Growth Rates, Source: (Papapanagos, 2014)

It should be noted however that, as stated above, the above information, even though useful in order to draw general conclusions for the region, is not entirely representative of the economic particularities that affect the Balkans; at the same time the trend line is a clear indication that the regional economy shrunk by a significant amount due to the financial crisis and it has yet to recover lost ground, settling down to more *sober* growth rates.

In greater detail, it should be noted that majority of the Balkan countries are considered *Stage 2 – Efficiency Driven* economies, with significantly lower GDP per capita thresholds than the rest of the European Union, clearly indicating that the abovementioned growth rates should not be studied in isolation. In addition, Turkey and Croatia are the only economies in transition, with the first exhibiting robust growth rates throughout the time period but the latter clearly suffering from a recession²¹ from which it has yet to recover.

Moreover, the only two *Stage 3 – Innovation Driven* economies of the region, Greece and Slovenia, are both in the throes of a severe financial crisis, the first suffering from an overwhelming public debt and the latter from an equally severe credit crisis²².

Graph 3 depicts per Capita GDP in PPP in the two Stage 3 countries, Greece and Slovenia, which maintain a sizable distance from the Balkan average despite the unfavorable economic conditions in both countries; a fact which emphasizes and which is indicative of the substantial differences between the national economies of



Graph 3: GDP Per Capita in PPP in thousands \$, Stage 3 countries vs Balkan average

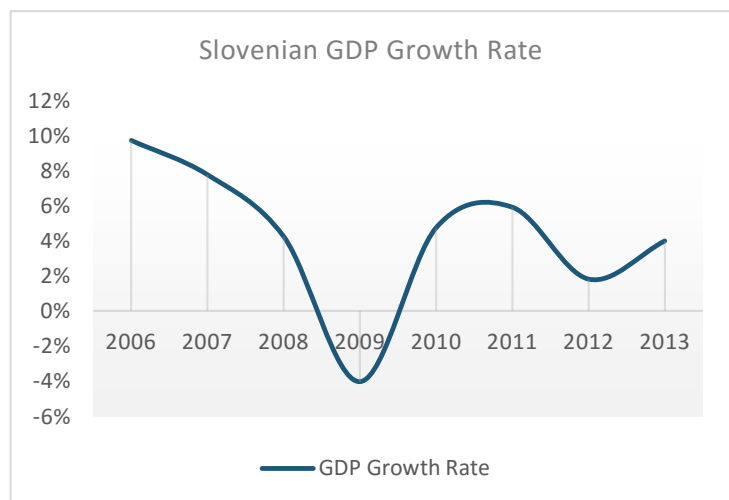
the Balkan Peninsula. Greek GDP has been decreasing constantly during the last 6 years, with

²¹ An economy is considered to be in a recession when the growth rate is reduced in three (3) consecutive quarters.

²² The Slovenian Banking Crisis as it has come to be known.

the exception of 2014 where a spring-back effect returned the economy to nominally positive growth rates. The country is currently undergoing a negotiation procedure with its creditors in order to, at least, secure a credit line in order to service its loans and also to respond to domestic obligations. However, the negotiation procedure has proven extremely time-consuming, affecting the failing Greek economy even further, and its end-result is remains ambiguous.

On the other hand, as Graph 4 depicts characteristically, the Slovenian economy is suffering from a *double-dip* or *W recession*, which clearly indicates the country's precarious economic state, with the banking sector suffering from systemic inefficiencies that had long been overseen (Lavrac & Majcen, 2006), even though other indications of the forthcoming crisis were apparent in



Graph 4: Slovenian GDP in "W" recession

other aspects of Slovenian economic life²³. Those events, coupled with the European Union's inability to respond timely to the financial crisis "[...] especially one involving systemic cross-border institutions" (Pisani-Ferry & Sapir, 2010) deepened the severity of the events and exposed inherent systemic inadequacies of a state-controlled Slovenian banking system "driven by excessive risk taking, weak corporate governance of state-owned banks and insufficiently effective supervision tools" (OECD, 2013).

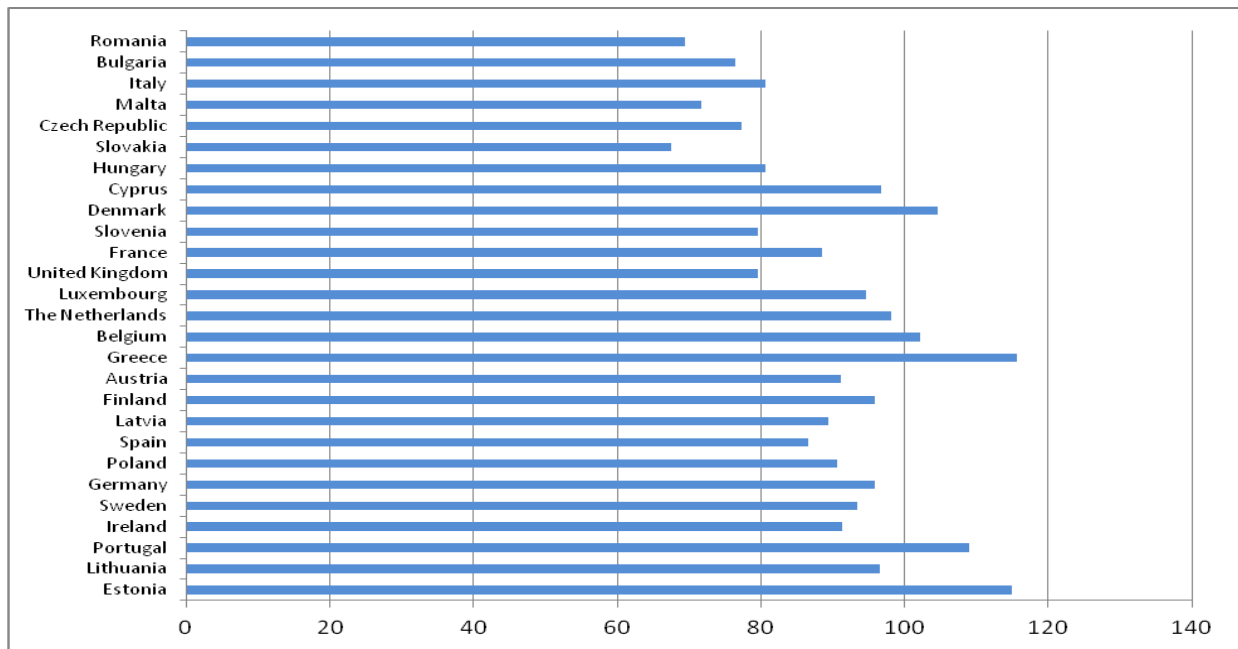
²³ For example, the unsustainable growth rates of the previous decade were fueled by equally alarming growths of foreign debt (OECD, 2013).

3.1.3 Fund absorption and the importance of CBC in the region

Even though further examinations or elaborations on the Greek and Slovenian cases, respectively, will not be pursued here - since they supersede the scope of this work - it was important to bring further into focus the particularities of the Balkan region and its economies in order to clarify the data presented and to establish valid correlations between the economies of the Peninsula and their current state. In addition, the Greek case is of particular importance since, as it will be demonstrated in the following chapter, Greece hosts the Managing Authority of European Territorial Cooperation Programmes for the region due to its status as a European member state, to its past experience on territorial cooperation (which is greater than that of the rest of the region) and to the fact it shares many borders, both geographical but also economic and cultural, with many of the nations of South-East Europe²⁴. In addition, it is a hub for a number of CBC Programmes and also participates in a number of transnational territorial cooperation programmes, also running in the region. The importance that the country places on territorial cooperation and its denominations²⁵ is also indicated by the fact that by 2014 Greece was the leader in the European Union in accessing its entire support funding by the *n+2 deadline*, in actuality over-committing funds that are meant to spill-over into the next (2014 – 2020) Programming Period (Szabo, 2014, p. 396), as graph 5 below indicates.

²⁴ Which is the reason why the country also participates in Territorial Cooperation Programmes, though it may share no natural borders with the rest of the participants, the most eminent example being the Black Sea Programme.

²⁵ Cross-border, transfrontier, transnational, interregional etc.



Graph 5: Estimation of % absorption to the n+2 deadline, based on data from the Regional and Urban Policy Finance and Budget Unit of the European Commission (Szabo, 2014)

Even though this high absorption rate for the country could be lessened due to disbursement, it is still an indication of the importance that regional actors in Greece place in utilizing cohesive resources²⁶ in order to address regional issues and a confirmation of the role that the Managing Authority of European Territorial Cooperation Programmes plays in a national and regional level.

Summing up, from the above it becomes evident that the South-East Europe region and the Balkan countries in particular rely heavily on cohesion policy funding in order to address a plethora of issues stemming from both indigenous problems to issues arising from the *softening* of national borders between EU member states. As Engl states aptly: *"In Europe, borders have changed from hard to soft borders or from barriers which separate different political, economic, social and cultural systems, to zones of contact, where human, natural and financial resources can be shared and exploited together across the border"* (Engl, 2007, p. 6). This couldn't be closest to the truth than in the Balkan Peninsula where a long history of national

²⁶ ERDF, ESF & the Cohesion Fund

conflicts, cultural clashes and exchanges and economic inter-dependence²⁷ have elevated territorial cooperation to the most eminent expression of European Policy implementation for the countries of the region, at least in the cross-border areas. As territorial cooperation is continuously employed in the region the tools of its employment are constantly being refined and the orientation of its instruments is constantly being gauged towards encouraging and enabling even deeper cooperation between regional actors. For this reason a more elaborate analysis of territorial cooperation will follow, in order to better define its character, scope and intend, and comparative analysis will be attempted in the cross-border territorial cooperation programme between Greece and FYROM and the manner that it evolved from INTERREG III to INTERREG IV.

²⁷ For example the penetration of Greek outward FDI in the Balkans, for further reference please see: A capitalist diaspora: The Greeks in the Balkans (Kamaras, 2001) & "Knowing your way in the Balkans": Greek foreign direct investment in the Southeast Europe (Bastian, 2004) amongst other works.

4 THE GREECE-FYROM TRANSNATIONAL COOPERATION PROGRAMME

The Greece – The Former Yugoslav Republic of Macedonia Territorial Cooperation Programme was first approved by the European Commission by the Decision No. E (2002) 118 /19-03-2002. It was preceded by the *Neighborhood Programme GREECE – FORMER YUGOSLAV REPUBLIC OF MACEDONIA*, which supported cross-border cooperation at the external borders of the EU between the EU and the Former Yugoslav Republic of Macedonia²⁸. The Programme finalized in its current state during the Programming Period 2007-2013 and its contemporary counterpart for the Programming Period 2014-2020 is currently in effect.

During its initial inauguration the Programme was funded by the CARDS/ INTERREG IIIA territorial cooperation instrument and was a first attempt to enact territorial cooperation initiatives with the two countries in the cross-border region. The main concept of the INTERREG III-A programme GREECE - FORMER YUGOSLAV REPUBLIC OF MACEDONIA was to enhance cross-border cooperation at the external borders of the EU and to enable the implementation and financing of projects that supported joint objectives. An additional objective was to further enhance and integrate the use of ERDF and CARDS resources (Managing Authority of European Territorial Cooperation Programmes, 2002). Over the years, and as the Programming Periods progressed, the Cross-Border Territorial Cooperation Programme Greece - FYROM²⁹ has seen significant changes in scope, in funding and even in its area of implementation – even though the latter is more strictly defined by the cross-border region. In addition more subtle changes came into effect, pertaining to the enhancement of the interregional cooperation aspect of the Programme.

This chapter will attempt a brief correlation between the two programming periods, 2000-2006 & 2007-2013 respectively, in order to demonstrate how the evolution of Territorial Cooperation affects the intend and magnitude of cross-border initiatives and programmes. In addition, by

²⁸ Hence FYROM

²⁹ Hence CBC GR-FYROM

contrasting the two Programming Periods and by extrapolating on their nature and impact in the cross-border region a final conclusion can be drawn regarding the evolution of Territorial Cooperation in the region and the implications that derive from that evolution for the regional actors and the States.

4.1 THE CROSS-BORDER REGION – DEMOGRAPHICS & ELIGIBLE AREA EVOLUTION

The CBC GR-FYROM focuses on the cross-border area between the northern borders of Greece and the South regions of FYROM. The total population of the programme area is 2.362.158. (1.415.922 persons (68%) live in Greece, and 764.278 (32%) live in the Former Yugoslav Republic of Macedonia. The total area covers 28.702 km² (14.422 km² in



Picture 3: The Cross-border Region of the CBC GR-FYROM Programme, source: www.interre.gr

Greece and 14.280 km² in the former Yugoslav Republic of Macedonia.). 44% of the total population (1.011.790 persons) live in the NUTS III regions of Florina, Pella, Kilkis, Serres, Pelagonia, Vardar and Southeast. (469.058 in Greece and 542.732 in the former Yugoslav Republic of Macedonia) and the rest of the population in the two adjacent areas of Thessaloniki and Southwest. The metropolitan area of Thessaloniki gathers 46% of the total population in a single NUTS III area, and the Southwest region gathers a little more than 9% of the total population of the eligible areas (Managing Authority of



Picture 4: Population Density in the Cross-Border Region, source: IPA CBC GR-FYROM Programming Document

European Territorial Cooperation Programmes, 2007). The following table describes the eligible areas under the 2007-2013 Programming Period:

Table 4: Eligible regions in the programme area IPA CBC GR-FYROM 2007-2013, source: MA ETCP

Greece				
NUTS III ³⁰	Capital	Population	Area	Status
Florina	Florina	52.340	1.924	Fully eligible according to Article 88 of the IPA-IR.
Pella	Edessa	138.761	2.506	Fully eligible according to Article 88 of the IPA-IR.
Kilkis	Kilkis	81.710	2.519	Fully eligible according to Article 88 of the IPA-IR.
Serres	Serres	196.247	3.790	Fully eligible according to Article 88 of the IPA-IR.
Thessaloniki	Thessaloniki	946.864	3.683	Subject to Article 97 of the IPA-IR.
the former Yugoslav Republic of Macedonia				
NUTS III	Seat of the Statistical Office	Population	Area	Programme Status
Pelagonia	Bitola	238.136	4.717	Fully eligible according to Article 88 of the IPA-IR
Vardar	Veles	133.180	3.392	Fully eligible according to Article 88 of the IPA-IR
Southeast	Gevgelija	171.416	2.739	Fully eligible according to Article 88 of the IPA-IR
Southwest	Ohrid	221.855	3.432	Subject to Article 97 of the IPA-IR

Even though further demographical and statistical data regarding the cross-border region will not be presented here, as even the above reference only serves to compliment data already presented in previous chapters, it is however important to note that, throughout the Programming Periods, even the cross-border eligible area has expanded to include additional areas or to incorporate them in the Programme completely. Of special note are the Southwest Region of FYROM and the Prefecture of Central Macedonia in Greece, which have both now been fully incorporated into the new Programming Period 2014-2020. Both of these regions

³⁰ In Greece a NUTS III region is a “Prefecture”, in the former Yugoslav Republic of Macedonia the eligible region is a “Planning region of regional development”.

were only eligible under the 20% rule in the 2007-2013 Programming Period and under the 10% rule in the 2000-2006 Programming Period respectively.

4.2 THE PROGRAMME BUDGET

Perhaps one of the most indicative aspects of how Territorial Cooperation has changed over time is through examining the allocated funds for each Programming Period. The difference between 2000-2006 and 2007-2013 was substantial and is a clear indication of, perhaps, the scope and the magnitude of problems that were targeted between the two. For this particular topic data is available also for the 2014-2020 and will also be contrasted, as it will enrich whatever conclusions can be derived from the comparison.

Table 5: IPA CBC GR-FYROM Programme - Budget per Programming Period

Total Programme Budget	ERDF/IPA Contribution	National Contribution	Private Financing	Co-Financing Rate (ERDF/IPA)
Programming Period 2000-2006				
101.483.334€	73.000.000€	23.333.334€	4.150.000€	75%
Programming Period 2007-2013				
31.549.723€	24.810.005€	6.739.718€	-	85%
Programming Period 2014-2020				
45.470.066€	38.649.552€	6.820.514€	-	85%

It becomes readily apparent that there is considerable divergence between the allocated budget for each programming period, whilst, at the same time, there is a constant increase in the participation of European Regional Development Funds and the Instrument for Pre-accession Assistance in the overall programme budget. Particularly for the case of Greece, which is undergoing a severe financial crisis, there is talk of increasing ERDF participation to 95%.

Having said that it is evident that the scope of the Programme greatly diminished, at least financially, between 2000-2006 and 2007-2013, with the latter having a Programme Budget almost 30% of its previous counterpart. While engaging the rationale behind these changes supersedes the purpose of this work, as it cannot be attributed to even a small number of factors but was rather the result of a convoluted and voluminous set of parameters, the most eminent factors can be referenced in order to draw some conclusions on why funding dipped so low between the two programming periods, only to rise again by almost 50% for 2014-2020.

Primarily, therefore, what most ex-antes evaluations of the 2000-2006 Programming Period indicated was an inability to absorb funds at a regional level, due to lack of established mechanisms that would enable the absorption process. In greater detail, and in the case of FYROM in particular, ill equipped regional actors and lack of substantial technical know-how, coupled with a diminished financial capacity in some cases, exposed weaknesses in carrying out projects alongside their Greek counterparts. In addition, the level at which cross-border cooperation was implemented was kept to a minimum, as will be elaborated upon in the next segment, leading to disproportionate project implementation rates.

On the Greek side of the border regional actors did have the financial capacity to absorb funds with a more elevated rate than their neighboring counterparts, however they too underperformed, by, in many cases, lagging behind in implementation timings (EUROCONSULTANTS SA, 2009). In addition, even though technical know-how on ERDF Project implementation was more prominent in Greece rather than FYROM and regional actors were more aware of the managerial limitations of project implementation, extraneous bureaucratic requirements that came into being from the joining of EU and National legislations produced convoluted and time-consuming implementation schemes.

Lastly, one additional reason that complicated the efforts of the partnerships was the rather late approval of the Programme itself, coming into force in the midst of the Programming in 2002. As most annual reports indicated, early participation in the programme was well below

the expected yearly quotas and that left a gap that even the rather vivid response from the two latter years of the Programming Period failed to make up for.

As stated above, it is beyond the scope of this work to analyze in extend the reasons behind why such a substantial drop in Programme Budget from one Programming Period to another occurred, since there were a plethora of reasons that led to such a development. It is important, however, to point out the most important factors that were reported from the evaluations of the Programming Periods that had to do with the inner-workings of the cross-border region itself and played a significant role in how the Programme evolved from 2000-2006 to 2007-2013 budget-wise.

4.3 PROGRAMMATIC PRIORITY AXES AND MEASURES EVOLUTION

If there is one aspect of the Programme that could be considered of equal significance to the Programme budget then that is the programmatic Axes and Measures that each Programming Period introduced and focused on. To further elaborate, through the programmatic axes each Programming Period tried to address specific issues and problématiques that plagued the cross-border area and have a substantial impact on those problems. Programme – and, consequently, project – implementation was directly tied in to the thematics that were put forward by their corresponding axes and budget distribution amongst the axes instigated, motivated and dominated the decisions of the regional actors involved in those projects.

As such, the incorporation of additional axes and measures in a programming period – or the exclusion of some – directly affects the number, the nature and the scope of the projects to be implemented. It is therefore an indicative measure of the reach of each Programming Period and an exemplification of issues that it tried to address. The tables below enumerate the axes and measures for each Programming Period respectively:

Table 6: IPA CBC GR-FYROM 2000-2006 Axes & Measures

PRIORITY	MEASURES
Axes 1: Cross-Border Infrastructure	M1.1 Transportation
	M1.2 Improving Security on external Borders
Axes 2: Economic development and employment	M2.1 Improving cross-border cooperation through the enhancement of SMEs
	M2.2 Improving alternative tourism/ showcasing local landmarks and attractions
	M2.3 Human Resource and Employment
Axes 3: Quality of Life - Environment	M3.1. Improving quality of life and enhancing the environment
	M3.2. Promoting Public Health
	M3.4 Cooperation between educational organizations for the promotion of cross-border cooperation
Axes 4: Technical Assistance	M4.1. Programme Administration
	M4.2. Technical Assistance

Table 7: IPA CBC GR-FYROM 2007-2013 Axes & Measures

PRIORITY	MEASURES
Axes 1. Enhancement of cross-border economic development	1.1 Economic development 1.2 Enhance Human Resources 1.3 Promote sustainable tourism 1.4 Protect human life
Axes 2: Enhancement of the environmental resources and cultural heritage of the programme area	2.1 Promote and protect the environmental resources of the area 2.2 Promote and protect the natural and cultural heritage of the area

From the above it becomes easily apparent that the two programming periods were of different scope in and reach, directly depicting in their intend the diminished fund allocation

that was exhibited in the previous chapter. A clear indication of this is the exclusion of projects that required extensive infrastructure works that were implemented under Axis 1 during the 2000-2006 period but were excluded from 2007-2013. Respectively, there is a significantly more sober approach to projects regarding quality of life for the region, with Axes 2 of the 2007-2013 Programming Period now focusing more on the environment and cultural heritage. However, even though its diminished capacity, the Programme expands on activities regarding economic development in the region, a trend that will carry through to the next Programming Period 2014-2020 in an even more profound manner.

In all, there is a clear shift of the IPA CBC GR-FYROM Programme from infrastructure projects to projects that are more cross-border oriented, choosing to supplement those Measures and forego the former. In addition, it is evident that past experiences of the 2000-2006 period clearly exposed the limits of Territorial Cooperation and that the next Programming Period attempted to instigate projects that promoted more collaborative approaches to project implementation. Another indication of this is the enhancement of joint project implementation, with the introduction of the Overall Lead Partner in Projects and joint funding, both of which notions were absent in 2000-2006 project implementation.

This is also depicted clearly on the number of projects implemented in each Programming Period and in the number of Beneficiary Participants. More elaborately, during the Programming Period 2000-2006 a total number of 155 projects were implemented, despite the constricted time frames. In those 155 projects a total of 332 distinct deliverables were implemented and validated with a total number of 89 different regional stakeholders acting as either Partners or Lead Partners in the various projects. At the same time during the 2007-2013 Programming Period the total number of Projects that were implemented was 38. These 38 projects, however, were implemented with a much healthier validation percentage than their previous period counterparts (estimated to finalize close to ~80%~85%) whilst they were participated by 86 unique partners – a number surprisingly close to that of the previous period. This is clearly due to larger and far more active partnerships, which in the 2007-2013 averaged

2,26 different partners per project while the same allocation for the previous period was almost inverted. In all, the changes enacted by the Commission and the DG Regio on the way that territorial cooperation was to be implemented from one period to another have had significant effect to the overall performance of the partnerships and the quality of their work.

However, also notable is the fact that, even though a number of Measures were streamlined to better address the specifics of the Greece – FYROM cross-border area, many of them continued to address similar problématiques, albeit in a more efficient manner. This evolution from one programming period to the next is a clear indication that, on one hand, the Commission is constantly fine tuning its Cohesion Policies and, on the other, that there are indeed specific problems that Territorial Cooperation can address in regions in a more profound and impactful manner than the States by themselves. However, it remains unclear whether the intend was to gear the Programme towards a more narrow focus that would be better served by Territorial Cooperation, or whether the diminished capacity of the Programme could simply not cope with a more ambitious Programming Period.

It is possible to continue contrasting the two Periods in a number of other dimensions relevant to Programme and Project implementation: average project length, percentage of budget actually spent in the eligible area or outside of it, budget dissemination and percentages of budget dedicated to each specific cost category - to name but a few. Each comparison would shed even more light to the measurable differences that distance one Programming Period from another. Still, those comparisons would only further the point that the single most important difference between the two periods is the deepening of cross-border cooperation and the emphasis put into creating more collaborative and responsive partnerships: whereas 2000-2006 was financially affluent, at least in comparison to its successor, the final number of beneficiaries was only nominally bigger and substantially less if looked upon as a percentage of budget spent or projects implemented. And even though the number of projects per unit of project budget were, on average, higher than in the successor Programming Period this number lessens in significance if one is to introduce the number of project partners that

participated in each period. In the end, even though 2007-2013 did suffer from a rather anemic overall project budget, and thus its scope was arguably substantially more frugal than its predecessor, it seems to outperform 2000-2006 in every aspect, other than absolute size. However, since the impact of territorial cooperation is hard to gauge accurately, even bearing in mind the various indicators introduced by each Programming Period, it would seem, perhaps, hasty to discard the significance and merits of an affluently funded programme budget and the opportunities it may create to the territories it would service.

5 CONCLUSIONS

It has been the purpose of this work to demonstrate the significance that Territorial Cooperation initiatives and Programmes hold for South East Europe, to provide a theoretical background for their operations and to analyze the main differences between the various Programming Periods – as they have been implemented in the region so far. Particularly for the latter, a closer look was taken at the IPA CBC Greece-FYROM Programme between two programming periods and key results were contrasted in order to exemplify the most eminent differences observed.

It is, therefore, of little doubt whether Territorial Cooperation has been influential in promoting integration and regional cohesion in the region: the great number of projects implemented in the region and the heightened interest of regional stakeholders in participating in programmes and initiatives active in their area is a testament to the importance that local actors place in them.

As demonstrated, however, cohesion funding in the region diminished during the previous Programming Period, which had a direct and notable impact on the implementation efforts themselves. However, it was demonstrated that the deepening of European integration and the evolution of Territorial Cooperation mechanisms in the region managed to mitigate the fact and produce admirable results, due to a movement towards more collaborative and interactive projects.

In conclusion, Territorial Cooperation in South East Europe is now coming into its fifth programming period (Interreg V is currently in effect) and its current form is even more adapted to address regional and cross-border problématiques than ever before: the focus is constantly being shifted to impactful projects, there is a distinct directive for enhanced collaboration and programme guidelines are gearing implementation towards even more region-specific issues. It remains, therefore, up to the regional actors to rise to the occasion and directly address, through Territorial Cooperation, the issues that affect them the most.

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