

18<sup>th</sup> EUROPEAN WEEK of  
REGIONS and CITIES

05>09 OCTOBER 2020 12>16 OCTOBER 2020 19>22 OCTOBER 2020

# Calculating the value added of Interreg

09:30 (CET) 15 October 2020



European Committee  
of the Regions



European Regional Development Fund



# Calculating the value added of Interreg

## USEFUL INFORMATIONS FOR ATTENDEES

As an attendee, you are in listen-only mode.

Please keep your microphone muted unless the moderator gives you the floor.

Two important features that you can access with buttons at the bottom of your screen:

**Participants window**  to view all other attendees

**Chat window**  to ask questions to panelists and share comments with other attendees



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# Calculating the value added of Interreg

## Two challenges

Task one:

Please rename yourself – using the menu from your own video. Please state your organization or region

Task two:

Go to [menti.com](https://www.menti.com)  
Enter code 13 15 68 3

Answer the two questions



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## Moderators

- § Kevin Fulcher, Interact
- § Linda Talve, Interact

## Speakers

- § Rafael Agostinho, Interact
- § Zsolt Darvas, Bruegel
- § Andrzej Jakubowski, Maria Curie-Skłodowska University



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# Keep.eu

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Calculating the value added of Interreg

15 October 2020 | Online

Rafael Agostinho, Interact



The potential and flexibility of Interreg, Interreg-IPA cross-border and ENI CBC  
**Check projects contributing to mitigate the impact of COVID-19**

**23 723 projects**  
85% of all projects  
[Go to projects](#)

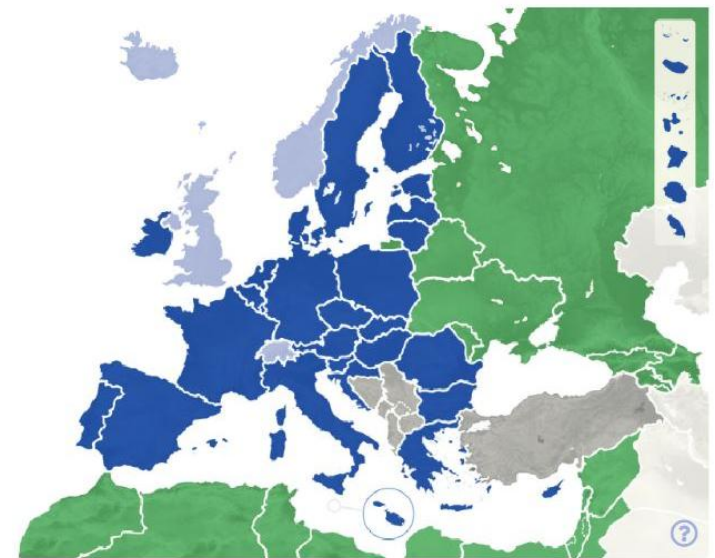
**109 009 partnerships**  
81% of all partnerships  
[Go to partners](#)

**260 programmes**  
93% of all programmes  
[Go to programmes](#)

Your source for Interreg, Interreg-IPA cross-border, ENI-CBC and IPA-IPA cross-border  
since 2000, updated every day

[How to work out project financial data from keep.eu?](#)

[How to find the right partner for your project?](#)



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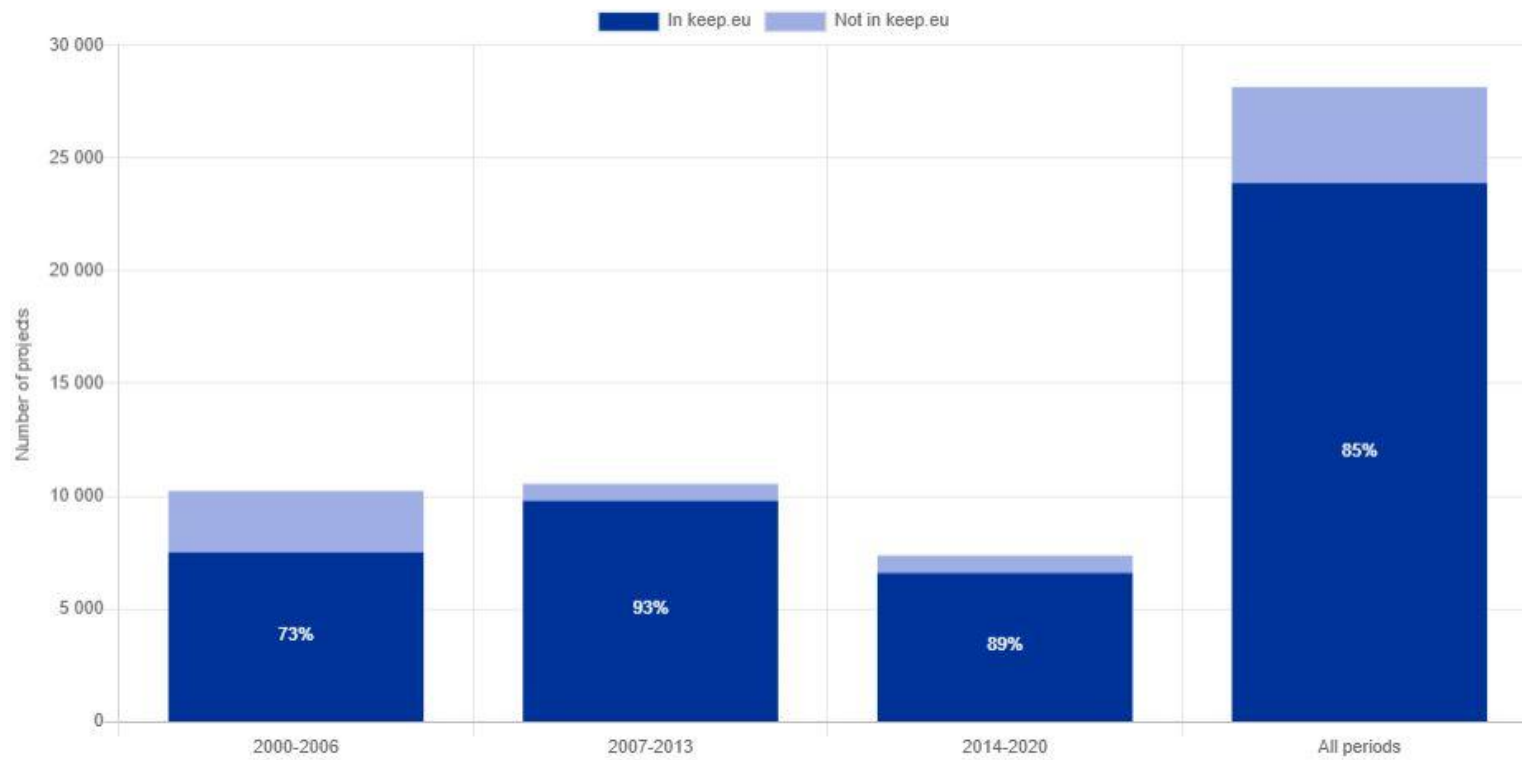
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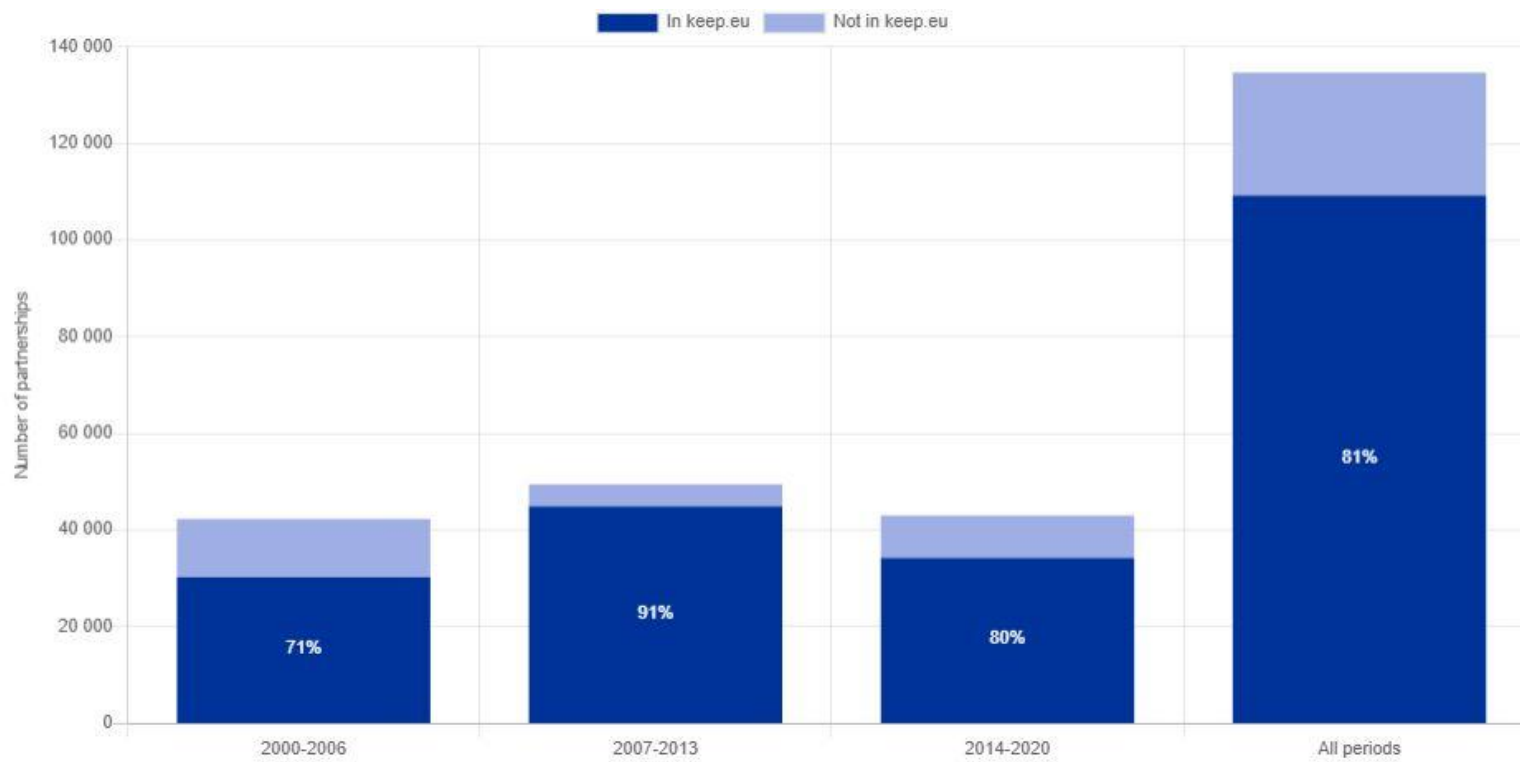
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What regions are covered by Thematic Objective 1 (business and SME development), or any other T.O., I. P., or T. P. (and through which programmes)?

**What partners are there in Germany with experience with transnational programmes, in health and social services projects?**

The potential and flexibility of Interreg, Interreg-IPA cross-border and ENI CBC  
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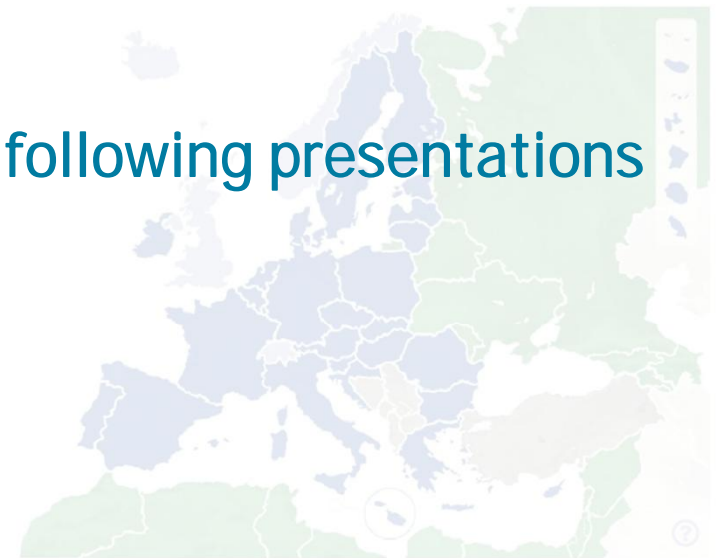
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# Bigger questions and their answers in the following presentations

Your source for Interreg, Interreg-IPA cross-border, ENI-CBC and IPA-IPA cross-border  
since 2000, updated every day

How to work out project financial data  
from keep.eu?

How to find the right partner for your  
project?



# Cooperation works

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All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)



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# Cohesion project characteristics and regional economic growth

Zsolt Darvas\*, Jan Mazza\*\* and Catarina Midoes\*\*

\*Bruegel and Corvinus University of Budapest

\*\* European University Institute

\*\*\* University of Venice

18<sup>th</sup> European Week of Regions and Cities  
Session on “Calculating the value added of Interreg”

15 October 2020

# Outline

1. Literature on EU cohesion policy
2. Our novel empirical methodology and results
3. Implications for cohesion policy reform



# Literature on cohesion policy is inconclusive

- Some papers find positive long-term impacts, others find positive but only short-term impacts, others find no impact at all or even negative impacts
- Major factors complicating empirical assessments: complex local environments, the diversity of policy interventions beyond cohesion policy, varying time frames, cross-regional spill-over effects, lack of appropriate data for the analysis, certain important factors are not measurable, various econometric problems

# We use a novel empirical methodology

- Two steps:
  1. We **estimate ‘unexplained economic growth’** in the cross-section of NUTS-2 and NUTS-3 regions 2003-2015 by controlling for the influence of various region-specific factors (but not cohesion policy)
  2. We **analyse the relationship** of ‘unexplained economic growth’ with about two-dozen project-specific characteristics, including indicators related to inter-regional projects

# Two caveats

1. **GDP growth is not the sole indicator of a project's success.** Several projects aim to preserve the environment, foster urban development or promote social inclusion.

Yet reducing economic disparities between regions is the goal set by the Treaty and most cohesion funding is spent on less-developed regions.

2. **We cannot claim causality**, i.e. that certain cohesion project characteristics explain this extra growth.

Yet we uncover interesting patterns differentiating best and worst-performing regions.

The literature claiming causality suffers from major problems.

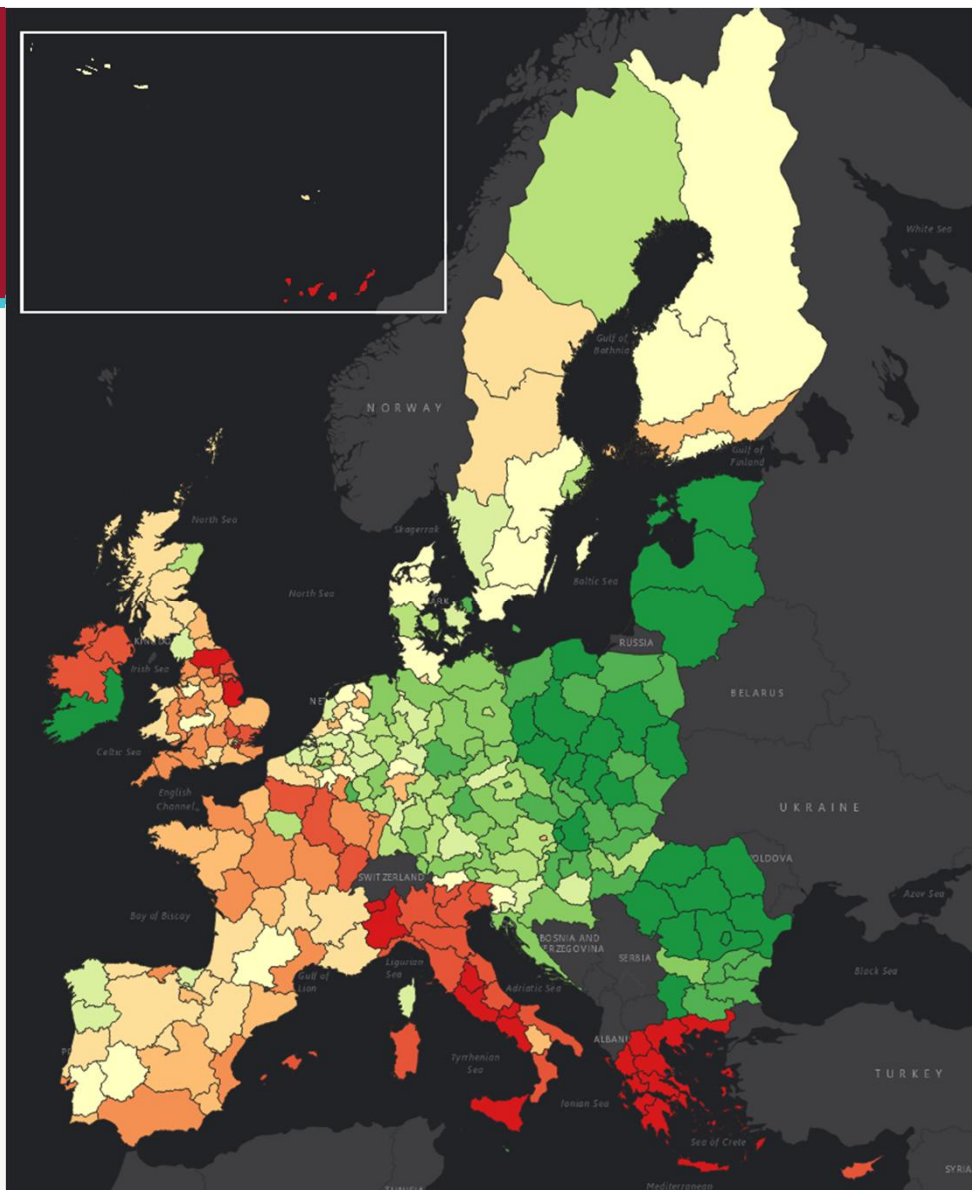
# First step regression, statistically significant control variables

- GDP per capita in 2003,
- capital income ratio in 2003,
- percentage of employment in the tertiary sector in 2003,
- growth in population between 2000 and 2003,
- population density in 2003,
- quality of governance in 2010,
- percentage from 25-64 year olds with tertiary education in 2003,
- R&D personnel in percentage of total employment in 2003.

# Actual economic growth

Classification of EU NUTS-2 regions according to per capita growth in 2003-2015 **without controlling for anything**

*Regions in dark green: fastest actual economic growth*  
*Regions in dark red: slowest*

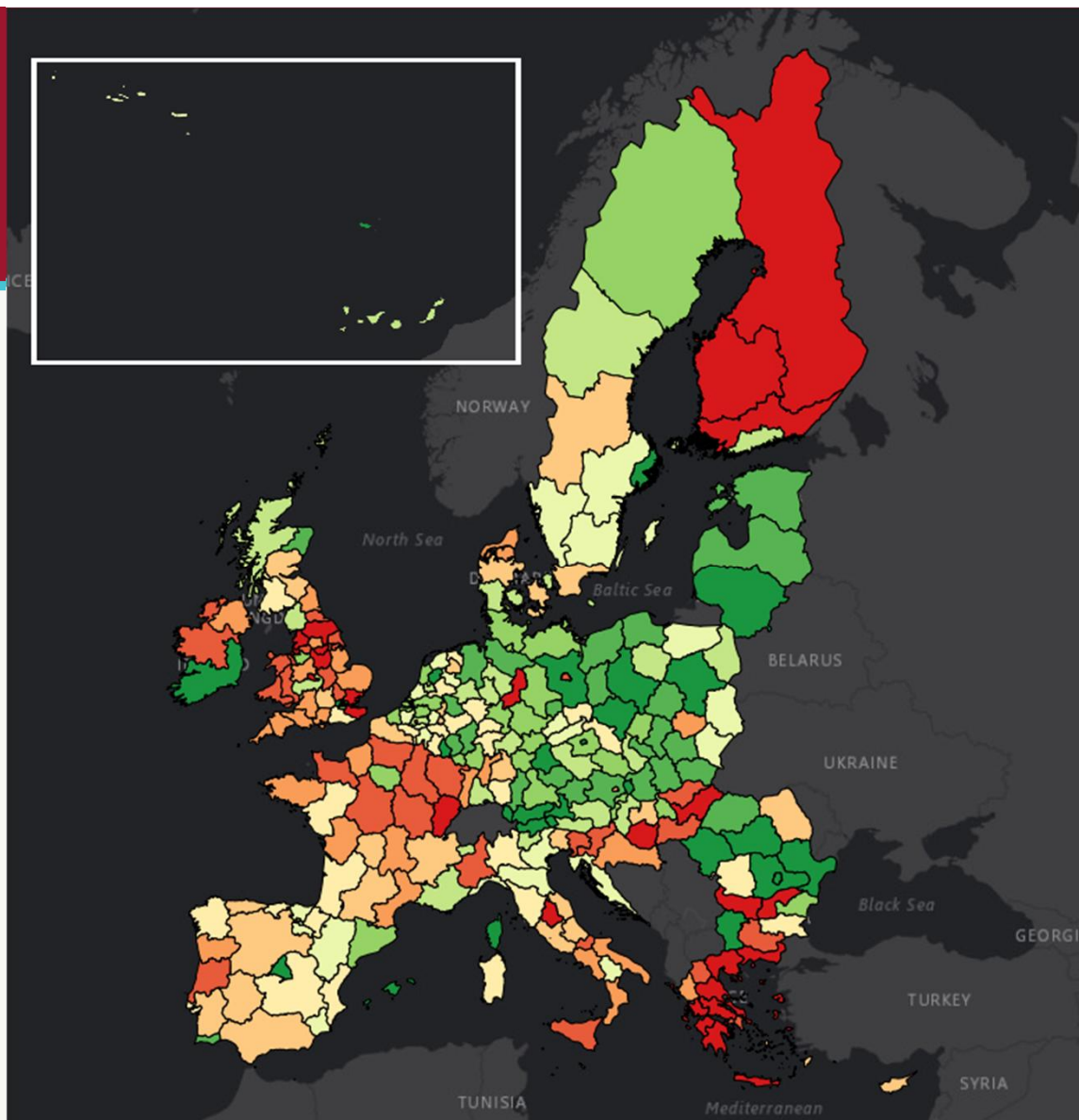


# Unexplained economic growth

Classification of EU NUTS-2 regions according to per capita growth in 2003-2015 **when controlling for various initial conditions**

*Regions in dark green: fastest unexplained economic growth*

*Regions in dark red: slowest*



# Second step, we conducted two types of analysis

- Two types of analysis:
  1. A correlation analysis across the whole EU
  2. A quartile analysis by country, in which we contrasted only the best and worst performers within each country, and then averaged the differences across the EU
- Rationales:
  1. Highlight patterns systematic over all regions of the EU
  2. Control for country-specific characteristics & focus only on the best and the worst performers

# Two data sources for project characteristics

1. '4P dataset': European Commission Regional Policy website, where up to four projects per NUTS-2 region are listed. There are 606 unique projects, which together account for 3.2% of the total ESIF budget in 2007-2013.
2. 'interregional dataset': provided by the Interact Programme ([keep.eu](http://keep.eu)), includes 94 percent of the total number of interregional projects under the ERDF in 2007-2013.



# Key empirical findings

The best performing regions have on average projects with:

- longer durations,
- a greater concentration of priorities,
- **more inter-regional focus**,
- a higher proportion of non-research NGOs or academic or private sector entities among the beneficiary entities (as opposed to public sector beneficiaries),
- a higher share of EU-cofinancing;
- a higher total funding (and per capita) from the Cohesion Fund.

# Specific results for inter-regional projects

- While funds received under the ERDF as a whole are not statistically associated with unexplained economic growth, projects under the interregional umbrella are
- The total number of interregional projects and an estimate of how much budget goes into the region correlate positively with the region's unexplained economic growth
- Participation in inter-regional projects matters more than their leadership
- Cross-border (connecting regions from different countries) vs national (connecting two or more regions from the same country) inter-regional projects: we find that only cross-border inter-regional projects are positively associated with better economic performance

# Rationales for cross-border interregional projects

- Resorting to long-distance partnerships might bring about efficiency gains for project design, procedures and implementation
- In order to engage in a cross-border cooperation, partners probably consider more ambitious and far-reaching projects, since otherwise the extra administrative burden to work together with entities from other countries might not be worthwhile
- Cross-border cooperation potentially provides fruitful knowledge transfers
- Projects involving partners from two or more different countries could be less likely prone to corruption and waste of resources, as institutions and businesses find themselves outside their usual network of relationships and within a new, unfamiliar, environment, where playing by the rules could be the safest and most rational choice

# Implications for cohesion policy reform

1. The beneficial effects of longer duration and more concentration of priorities are consistent with the importance of strategic focus in cohesion policy
2. We recommend more interregional projects (just 4.8% of the ERDF spending in the 2007-2013 MFF was dedicated to them)
3. Beneficial impact of lower national co-financing rate likely reflect fiscal constraints after the 2008 global financial crisis. . Thus, the extent of fiscal constraints, or the lack of it, could be a factor to determine the co-financing rate
4. The importance of a locally-led perspective should be reconciled with our finding of better centralised management, e.g. locally-led demand for projects should be combined with higher-level allocation, oversight and management. Improving administrative capacity is essential.

*Thank you for your attention*

# Identifying cross-border functional areas

## Conceptual background, empirical evidence and policy implications

This presentation contains preliminary results of the study "Identifying Cross-border Functional Areas: Conceptual background, empirical evidence and policy implications"

Andrzej Jakubowski (Maria Curie-Skłodowska University in Lublin)  
Karolina Trykacz (Maria Curie-Skłodowska University in Lublin)  
Tomasz Studzieniecki (Gdynia Maritime University)  
Jakub Skibiński (Maria Curie-Skłodowska University in Lublin)



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## How do we define Cross-border Functional Areas?

Functional areas are usually understood according to two following meanings (CEMAT 2017):

- territory that cluster around node (urban center) and concentrate systemic relations (i.e. metropolitan areas, labor market catchment areas)
- territories delineated according to some defining criteria (one or more), that determine the cohesion and nature of internal and external interactions

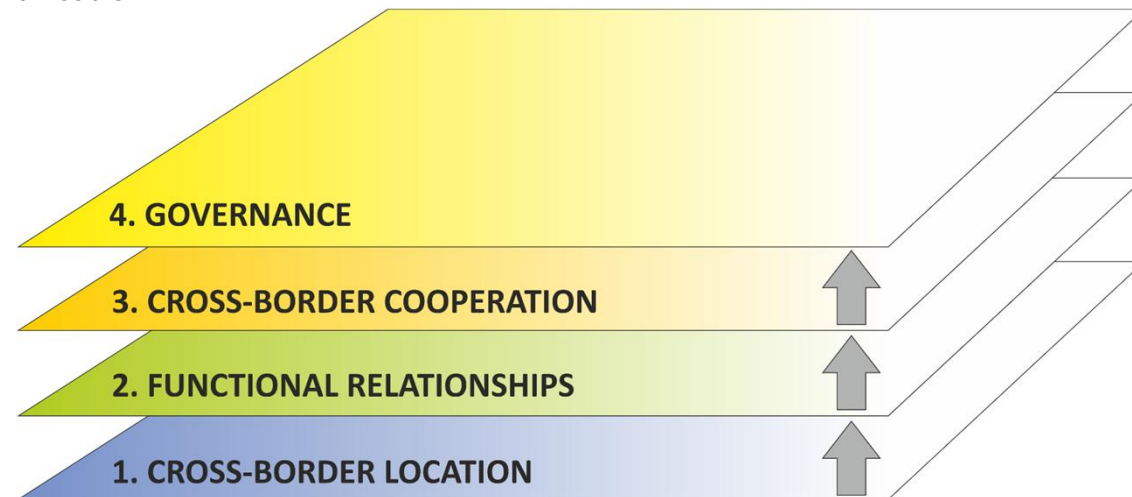
Cross-border Functional Area (CBFA) is a spatially specific territorial complex not defined by the administrative borders located on two (or more) sides of the state border characterized by:

- functional relationships resulting from common and/or integrating spatial and socio-economic features,
- system of cooperative relationships of various stakeholders,
- existence of the governance mechanisms, resulting from a common goal and solving common problems or capitalizing on local potential.



# How do we identify Cross-border Functional Areas?

A four-level approach for the identification  
of Cross-border Functional Areas  
(conceptual framework)



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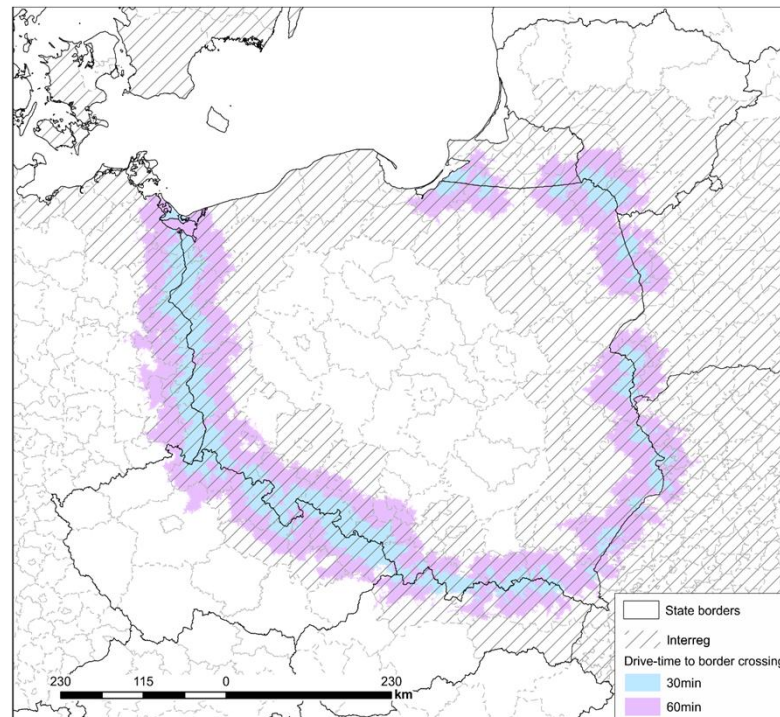




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## 1. Cross-border location



Source: Own elaboration. ArcGIS software. © EuroGeographics for the administrative boundaries.

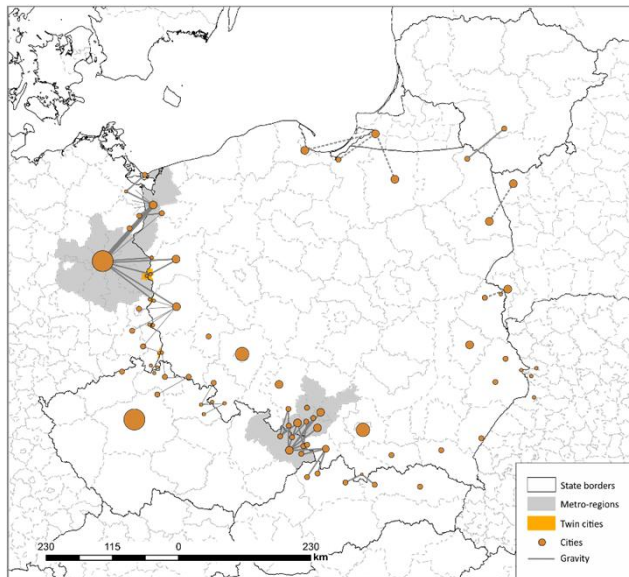


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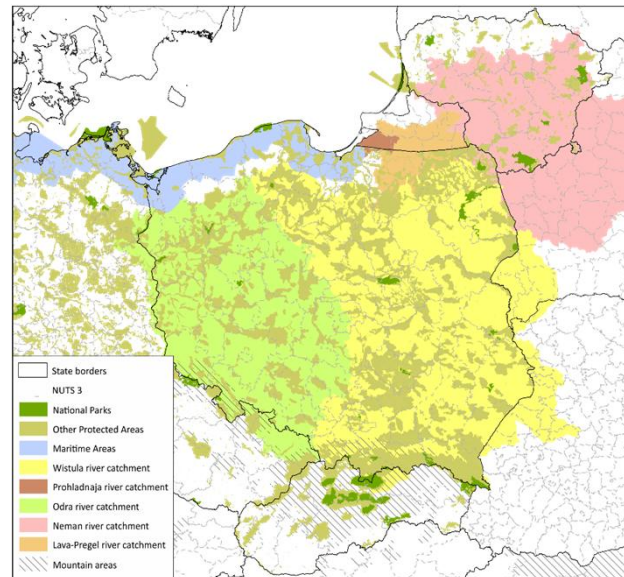


## 2. Functional Relationships

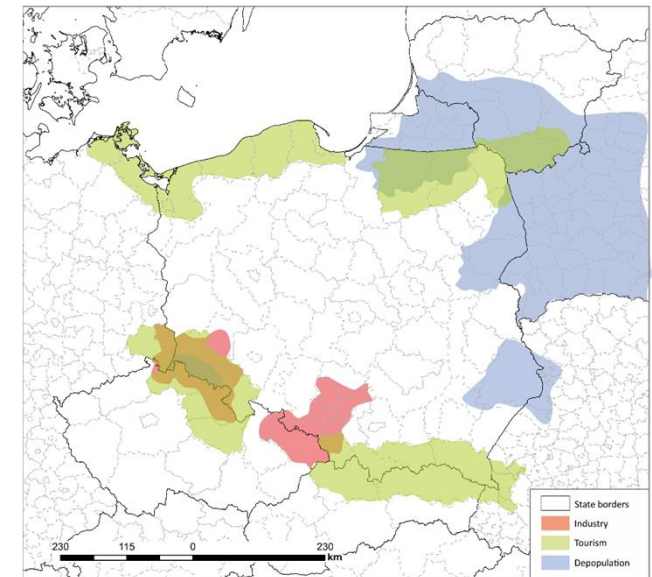
functional criteria



Areas designated according to:  
geographical criteria



socio-economic criteria



Source: Own elaboration on the basis of: Czech Statistical Office 2020, Destatis 2020, EEA 2020, Espon Database 2020, Espon 2018, Espon 2019, Espon 2020a, Espon 2020b, Eurostat 2020, Federal State Statistic Service 2020, National Statistical Committee of the Republic of Belarus 2020, State Statistics Service of Ukraine 2020, Statistical Office of the Slovak Republic 2020, Statistics Lithuania 2020, Statistics Poland 2020, UNECE 2018.



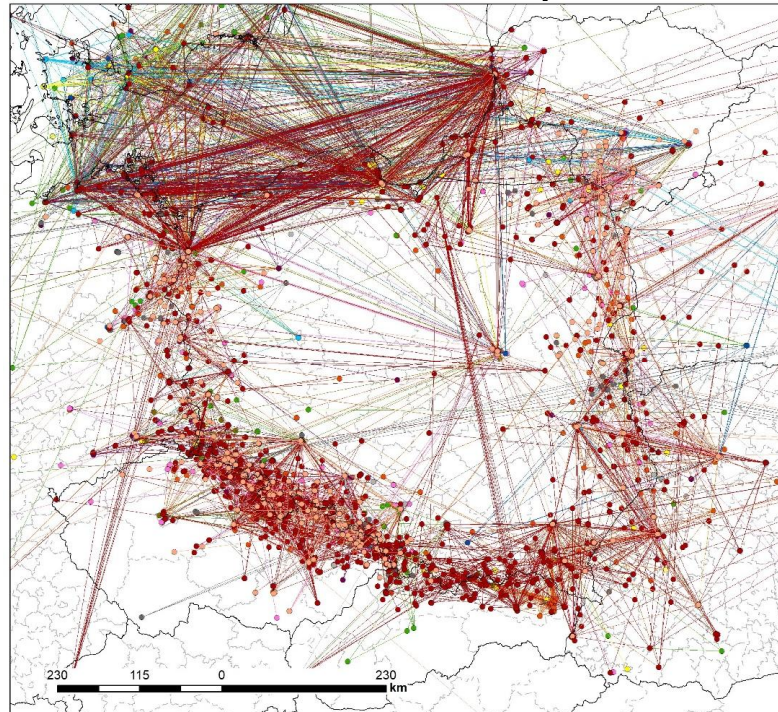
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## 3. Cross-border Cooperation



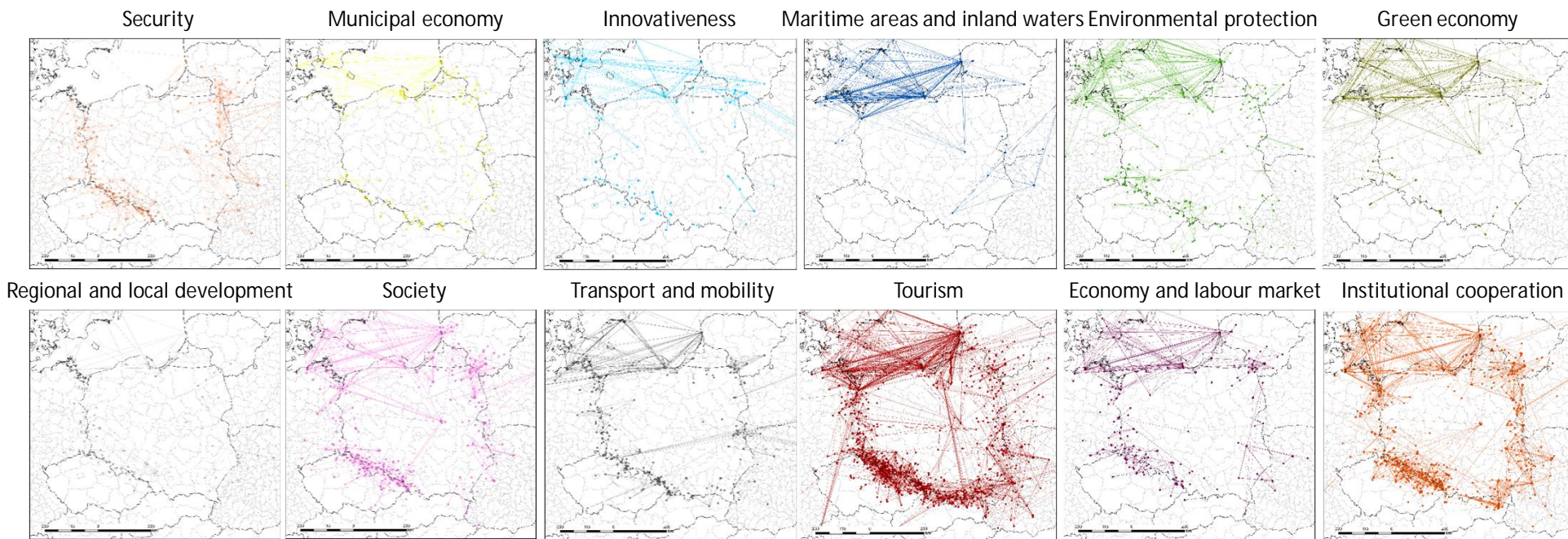
Source: Own elaboration on the basis of keep.eu. © EuroGeographics for the administrative boundaries.



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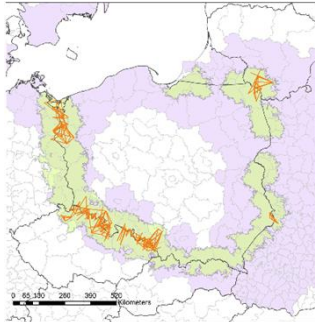
### 3. Cross-border Cooperation



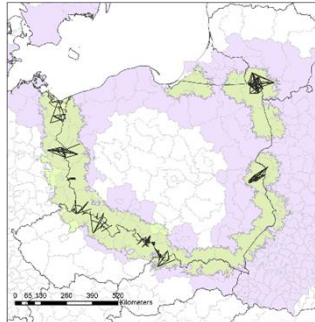
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### 3. Cross-border Cooperation

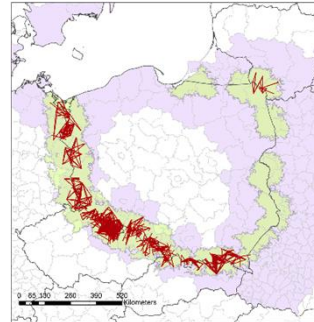
Institutional cooperation



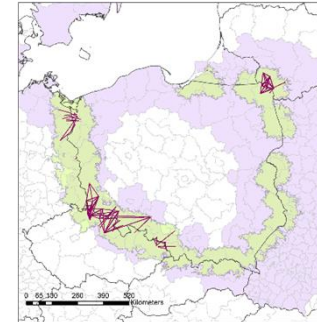
Transport and mobility



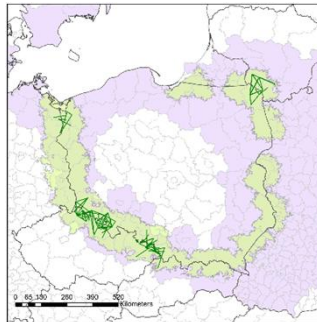
Tourism



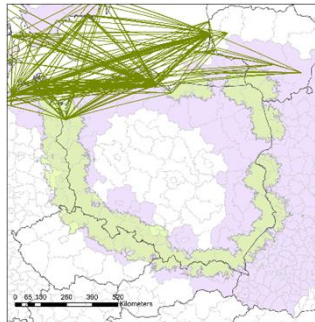
Society



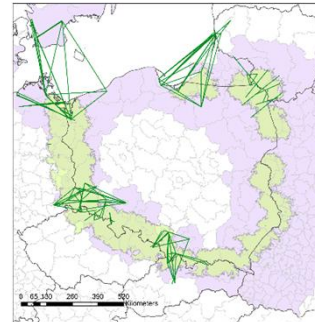
Economy and labour market



Maritime areas



Environmental protection



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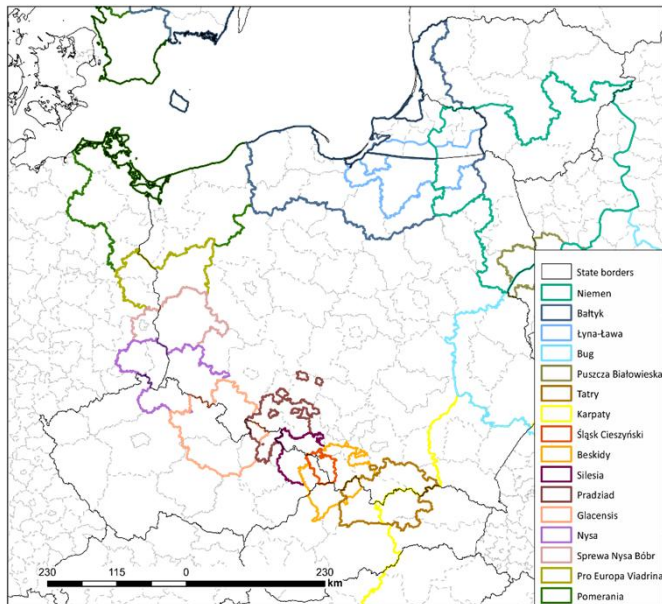


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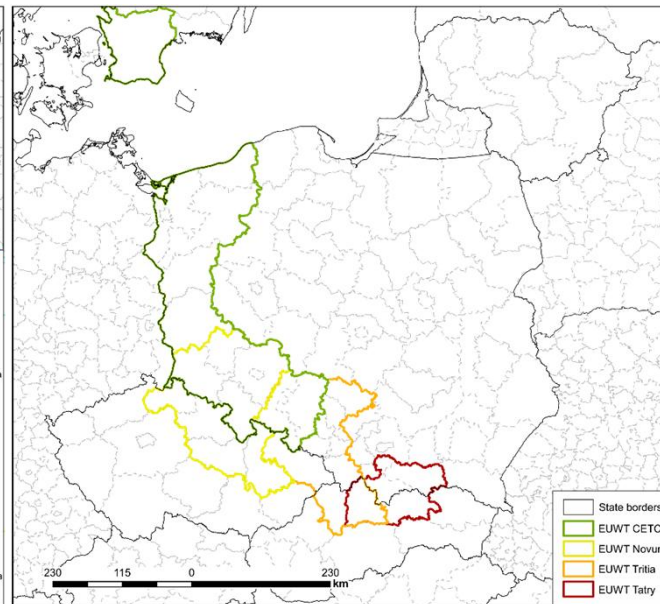
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## 4. Governance

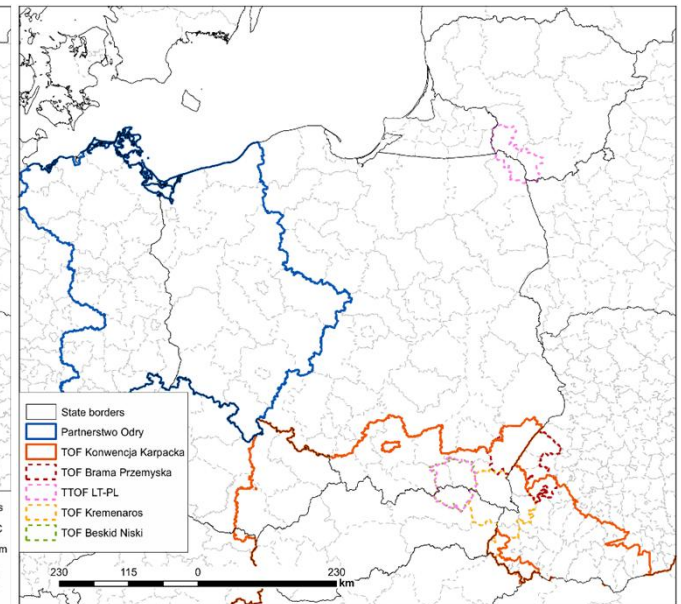
Euroregions



European Groupings of Territorial Cooperation



Other entities



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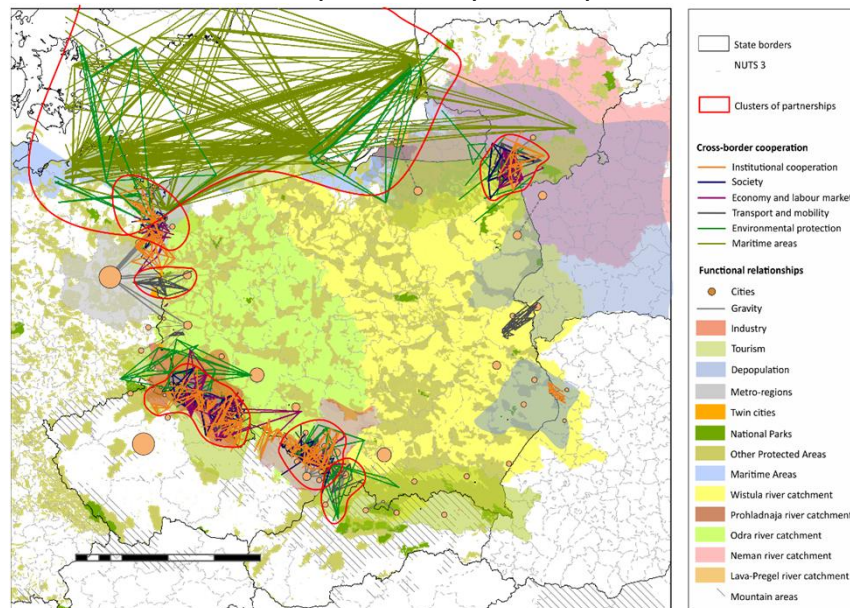


UMCS  
WYŻSZA SZKOŁA ODRÓDZENIA I ROZWOJU  
GOSPODARSTWA PRZESTRZENNEJ



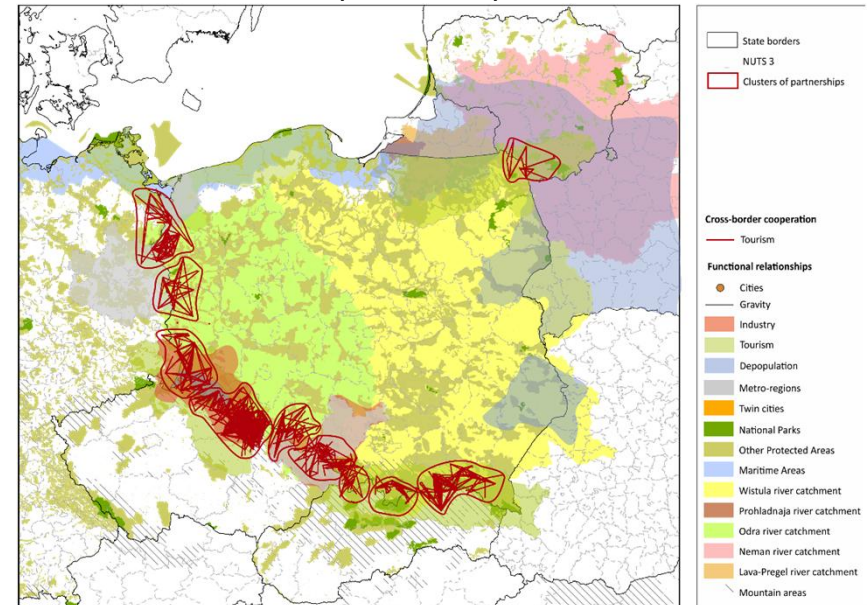
# Preliminary results (1)

Clusters of partnerships (complex)



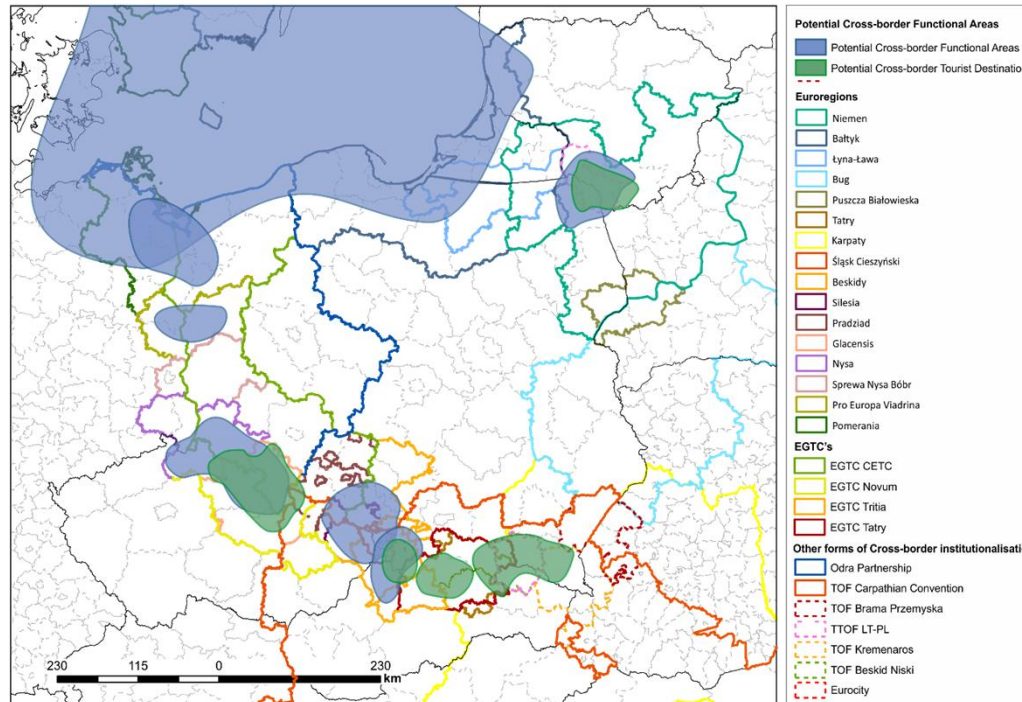
Source: Own elaboration on the basis of keep.eu. © EuroGeographics for the administrative boundaries.

Clusters of partnerships (tourism)



# Preliminary results (2)

## Potential Cross-border Functional Areas



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## Sources:

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- State Statistics Service of Ukraine 2020, <http://www.ukrstat.gov.ua/>.
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Software: ArcMap 10.8; ArcGis Online, QuantumGis 3.1



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And now, your  
questions

Please ask questions in the chat



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