

# Border Orientation Paper

## Spain-Portugal



## 1. INTRODUCTION

This document sets out key characteristics of the cross-border region between Spain and Portugal and outlines options and orientations for the programming of the next Interreg programme along that border. It is part of a series of similar papers prepared by DG REGIO for all EU land borders (and borders with Norway and Switzerland).

The objective of this paper is to serve as a basis for a constructive dialogue both within cross-border region and with the European Commission for the 2021-2027 Interreg cross-border cooperation programme Spain-Portugal.

The paper is based for a large part on objective information stemming from three studies commissioned by DG REGIO:

- “Border needs study” (“Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes”) conducted in 2016;
- “Easing legal and administrative obstacles in EU border regions” conducted in 2015-16 and;
- “Comprehensive analysis of the existing cross-border transport connections and missing links on the internal EU borders” conducted in 2017-18.

In addition, many data sources available at European level were also used to describe certain aspects socio-economic and territorial development. A full list of information sources is provided in annex.

Cross-border cooperation is much broader than Interreg programmes. The objective is to facilitate cross-border cooperation by reducing remaining persisting obstacles to cross-border activities and linkages as outlined in the 2017 Communication on Boosting Growth and Cohesion in EU Border Regions. The instruments available are not only the funds (in particular Interreg and other European Structural and Investment Funds (ESIF) programmes which may invest in cooperation), but also European and national legal instruments (European Grouping for Territorial Cooperation (EGTC), regional agreements (e.g. in the Benelux and the Nordic countries), bi-lateral agreements, etc) as well as a number of policies e.g. on labour mobility, transport, health, etc. The Interreg programmes should therefore not only aim to fund projects but should also seek to reduce cross-border obstacles. To do so, the legislative proposal on Interreg foresees that part of the budget is dedicated to cross-border governance (including capacity building and contribution to the macro-regional/sea-basin strategies).

That is why this paper goes beyond the traditional activities of Interreg programmes (funding projects) and also covers governance issues (reducing cross-border obstacles). On this, the roles of the programmes are: (a) to initiate the work on the obstacles (e.g. the members of the Monitoring Committee could contact the relevant public authorities and stakeholders); (b) to facilitate the work (by funding working groups as well as possible studies and pilot projects); and (c) to contribute to this work (providing input from the wide knowledge gained in past programming periods). Whilst the budget is limited, the impact can be important as the actions concerned will have a limited cost (meetings, studies, pilot projects, etc.) but structural effects.

## 2. ANALYSIS OF THE BORDER AREA

### Top characteristics:

- The Spanish-Portuguese border (commonly called "La Raya") is one of the longest land borders in Europe (1.200 Km).
- The majority of the border territory has a 'predominantly rural' character, particularly in Portugal. Overall, the urban network is underdeveloped with a predominance of small centres. There are several cross border rivers and river basins, including in particular the Minho, the Douro, the Tagus and the Guadiana.
- The population in the cross-border area is around 7 million inhabitants (NUTS3 regions directly on the border). However, taking into account a wider geographical area, there are 17 million inhabitants, around 10 million on the Spanish side and just over 7 million on the Portuguese side (based on the geography of the 2014-2020 Spain-Portugal programme). In general, the population density is low, especially in the central border areas.
- The trend during the 2010-2016 period has been negative, with a decline in population in all border regions except Andalucia and overall net immigration<sup>1</sup>.
- The economic activity of the border shows a predominant weight of the services sector (administrative/support services, transportation/storage) and low diversification of the local economy, mainly based on agriculture, cattle raising and tourism.
- The cooperation area is characterised by a low GDP per capita, with most of the border regions being below 75% of the EU average. To be noted that the poorest regions in Portugal (Norte) and Spain (Extremadura) belong to this programme area.
- Budgetary restrictions have deeply affected public investment, taking it in both countries to the lowest levels in the EU. These restrictions are expected to keep on putting a strain on national public co-financing in the coming years.
- Cross border cooperation between Spain and Portugal is a relatively more recent phenomenon compared to other parts of Europe.
- There are three spoken languages in the territory: Portuguese and Spanish. Besides, in the Spanish region of Galicia, Galician is spoken (it is very close to Portuguese).

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<sup>1</sup> During 2010-2016 Algarve had particularly high net migration (more than 3 times the EU average)

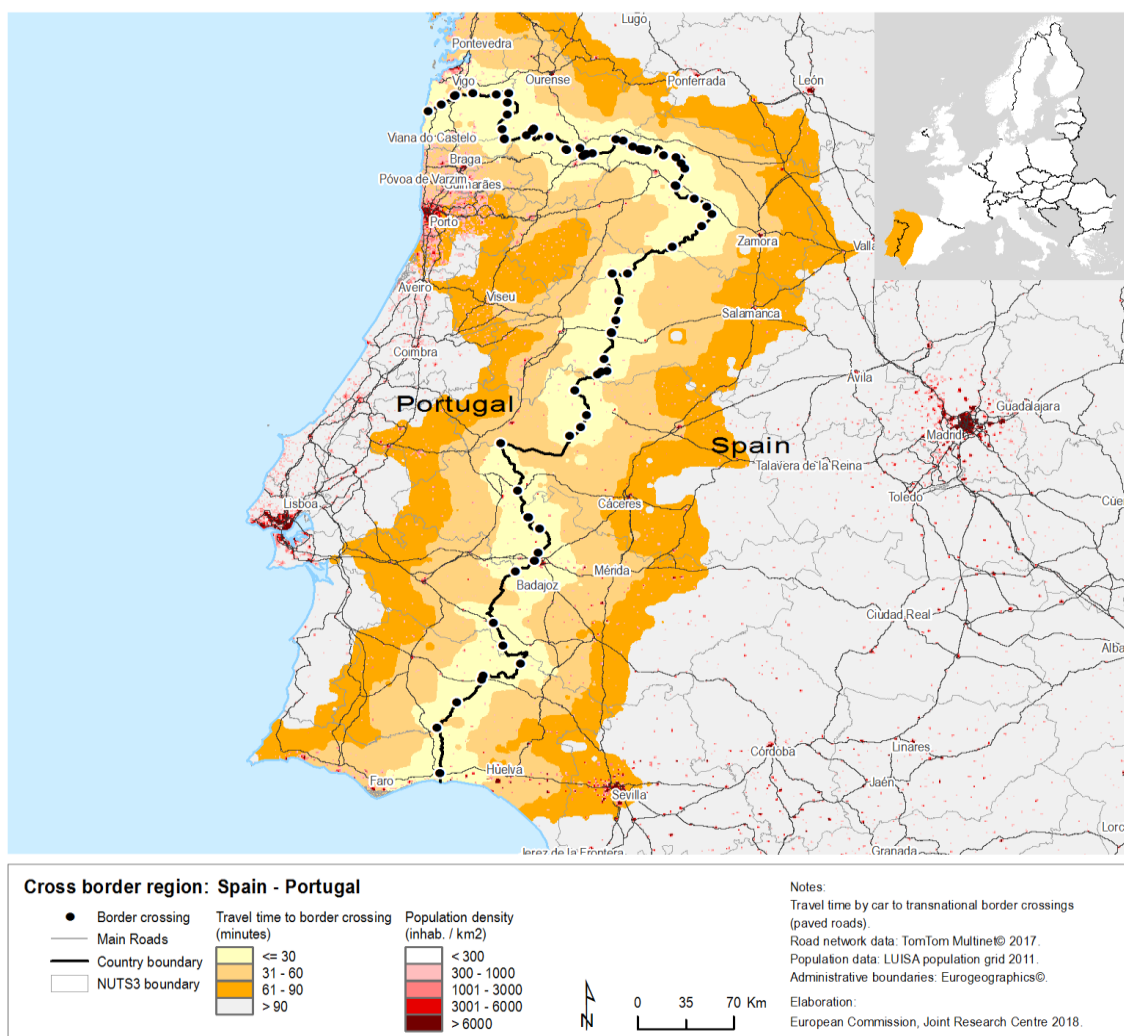
1. This cross-border region has benefitted from five generations of Interreg programmes with a total investment of more than EUR 2.400 million and EUR 1380 million of ERDF. The number and typology of partners have expanded over time, currently with the involvement of different levels of Administration at Central, Regional and Local level, Universities, research and innovation centres and other economic and social partners. By interventions fields, in the 2000-2013 period environmental measures have by far absorbed most of the resources followed by actions related to transport. The scope of interventions for 2014-2020, while maintaining a strong focus on the environment, has been extended to R&D&i and support to competitiveness of SMEs, representing all together almost 74% of the ERDF allocated to the programme.
2. Overall, this border presents certain common features although there are several territorial specificities. Based on the geographical proximity, the programme has traditionally worked with five cooperation sub-areas. Each area has different historical, cultural, socio-economic and territorial contexts, which play an important role in shaping the ways in which the “border” is perceived at the local level and the development of cross border cooperation.
3. For the exclusive purpose of the analytical work of this document, where there is appropriate data available, this document also includes information about the following four ‘Sub-Areas’<sup>2</sup>:
  - Northern Border: Norte (PT), Galicia (ES) and part of Castilla y León (ES);
  - North-Central Border: Centro (PT) and parts of Castilla y León (ES) and Extremadura (ES);
  - South-Central Border: Alentejo (PT) and parts of Extremadura (ES) and Andalucía (ES);
  - Southern Border: Algarve (PT) and part of Andalucía (ES).

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<sup>2</sup> The geographical division is based on the boundaries of the NUTS 2 level regions in Portugal and, as there is not a direct match between the regions on each side of the border, the Spanish NUTS 2 level regions slightly overlapping different Sub-Areas.

### 3. TERRITORIAL DIMENSION

4. Of the 17 million inhabitants in the cooperation area, the main population is located in the Northern and North-Central regions on the Portuguese side (with just under 6 million residents in Norte and Centro) whereas the population is more evenly spread across all the regions on the Spanish side of the border.
5. A large majority of the population in Spain (63%) and in Portugal (65%) lives in "predominantly urban areas". However, the border region has a "predominantly rural" character. On the Portuguese side, there are not cities with more than 100.000 inhabitants at less than 50 Kilometres from the border and there are only three on the Spanish side (Vigo, Badajoz and Huelva). In the adjacent areas, Seville, Cádiz, Ave and Grande Porto have a predominantly urban character. The map below highlights the accessibility issues for certain parts of the cross-border region and clearly identifies those areas which are less affected.



6. The lack of economic opportunities and remoteness of the urban centres push young people to leave the small communities. The result is that internal rural areas and smaller urban areas are losing population. Besides, the continuous decline of the birth rate and the increase of life expectancy at birth lead to population ageing. Small towns in inner areas often face problems of connectivity, access to services and need to attract visitors and business.
7. By combining measures of both demographic and economic performance, some inner peripheries have also been identified. Such inner peripheries are defined as being a region or collection of regions with poor performance relative to their neighbouring regions as regards population (relatively low population density and low population growth rates), GDP (relatively low GDP per capita) and unemployment (relatively high unemployment and relatively rapid increases in the unemployment rate). The following three cross-border inner peripheries were identified on the basis of these indicators:
  - Northern Sub-Area (Norte-Galicia);
  - Single inner periphery spanning South-Central and North-Central sub areas (Centro/Alentejo – Extremadura);
  - South-Central Sub-Area (Alentejo-Andalucia).
8. The similarity of many of the social and demographic challenges facing certain regions, on both sides of the border, does provide a potentially strong basis for common action and collaboration in developing responses to the specific issues faced on the border (e.g. in relation to the issues of an ageing population, responses to the ‘patchwork’ mix of areas of relatively high population density alongside areas of low population density, challenges for certain border communities with poor access to health services, etc).
9. However, the cross-border region is not strictly limited to the administrative borders of the programme but has a flexible geography depending on the topic concerned. This is a functional area.
10. Several designated urban functional areas and two commuting zones have been identified close to or on the border, with these being mainly concentrated in the Northern border area (Norte-Galicia) and on the Spanish side of the border in the South-Central border area (Extremadura-Alentejo).
11. For some topics, the solution can only be found if partners outside the programme area are involved (e.g. to have a good research project, you may need to involve a university which is in the capital of the country; to reduce the risks of floods project, you may need to reintroduce wetlands or dams upstream of a river but outside the programme area; to facilitate cross-border health care/ service you may have to develop a project with neighbouring regions and with national authorities; to establish cross-border rail links you may have to involve national train companies, ministries, etc. and to connect with other lines further away, etc.).
12. For some other topics, the solution is purely local, corresponding to an area much smaller than the programme (e.g. to establish green infrastructures to preserve biodiversity along a river).

13. This shows that the problem-solving should be based on the functional areas rather than on the administrative scale defining the programme area (which is only used to define ERDF allocations). What matters is that the projects benefit the cross-border area. The location of the project or the location of the partners does not matter.
14. Precisely, the ex-post evaluation of 2007-2013 Cohesion Policy programmes highlighted the limited attention that had been paid to the notion of a functional region or area when identifying the border regions to support. This is essential when considering the potential benefits of cross-border cooperation. There are obvious difficulties in defining functional areas in practice, but attempting the exercise would at least focus attention on the aspects which are relevant for development of the cross-border area concerned.
15. This is a new approach in the post-2020 regulations and has three main benefits: (1) It enables the projects to be more effective as they can build on the experience of a wider range of relevant partners and as they can be located where the impact is greater; (2) It clearly shows that Interreg is a policy tool supporting projects to improve the situation and not a mere funding tool for the benefit of local authorities sharing a budget; and (3) It avoids that programmes re-create new borders outside the programme geography.

- ***Spatial planning and territorial tools***

16. Due to the length of the border, this programme has been working with five cooperation sub-areas, based on the geographic proximity of the regions of both countries. This differentiation seems appropriate but special attention should be also given to certain targeted sub-regional geographical areas underpinned by common challenges, development needs and growth potentials. Different territories and communities require differentiated and tailor-made policy mixes. It is important to reinforce the local and territorial dimension and the involvement of local actors which normally know better the real needs of the territories. The establishment of territorial instruments such as ITI or community-led local development groups are highly recommended.
17. For this purpose it is important to support the development of territorial strategies to tackle in an integrated manner specific challenges facing some geographical areas (depopulation, low density, ageing, decline of economic activities, pressure of tourism, poverty, economies based on the same sectors such as tourism etc.) while building on their endogenous potential attracting residents and visitors. The territorial investments can be complemented by investments of other Cohesion policy programmes (mainly mainstream ERDF programmes depending on the needs and potential defined in the relevant territorial strategies).
18. The timely preparation of territorial strategies is a prerequisite for the successful implementation of any territorial approach.

- ***Macro-regional strategies***

19. Although the border between Spain and Portugal is mainly a land border, POCTEP also takes part in the implementation of the EU Strategy for the Atlantic. A lot of resources and energy have been invested to generate useful common actions for the entire Atlantic region. For these actions to be realised funding instruments should be ready to finance

some of these actions. This concerns also the cross-border programmes.. Therefore, where relevant/appropriate the challenges and priorities identified in the Strategy should be taken into account when planning the ERDF investments. Cross border actions with a clear link to the EU Strategy for the Atlantic should be designed in the areas of mutual benefit in order to achieve greater impact.

- ***Tourism, natural and cultural heritage***

20. Both sides of the border region share a strong common historical and cultural and heritage. Cultural patrimony is an important asset in the territory, which accounts for 8 World Heritage sites by UNESCO. This border stands out for the important network of archaeological, architectural, cultural, landscape and environmental heritage of enormous importance and potential as elements of development.
21. Investment for the enhancement and development of tourism assets and services, cultural and natural heritage, etc should be conceived as part of an integrated approach aimed also at the diversification of the tourist supply and extension of the tourist season (in particular in the internal and rural areas).
22. Investments have to be strategically framed and take into account the multi-level governance and stakeholder approach. Existing practices elsewhere in Europe, especially when it comes to developing thematic tourism routes or quality labels could provide useful inspiration.

**ORIENTATIONS:**

- *Improve the functional area approach for cross border development. Authorities are encouraged to use the different available tools to support functional areas such as the European Grouping of Territorial Cooperation - EGTC -, Euroregions, Integrated Territorial Investments, Community Led Local Development, metropolitan areas, natural parks, etc.*
- *Explore the possibility of establishing territorial instruments adapted to the territorial characteristics of the border region (ITI, CLLD), especially with a view to tackling specific situations such as a rural region facing a similar challenge on both sides of the border.*
- *Continue with the support to the EU Strategy for the Atlantic provided it also contributes to the more local objectives of the cross-border region. This should be done in a proactive way (following the developments of the strategy and making use of the tools available).*
- *Invest further in common historical, natural and cultural heritage products and services, with a strong focus on creating employment for small companies and family businesses. Sustainable tourism trails or the development of quality labels for excellence in services could contribute to increasing the attractiveness of the region as a green tourism/cultural heritage destination.*



## 4. GROWTH, COMPETITIVENESS AND CONNECTIVITY

23. In terms of GDP per capita, most of the border regions are below 75% of the EU average. Despite the fact that the economies of Portugal and Spain have experienced an important upswing in recent years, they are likely to slow down to a more moderate pace in 2019. In both countries, the fragility of the growth model during the years before the crisis – anchored on construction, tourism and other low added-value activities – raises concerns on the sustainability of the current moderate expansion cycle, which has been favoured by several external factors.
24. While the services sector is predominant, there are, however, some significant territorial differences along the border. Manufacturing has a great importance in the northern areas (automotive sector is relevant in Galicia and Castilla y Leon, a bit less in Norte) and accommodation, food services and retail trade represent an important share of the economic activity in the southern regions. The marine fishery sector is also relevant for the area of the programme, not only for the marine regions but also for the hinterland where activities of transformation of marine products are developed (such as Galicia and Algarve). By size, micro enterprises are, by far, the principal component of the business sector.
- *Innovation*
25. According to the latest Regional Innovation Scorecard (RIS) 2017, border regions in Spain and Portugal remain as moderate innovators with an innovation performance below the EU average. In terms of the proportion of GDP in gross expenditure on research and development, regions on both sides of the border share a mid- to low-level of R&D intensity, with levels of investment below the respective national targets. The public sector is responsible for the funding of a large share of R&D expenditure with very low volume of collaboration of the private sector. As regards the actors, the main motors of research and development in the cooperation area are the universities.
26. Key indicators for innovation potential in the Commission's Regional Competitiveness Index (RCI) are also well below the EU average. Although the regions along the border perform differently in each of the three indicators on innovation (technological readiness, business sophistication and innovation), the Northern and Southern border areas are in general terms, better positioned than the South-Central and North-Central areas.
27. The ESPON Territorial Review has qualified the border region overall as 'less competitive' in terms of the knowledge economy in comparison with all EU regions. However, three regions (Castilla y León and Galicia in Spain and Algarve in Portugal) are considered as 'less competitive with potential in knowledge economy' while another five (Extremadura and Andalucía in Spain and Norde, Centro and Alentejo in Portugal) are designated at the lowest of the four levels - 'less competitive economies with low incidence of knowledge economy'. By territorial subareas, the picture is mixed with slightly better conditions in the Northern, North-Central and Southern areas than in the South-Central border.

28. As regards the human factor, the performance of the border is challenging. Concerning 'higher education and lifelong learning', two border regions in Spain (Castilla y León and Galicia) are rated above the EU average, whilst all other border regions in Spain and all border regions in Portugal rank below. Furthermore, the border has faced a net emigration (loss) of people with higher education qualifications in science and technology, leaving the Spanish border regions better off on this front than their neighbouring border regions in Portugal.
29. This border presents a relatively low contribution from technology and science to the regional economy, which, in itself, requires an improvement of conditions at national at regional levels (e.g. business and entrepreneurship skills, R&D activity, technology availability, access to finance). Priorities for this cooperation programme should focus on applied research and innovation activities, but also on common social, cultural and creative ones, exploiting innovative niches in traditional sectors on both sides of the border (such as agro food, health care, tourism, natural resources, among others). New business and organizational models, incorporating innovation derived from tacit knowledge and experience in these and other sectors should also be encouraged. Support should be channelled to market-oriented activities, responding to demand-driven needs.
30. Investments should be also territorially selective and be focused in specific locations that offer greater potential. In this respect, the Northern sub area is stronger, relative to the other territories, for innovation potential. It accounts with relevant factors, such as a strong cross border functional urban area and relatively high population density that would provide, potentially, a more solid basis for innovation. The central territories (North-Central and South-Central) appear to be the weakest, based on relatively low performance in respect of a number of innovation indicators: low competitiveness, low incidence of knowledge-economy and a high number of predominantly rural regions (especially on the Portuguese side).
31. By sectors, priority should be given to common areas in the regional Smart Specialisation Strategies (S3) and more concretely to those that have particular relevance for the border area. In this respect, the following sectors included in the S3 of all regions can be highlighted: agro-food (in order to strengthen innovation and the use of technologies); health sector (particularly focus on tele-medicine, tele-care, social care and demographic changes); tourism innovation (research, experimentation, demonstration and technology transfer projects in the field of the tourism industry; cultural heritage management; leisure and cultural). The management of natural resources is also shared by several regions such as Castilla y Leon, Norte, Andalucia and Alentejo. Research and innovation in this field could contribute to improved competitiveness of agriculture and the cattle industry; water cycle management; find new models to fight against desertification, etc. Nanotechnologies are also relevant in the S3 in Norte, Extremadura and Castilla y Leon. In this field, the area already benefits from the infrastructure of the International laboratory of Nanotechnology (financed by the programme POCTEP), with several areas of research such as nanomedicine, environmental monitoring, security and control of food etc.

- ***Enterprises/entrepreneurship***

32. The business sector of the area closest to the border is mainly composed of micro enterprises, with a small share of medium sized enterprises. Taking into account a wider geographical area normally considered "cross-border", the picture is similar, with a slightly higher representation of medium and large enterprises. The territory does not have sufficient large companies that can make a significant contribution to the overall economic space.
33. In addition to major difficulties in access to financing, SMEs also face more obstacles to their internalisation and the development of their capacities to take up innovation and the creation of new business models. This is reflected in the sub indicator on "business sophistication" of the RCI, which is below the EU average for all regions, with better performance in the Northern and Southern areas than in central regions of the border.
34. Overall, the border shows low levels of diversification of the economy and specialisation in sectors with low value added. From a sectoral point of view, the tertiary sector (services) is predominant in the cooperation area (70% of the economic activity and 67% of employment), with special importance of commerce, transport, tourism and communication; as well as public administration and other services. The Industrial sector represents around 19% of Gross Value Added (GVA) and 16% of employment, with a significant contraction of the construction sector during the last years. Finally, the primary sector has also important relevance, although more in terms of employment (11%) than in its contribution to the GVA of the cooperation area (only around 4%).
35. In terms of business dynamism, Portugal presents better results than Spain<sup>3</sup>. All Portuguese regions have higher enterprise birth rates and higher enterprise death rates than the neighbouring border regions in Spain. The cross border gap on these entrepreneurship indicators is highest in the Northern and North-Central Sub-Areas, due to the low rates in Galicia and Castilla y León. The share of high-growth enterprises (as a percentage of all enterprises) is relatively high in the Portuguese regions of Alentejo, Centro and Norte and the Spanish regions of Galicia and Andalusia.

- ***Digitisation***

36. Fostering digitisation as an innovation enabler is another key challenge for boosting innovation and productivity and increasing internationalization and competitiveness of SMEs. In terms of digitisation, most information is available only at national level. Therefore, it is not possible to make any informed observations with regard to the situation at the regional level in the border region. Nevertheless, the main trends at national level indicate:
37. With reference to digitisation and government, the overall performance is slightly above the EU average, with Portugal being particularly strong on the availability of digitally based services in general and Spain particularly strong on digital public services for businesses and eHealth services. E-government is one of the priorities of the Commission and should therefore be pursued, not only at national level but also at regional and local

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<sup>3</sup> Data on entrepreneurship is available at the NUTS 2 level only.

level. In a cross-border region such as Spain-Portugal, e-government can facilitate the daily lives of citizens in their cross-border activities.

38. As regards digitisation in business and commerce, both countries are rated slightly above the EU average on most indicators. However, the user characteristics, both in Spain and Portugal can be improved as both countries rank as 'medium' on both Digital Skills and ICT usage.
39. Considering the share of GDP spent on ICT, both countries are below the EU average. The situation is better in terms of broadband coverage where both countries rank well.

- **Connectivity**

40. Overall, the connectivity of the border is relatively poor, with all the border regions scoring well below the EU average in the indicator on "infrastructure" of the RCI. Poor connectivity does appear to be a central barrier and an obstacle preventing cross border development of growth and competitiveness.
41. As regards rail transport, the percentage of the population having access to cross border rail services is low in comparison with other EU border regions, with services being infrequent<sup>4</sup> and relatively slow<sup>5</sup>. Currently, there are only three cross border rail lines operating, although they offer potential for additional services and improvements.
42. In terms of most promising rail connections for development, the "Comprehensive analysis of the existing cross-border rail transport connections and missing links on the internal EU borders" study carried out by the Commission, identified the following four routes as having a 'need for improvement of cross-border passenger services':
  - The Pocinho – Barca de Alva – Fregeneda – Salamanca route (North-Central Sub-Area, Centro – Castilla y León);
  - The Faro – Villa Real de Santo Antonio – Ayamonte – Sevilla route (Southern Sub-Area, Algarve – Andalucia);
  - The Entroncamento – Elvas – Badajoz route (South-Central Sub-Area, Alentejo – Extremadura);
  - The Porto – Vigo route (Northern Sub-Area, Norte-Galicia).
43. The development of all potential projects would definitely enhance exchanges between border regions and contribute to increase labour mobility. In general, it would promote sustainable and eco-friendly mobility.
44. As regards road transport, the situation in the border region is more positive, with the exception of some specific areas. There are inner peripheries in all of the Sub-Areas of the border region, the worst performing being between Caceres in Extremadura and Beiro in Centro (North-Central sub area). All regions have high density levels of motorways<sup>6</sup>, well above the EU average. In terms of share of population accessible within 90 minutes

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<sup>4</sup> Average frequency of more than 120 minutes for cross border connections

<sup>5</sup> Average speeds of cross border rail connections at below 30 km/h

<sup>6</sup> Measured based on length of motorways relative to area and population

by road, Extremadura, followed by Castilla y León and Algarve present the worse situation.

45. According to the Border Needs Study, one main barrier to cooperation in the transport sector is the relative lack of information provision about cross border transport. Overall, public transport services are planned, managed and delivered in different ways on both sides of the border.
46. Besides, due to the very long nature of the border and the relatively low population densities, the development or improvement of "physical" connectivity (road/rail) represents a substantial challenge for the border. In any event, it seems clear that improvements in connectivity would be valuable in enabling cross border growth and competitiveness in the future.

#### **ORIENTATIONS:**

- *Support research and innovation as long as it is demand-driven by business and society needs with the aim to allow innovation results to reach the market. The support should be limited to sectors of relevance in the border area (such as agro food, health care, tourism innovation, natural resources, among others). Territorial differences (the Northern sub area seems to present better conditions than other sub-areas) should be also considered.*
- *Support measures in small companies in order to maintain employment levels in sectors such as agro-food or tourism, reinforcing the overall business environment in the cooperation area, including self-employment and to foster possible expansion via cross-border work. This process could benefit from a cluster approach, with a focus on a few common sectors of activities*
- *Promote internationalisation through integrated business advisory services, in particular for start-ups and SMEs,*
- *Support innovation management and specific training and reskilling in sectors relevant for the border area at all levels within SMEs and building the necessary administrative capacity, with a particular attention to digital skills.*
- *Improve the interoperability of public authorities' e-government systems, with the aim to facilitate the delivery of cross border public services, such as education, health care, business support, cultural cooperation.*
- *Support measures to promote existing e-solutions among border stakeholders and among public authorities most concerned by cross border data exchanges;*
- *Support measures to facilitate the planning, coordination, management and implementation of the different transport services and regulations across the borders. Measures should focus on the development of the routes identified in the studies as having most potential and as being of highest importance to the regional economies.*
- *Coordinate with the either national or regional investment programmes or EU regional/national programmes to have cross-border transport projects.*

## 5. GREENER, LOW CARBON ECONOMY

- *Energy transition*

47. The entire cross-border region offers great potential to generate energy from renewable sources. As regards solar energy, most border regions are well above the EU average (except for the Northern Sub-Area). There are also high potential resources on both sides of the border for the development of biomass (from wood and straw), on which the South-Central sub area shows the best prospective. Besides, there is also some potential for wind power mainly in the Northern, South-Central and Southern sub areas. Finally, the principal potential for hydro power is found in the Northern Sub-Area, with many hydropower dams along the Norte-Galicia border and in the Douro river basin.
48. According to the characteristics of the area, the potential energy demand of the border region is not very high, neither in the industrial nor in the residential sector.
49. Due to a moderately low investment on both sides in smart grids, the capacity for the balancing of intermittent renewable sources is relatively low. Cross border cooperation in this field could bring added value. Consideration should also be given to joint measures related to domestic energy generation from renewable and local sources.
50. The weighted average cost of capital (WACC) is relatively high on both countries, and particularly high in Spain. Low cost of capital is especially important for ensuring the profitability of renewable energy investments, thus a higher WACC provides a less than optimal economic environment for investment in renewable energy.
51. Measures to support energy efficiency (such as investments in public and private building, SMEs, public lighting, etc) should not be financed with this programme. However, accompanying measures could include cross-border support for capacity-building at regional and local level for managing the clean energy transition and shift towards a resource efficient economy, cooperation activities and project development assistance mechanisms if needed.

- *Circular economy*

52. In terms of recycling and waste management, data is only available at the national level. This indicates that waste into landfill is still a challenge for both countries, with rates<sup>7</sup> of 31% in Portugal and 47% in Spain, much higher than the EU average of 25%. As regards generation of waste (excluding major mineral waste), the situation is better, with lower levels than the EU average. Recycling is above the EU level in Portugal and on average for Spain. However, looking at the recycling of municipal waste, both countries perform below the EU average. In terms of resource productivity (value generated from waste), there are important differences in both borders. While Spain is above the EU average (2.04 Euro per kg) with 2.74 Euro per kg, Portugal achievement is substantially lower at 1.15 Euro per kg.

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<sup>7</sup> Data of 2014

53. On the assumption that the border regions are in line with national levels of performance on recycling, some cross border measures should be envisaged to improve recycling rates. Due to the low density of population and the predominance of small cities on the border, sharing cross border infrastructures may bring relevant added value, provided that certain conditions are met (such as proximity and good road connections).

- ***Climate adaptation and risk management***

54. Spain and Portugal are among the countries in Europe most vulnerable to climate change. Many regions, especially in the South-Central and Southern Border (Extremadura, Alentejo, Algarve and Andalusia) are already facing large increases in heat extremes and decreases in precipitation and river flows (which have intensified the risk of droughts, biodiversity loss and forest fires).

55. Water supply and water quality from drought may also be negatively affected. As regards the cross border rivers and river basins, there are certain pressures on water quality on both sides of the border. The best conditions are in the Minho river while the greatest issues are around the Guadiana and the Tagus river basin districts, where there is a high percentage of water bodies with less than good ecological status or potential. The Douro and Limia rivers are less problematic considering their ecological status and potential.

56. Forest fires represent the highest risk along most of the border. This situation will continue over time as projections anticipate a worsening of the hazard with increases in the frequency of droughts. Besides, in the Northern and in the South-Central sub areas and around the Guadiana River, the risk of flooding is also significant.

57. Coordinated actions and cooperation across border regions would allow mitigating the negative impact of climate change and reducing the costs of measures needed to address this challenge. The programme should continue giving priority to this area of interventions.

58. At the same time, it should also seek to reduce the remaining legal and administrative cross-border obstacles hindering effective disaster/emergency management and thus negatively affecting the delivery of an effective European-standard emergency service. Besides, the inadequate information exchange in this field should be tackled.

- ***Natural areas and biodiversity***

59. The index of natural and protected areas in the border region is relatively high. The region is in the top five border regions in the EU in respect of Natura 2000 sites, and there are several cross-border protected areas (including biosphere reserves and an international park) in the Northern and North-Central sub areas. However, there is a need to reinforce the enhancement of all the classified areas by focusing on the direct protection of species and habitats.

60. The Northern Sub-Area also includes an important cross border habitat for the wolf. There are ‘ramsar’ sites (internationally important wetland sites) on both sides of the border in the Northern sub area and in the Portuguese region of Centro in the North-Central Sub-Area. Furthermore, substantial areas in the border region score highly on the Wilderness Quality Index for Europe, with some specific, small areas in the Northern, North-Central and South Sub-Areas being identified in the top 10% of wildest areas in Europe.
61. In terms of grassland, woodland and forest areas, the territory is relatively rich. The level of forest connectivity is relatively low (i.e. fragmentation is high) along most parts of the border. Landscape fragmentation in general is mid-level in the whole border area with the highest fragmentation in the Northern Sub-Area. The estimated level of invasion by invasive alien plant species is generally low along the border as a whole. However, there are some, limited, specific locations of concern in the South-Central sub area.
62. As regards Green Infrastructure (GI) networks, several areas along the border have a relatively high potential for development. In this respect, the Commission adopted an EU strategy on GI in 2013 to enhance economic benefits by attracting greater investment in Europe’s natural capital. GIs are strategically planned networks of natural and semi-natural areas with environmental features designed and managed to deliver a wide range of ecosystem services. They incorporate green spaces (or blue if aquatic ecosystems are concerned) and other physical features in terrestrial (including coastal) and marine areas. In certain sectors, in particular climate change mitigation and adaptation, GI approaches can offer complementary or more sustainable alternatives than those provided through conventional civil engineering. As GIs do not know borders and as they require a good planning with many stakeholders, they should be supported through Interreg programmes where appropriate (e.g. cross-border flood plains to prevent flood risks).
63. The programme should continue giving priority to this area of intervention. At the same time, the programme should also seek to reduce the legal and administrative cross-border obstacles in this field. More concretely to overcome the difficulties derived from the substantial differences in both countries in the organisation and operation of territorial responsibilities for the management of natural resources and freshwater resources. Besides, this programme should also seek to improve the current situation of inadequate information available to professionals and to the public in relation to these matters.

**ORIENTATIONS:**

- *Consider investing in small-scale cross-border energy production from renewable sources, provided investment and distribution conditions are favourable.*
- *Develop cross border waste-streams and joint treatment of waste, where these offer a solution for communities in the border region.*
- *Promote cross-border climate change prevention measures, such as actions to improve the knowledge base, preparation and implementation of disaster risk management strategies, (such as droughts, flood, biodiversity loss and forest fires), awareness-raising campaigns, protection and prevention infrastructure, management of land, forests and rivers (incl. hydro-morphological changes in line with River Basin Management Plans) etc. with a focus on ecosystem-based approaches, in a cross-border context.*



- *Support cross-border preparedness measures, such as small infrastructure, purchase/upgrade of response vehicles, equipment, shelters, development of early warning systems and training for civil protection units. It is recommended that vehicles and equipment co-financed by ERDF are registered and shared in the context of the European Civil Protection pool of response assets.*
- *Promote common and/or joint approaches to the management of nature protection areas along the border. This could include support for the development of joint protocols to allow for effective co-ordination between regional/local agencies or institutions engaged in shared management of natural resources, shared or complementary delivery of services, development or maintenance of green infrastructure networks, improved cross border information exchange and awareness-raising, and/or policy development relevant to these issues. Identify the potentials for Green infrastructures in Spain-Portugal and organise the planning with the relevant stakeholders on each side of the border.*
- *Reinforce adequate knowledge, data availability and communication with stakeholders and to improve management of Natura 2000 sites and species protection regimes.*
- *Support for biodiversity. Measures could include the preparation of joint management plans, ecosystem restoration projects, actions to improve the knowledge base and the exchange of experiences between stakeholders in a cross border context.*

## 6. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

### • *Employment*

64. The latest economic crisis had a very negative impact on the labour market in Spain and Portugal. Although the situation is now improving, all border regions (with the exception of Centro) have an unemployment rate above the EU average of 7.63%. However, there are differences along the border, with the Spanish border regions having substantially higher rates than in the Portuguese border regions. By areas, the largest differences are in the South-Central and the Southern Sub-Area<sup>8</sup>. Considering the long-term unemployment and employment rates of recent graduates aged 20-34 with at least an upper secondary level of educational attainment, the situation is similar<sup>9</sup>.
65. Labour market productivity, efficiency as well as wages and overall labour costs are also below the EU average<sup>10</sup>. Overall, one of the main characteristics of the labour market in this border area is the low qualification of workers and the low share of ICT specialists in the workforce. There is a clear need to promote employer-guide provision of skills, up-skilling and re-skilling of the existing workforce and more relevant skills provision including high quality vocational education and training as well as advanced apprenticeships. Besides, the non-recognition of certain diplomas across the border and the limited language proficiency of workers and insufficient training to support integrated labour-market initiatives are, in many specific cases, a barrier to cross border mobility.
66. As regards the interchange of workers in the cooperation area, the figure has been increasing over the years. However, although job vacancy rates are generally higher across most types of economic activity in Portugal<sup>11</sup>, the share of Portuguese people working in Spain is notably higher than the contrary. Main destinations are Galicia and Castilla y Leon. Spanish workers in Portugal are more dispersed geographically with more presence in Norte.
67. Although there are cross border differences in employment and unemployment rates in border regions, the overall situation is problematic on both sides of the border. This fact results in a relatively limited potential for market integration. Despite this, cross-border labour mobility should be promoted as it has many benefits (reduce unemployment, increase activity in enterprises, keep people in the region, etc.). It has many dimensions; recognition of skills/ qualifications/ diplomas, social security, pensions, taxations, transport, access to schools/ kindergarten, etc. To facilitate this multi-faceted policy, several borders have established 'offices' that help workers and enterprises in this regard.

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<sup>8</sup> Unemployment rates in Algarve (7.69%) and Alentejo (8.37%) are around three times lower than in Extremadura (26.23%) and Andalusia (25.51%).

<sup>9</sup> For long-term unemployment, rates vary from 12% in Extremadura and 10.9% in Andalusia on the top to 2.9% in Centro and 2.8% in Algarve, on the bottom. For employment rates of recent graduates aged 20-34 with at least an upper secondary level of educational attainment, all regions in the border perform below the EU average (apart from Centro).

<sup>10</sup> In both countries, wages and overall labour costs substantially below the EU average, Spain being at around 80% of the EU average, and Portugal at just over 50%, for both indicators

<sup>11</sup> Data is only at the national level

68. In this border, there are three cross-border partnerships funded under EaSI (programme for Employment and Social Innovation): North Portugal/ Galicia, Extremadura/Alentejo, and Andalucía/Algarve. The main aim of these partnerships is to share information and advice on cross-border job mobility with jobseekers and employers, offer placement opportunities and provide recruitment services. Pools of experts are available to support workers at each stage of their career and answer any questions they may have about the practicalities of working across the border. Similar EURES cross-border partnerships should be promoted where relevant.

- **Education**

69. Concerning education, according to the 'Regional Competitiveness Index' (RCI), Spain and Portugal are above the EU average<sup>12</sup> on 'basic education'<sup>13</sup>. However, education is a major challenge in Portugal with half of the population at working age and one third of young people aged 25-34 having only basic schooling. Early School Leaving is problematic for Spain (18.3%) and to a lesser extent also in Portugal (12,60%), where significant progress has been made in the last years.

70. In terms of individuals who have completed tertiary education, in general, the regions on the Spanish side show better results than in Portugal. Only Galicia and Castilla y León are above the EU average, with the rest of the border regions performing below average. By sub-areas, the greatest gap is in the North. In general, tertiary graduates face difficulties in finding adequate jobs according to their education level.

71. As regards vocational training, both countries should make efforts to increase the attractiveness of VET programmes and better match the offers with the needs of the labour market.

72. Multilingualism should be also highly promoted, giving special relevance to the language of the neighbouring country. Despite the results of the Eurobarometer shows that language differences are perceived as an obstacle only by 48% of the respondents (below the EU average of 57%), the limited language proficiency of workers is in many specific cases, a barrier to cross-border mobility. Therefore, improving multilingualism is an important tool to boost employability, mobility and competitiveness, which is of particular relevance in this border region facing important challenges in employment.

73. The Border Needs Study has identified that the Higher Education and VET systems in each country are very different, although they are not incompatible. These differences have a negative impact on the access to education, training and lifelong learning across borders and thus a less-than-optimal development of educational attainment and skills. It also leads to problems related to the mutual recognition of qualifications<sup>14</sup>.

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<sup>12</sup> However, it should be noted that this indicator is based on national-level data only and behind it, the differences among regions and socioeconomic origin are significant.

<sup>13</sup> Indicator reflecting national-level data from OECD Programme for International Student Assessment (PISA) on levels of education of 15-year-olds

<sup>14</sup> See "Easing legal and administrative obstacles in EU border regions; Case Study No. 3: Labour mobility Recognition of professional qualifications and educational diplomas (Spain – Portugal)"

- **Health**

74. According to the indicator on 'health'<sup>15</sup> of the RCI, all border regions in Spain are above the EU average and rate considerably above all border regions in the neighbouring country. In Portugal, only the region of Norte is slightly above the EU average, while the other Portuguese regions rate below the EU average, with Alentejo having the lowest ranking (at more than 20% below the EU average). The biggest cross-border gaps on this indicator are in the Southern and the South-Central sub areas.
75. The new age structure (aging population) in most of the border regions presents new challenges for the social health services, the care system for the elderly people and financing of the public pension system. Cross border cooperation is an essential mechanism to overcome these common challenges.
76. In terms of access to health services, although much of the border region has reasonable access to hospitals and to doctors, a number of communities on the border are within 'inner peripheries' that have relatively poor access to public services (particularly health services). These communities are mainly located at or very close to the border. This is influenced by the fact that the proximity to cities of greater than 50,000 population in the Spain-Portugal border region is relatively low, in particular, on the Portuguese side.
77. As in other areas, one of the main obstacles identified for cooperation is the existence of substantial institutional and operational asymmetry in the provision of health services. Therefore, this programme should also seek to mitigate the cross-border obstacles in this field. For example, the asymmetry in the distribution of competences among the different levels of administration (centralised competences in Portugal versus decentralised health system under national coordination in Spain) requires special efforts to identify and connect the relevant partners to develop projects in this field. Besides, different regulations for the provision of health care and different systems for reimbursement of costs for cross-border treatments also hinder joint cross border health care provision and services.
78. Furthermore, there is relatively low awareness of public services across the border in general. This is due, at least in part, to the lack of information provided to the cross border population, which reduces the opportunity to access to existing health care services in the neighbouring country.

- **Inclusion**

79. In respect of social factors, comparisons are problematic at the regional level as data is only available at the national level in Portugal. On the basis of the available data, the picture is mixed.
80. Unemployment rates remain, in most regions, substantially above the EU average. They have negatively affected certain social factors. Although the overall picture is mixed, it should be noted that the indicator of "population at risk of poverty and social exclusion" shows values above the EU average in both countries, with the regions of Andalusia and

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<sup>15</sup> Indicator principally reflects NUTS 2 level data from Eurostat covering 'Road fatalities', 'Healthy life expectancy', 'Infant mortality', 'Cancer disease death rate', 'Heart disease death rate' and 'Suicide death rate'

Extremadura particularly affected. As regards ‘severe material deprivation’, Portugal’s rate is above the Spanish national rate and is also above the rate for all the Spanish regions.

81. On the indicator "people living in households with very low work intensity", Portugal performs better than Spain (9.1% compared to 14.8%). Andalucía and Extremadura, have levels higher than the Spanish national level, and thus much higher than the level in Portugal.
82. In terms of the share of young people aged 18-24 neither in employment nor in education or training (NEETs)<sup>16</sup>, there are important differences along the border with better performance in the Portuguese regions (all above the EU average) than on the Spanish side, with Galicia, Extremadura and Andalusia with levels of NEETs higher than the EU average.
83. Legal and administrative obstacles are a particular challenge for cooperation in relation to social and demographic issues. Besides, many of the obstacles and barriers cannot be removed or overcome by action taken within the border regions. Therefore, cross border cooperation in this field does not seem to be relevant.

#### **ORIENTATIONS:**

- *Encourage multi-level partnerships to analyse and tackle specific barriers/ obstacles identified in relation to cross-border employability such as recognition of skills/ qualifications/ diplomas, social security, pensions, taxations, transport, schools/ kindergarten, etc.*
- *Promote actions to reduce the gap in information provision about the conditions for cross border employment.*
- *Support joint actions to improve the qualification of workers, including ICT training and other forms of practical training. This may be targeted to those sectors identified by local/regional partners as being of particular importance and potential for increased cross border employment.*
- *Promote cross-border labour mobility by, in particular, ensuring sustainable funding of the EURES Info Points. Support additional info points as appropriate.*
- *Encourage the strengthening and deepening of Spanish-Portuguese cross border cooperation between HE and VET institutions in the border regions as an important element in supporting growth and competitiveness. This should include cooperation to better align the supply and demand of the cross-border labour market in the long run.*
- *Promote local/regional actions on language training.*
- *Develop an integrated approach to cross border planning and provision of a range of health services. This includes increased use of digital tools and re-organised care models with the overall objective of making health systems more effective, accessible and resilient.*

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<sup>16</sup> Data is available at NUTS 2 level

## 7. GOVERNANCE

### Section 1: Cross-Border Governance in a wider context (and use of the new "Interreg Governance" specific objective)

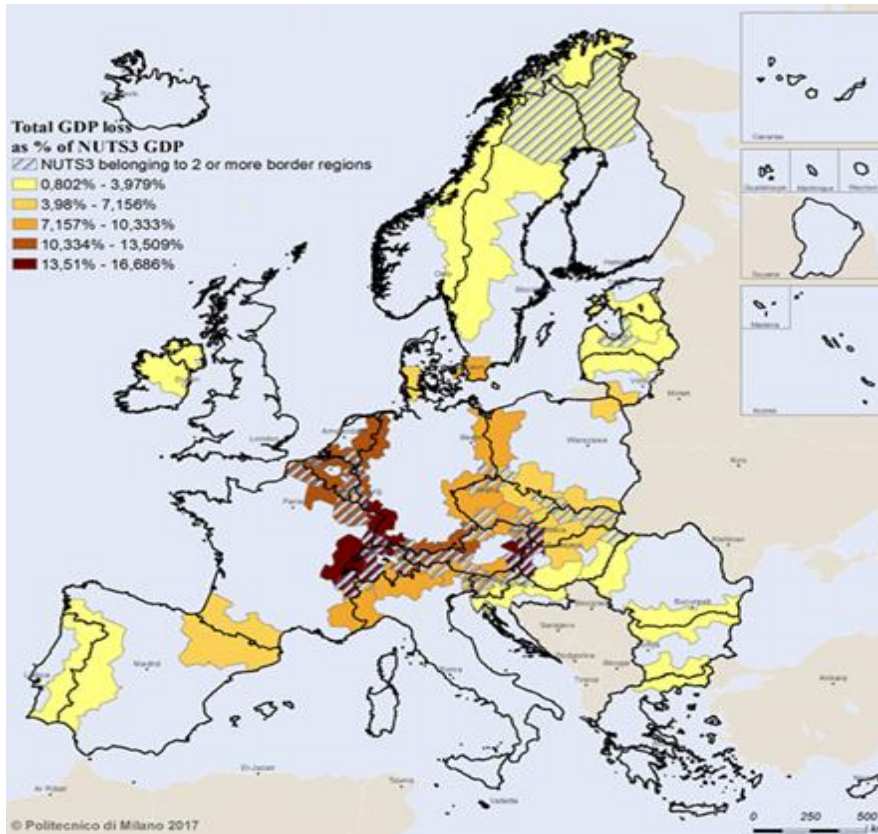
84. Cross-border cooperation is not limited to Interreg programmes. It also builds on policies (e.g. cross-border mobility), on legal instruments (e.g. bi-lateral agreements, treaties, European Groupings of Territorial Cooperation) and on funding (including but not limited to Interreg).
85. Actions and orientations set out in this section may be supported by using the programme's budget for improving governance issues.

- *Working on border obstacles and potential*

86. As illustrated in the Commission Communication "Boosting Growth and Cohesion in EU Border Regions", there are many different types of obstacles to cross-border cooperation. There is also scope for greater sharing of services and resources in cross-border regions and to intensify the cooperation between citizens and institutions. Among the obstacles, legal, administrative and differences in institutional capacity are a major source of bottlenecks. Other issues include the use of different languages or lack of public transport for instance. When it comes to unused potential, the shared use of health care or educational facilities could contribute greatly to improving the quality of life in border regions. As the Interreg programmes are instrumental to effective cross-border cooperation, they should seek to address these particular obstacles and tap the common potential to facilitate cooperation in this wider context. The map below illustrates the GDP loss in border regions if such obstacles are not tackled.

#### **ORIENTATIONS:**

*The 2021-2027 Spain-Portugal programme should identify the key obstacles and unused potential (e.g. cross-border labour market hindrances, health care, transport connections, use of languages, etc.), bring the relevant actors together (e.g. authorities at national/ regional/ local levels, enterprises, users, etc.) and facilitate the process of finding ways to reduce these obstacles or exploit the potential (e.g. by funding meetings, experts, pilot projects, etc.).*



- *Links with existing strategies*

87. Cross-border cooperation cannot be done in isolation. It has to be framed in the existing strategies (e.g. national, regional or sectoral). Ideally, there should be a dedicated cross-border strategy which is based on reliable cross-border data, which is politically supported and which has undergone a wide consultation with relevant stakeholders. It is a useful exchange forum and a necessary step for sustainable and structural cooperation (i.e. a Monitoring Committee is not sufficient as its focus is on funding and not on designing a development strategy with strong political support). Whilst many borders have such strategies, it is not always the case. When there are such strategies, they are often partly implemented with the Interreg programmes. For the 2014-2020 period, several strategies were considered<sup>17</sup> in the preparation of this programme, however, the time frame covered in many cases expires in 2020.

**ORIENTATIONS:**

*The 2021-2027 Spain-Portugal programme should be embedded in existing strategies with clear actions and results (e.g. through the intervention logic and indicators). In addition, the programme should be well coordinated with existing national, regional or sectoral strategies (e.g. with an analysis on how to translate these in a cross-border context). This requires a coherent overview of all existing strategies (i.e. have a mapping of the strategies affecting the border area).*

<sup>17</sup> “Plan de Inversiones conjuntas para la Eurorregión Galicia-Norte de Portugal 2014-2020”, “Propuesta de Estrategia y de Plan de Acción para la Cooperación Territorial Douro/Duero 2014-2020”, “Plan Estratégico de Cooperación y Desarrollo Territorial (ZASNET 2020)”, “Plan Estratégico de la Comunidad de Trabajo Beira Interior Norte-Provincia de Salamanca (CT BIN-SAL 2020)”, “EUROACE 2020” and “Plan de Acción de Cooperación Transfronteriza Andalucía-Algarve-Alentejo (PACT-A3” among others

- ***Role of existing cross-border organisations***

88. At national level, the Treaty of Valencia between the Kingdom of Spain and the Portuguese Republic, signed in 2002 is the framework in which the actions of cross-border cooperation between both countries take place. The last Monitoring Commission of the Treaty of Valencia concluded in a process of reflection on how to better adapt the Treaty to the new realities of cross-border cooperation.
89. Besides, several regions have cross-border entities which can be established under EU law (e.g. European Groupings of Territorial Cooperation – EGTC), national law (e.g. private law associations or public law bodies) or international law (e.g. under bilateral agreements). One example of this are the Euroregions under national law, which cover many of the borders in the EU. Many of these entities have a legitimacy (established by public authorities), an experience (many exist for years) and expertise (through their past work and staff) that should be put to good use.
90. This border comprises of numerous examples of cross border entities such as the Galicia–North Portugal Euroregion, created in 2008; EUROACE, group comprised of Alentejo, Centre and Extremadura, founded in 2009; Eurociudades Chaves Verin, established in 2013; Duero Douro, EGTC established in 2009; Rio Minho EGTC, founded in 2018, among others.

**ORIENTATIONS:**

*The 2021-2027 Spain-Portugal programme should build on the legitimacy, experience and expertise of these cross-border organisations. Where they are a legal body, they could play a role e.g. by managing a Small Projects Fund or by managing strategic projects (as sole beneficiary, in particular for the EGTCs).*

- ***Links with other Cohesion policy programmes***

91. The proposed Common Provisions Regulation stipulates that “each programme shall set out, for each specific objective the interregional and transnational actions with beneficiaries located in at least one other Member State”. Whilst a similar provision is already present in the current Regulation, it is now proposed to become compulsory for the mainstream programmes to describe the possibilities for cooperation for each specific objective. They could also explore opportunities to contribute together with other programmes to a larger macro-regional project, where appropriate.
92. It means that if mainstream programmes do not plan such cooperation actions, they will have to justify the reason. Cooperation may have many benefits for cross-border areas: more ambitious projects (e.g. joint infrastructures), involvement of new players (e.g. the national authorities such as Ministries) and overall more ambitious policies (e.g. spatial planning with associated funds).



**ORIENTATIONS:**

*The 2021-2027 Spain-Portugal programme should establish (or participate to) a strong coordination mechanism with the authorities managing mainstream programmes in concrete, for the regional programmes of Galicia, Castilla y Leon, Extremadura and Andalusia in Spain and Norte, Centro, Alentejo and Algarve in Portugal. This coordination implies exchange of information and cooperation and should happen at all stages: planning (e.g. designing complementarities), implementation (e.g. building on synergies) and communication (showing the benefits for the citizens and the region). Due to the number of regions and programmes involved, this will be particularly challenging.*

- ***Cross-border data***

93. In order to have good public policies (e.g. spatial planning), these should be based on evidence (i.e. data, studies, mapping). Whilst this is generally available at national level, it is not always the case at regional/local level and even less at cross-border local level. Some of this evidence is particularly important: economic flows, transport flows and trends, labour mobility and mapping of competences, health of the citizens, mapping of important infrastructures and services (such as energy, waste treatment, hospitals, emergency services, universities), mapping of risky areas (to floods, fires, etc.), mapping of natural areas (e.g. Natura 2000, sites under the Ramsar convention of wetlands, etc.) and mapping of the main inclusion difficulties (poverty, marginalised communities, etc.).

**ORIENTATIONS:**

*The 2021-2027 Spain-Portugal programmeshould identify the areas where important cross-border data is missing and support projects that would fill the gap at the latest by 2027 (e.g. in cooperation with national statistical offices, by supporting regional data portals etc.).*

## Section 2: Governance of the programme

- ***Financial performance***

94. The Interreg programme in this border region showed a long designation procedure and/or slow take off in project selection and implementation during the 2014-2020 programming period. This is a reflection of deeper underlying bottlenecks and structural problems.

**ORIENTATIONS:**

*The 2021-2027 Spain-Portugal programme should undertake a systematic analysis of the key factors having an impact on the slow take-off of the programme(s) and take targeted mitigating measures to accelerate the programme implementation for this new programming period. Where appropriate technical assistance can be used for developing a roadmap for administrative capacity building with defined activities.*

- ***Partnership principle***

95. The principle of partnership is a key feature covering the whole programme cycle (including preparation, implementation and participation in monitoring committees), building on the multi-level governance approach and ensuring the involvement of economic, social and environmental partners. Examples of good practice include involving representatives of different interests in the programming process; involving them in programme evaluation or other strategic long-term tasks for instance by setting up temporary working groups; consulting all members on key documents also between meetings. An active involvement of economic, social and environmental partners should be ensured by their participation in key steps. Technical Assistance can be made available to facilitate their full involvement in the process.

- ***Role of the monitoring committee***

96. The monitoring committee is the strategic decision-making body of the programme. In 2021-2027 the monitoring committee will be given a more prominent role in supervising programme performance.

**ORIENTATIONS:**

*The monitoring committee currently concentrating on project selection should be invited to widen their scope of action and take on a more strategic role. Good practices include having strategic discussions as a standing agenda point, inviting contact points of institutions playing a key role in the border area, organising project visits. Some examples of strategic discussion themes: border obstacles, cross-border data needs, inclusion of SMEs, NGOs and other under-represented beneficiaries or target groups of the programme.*

97. **The composition of the monitoring** committee must be representative for the respective cross-border area. It must also include partners relevant to programme objectives (i.e. priority axes), e.g. institutions or organisations representing environment, SMEs, civil society or education.
98. **Project selection** shall take place in the monitoring committee or in steering committee(s) established under the monitoring committee in full respect of the partnership principle. It is crucial that key stakeholders are involved in the project selection process. Selection criteria and their application must be non-discriminatory and transparent. They should also be clear and they must enable the assessment of whether projects correspond to the objectives and the strategy of the programme. They are to be consulted with the Commission and communicated to applicants in a clear and systematic way. The cross-border dimension should be compulsory in every selected project. Larger strategic projects / flagship projects (i.e. designed and implemented by public authorities without a call) may be pre-defined in the programme document or selected via a transparent and agreed procedure. It is up to each programme partnership to decide on the optimal balance between different types of projects required to achieve the overall programme objectives, such as flagship projects, regular projects, projects selected through bottom-up or top-down procedures, small projects, etc.
99. In this programme, project selections normally take very long, concretely when it is under a normal call of projects (versus selection of strategic projects). This is due the high number of applications received in all sub cooperation areas and how the assessment of applications is organised.

**ORIENTATIONS:**

*The programme should reflect on alternatives to reduce this bottleneck and work more efficiently. Separate calls per area or per policy objectives could be considered. Besides, the programme might consider the use of independent expert panels for preparation of project selection.*

100. **Decision-making** must also be non-discriminatory and transparent. The procedure should also be inclusive. Each monitoring (or steering) committee member shall have a vote. Voting by delegation should not be encouraged unless it is transparent and puts weaker partners at equal footing with "institutional" partners.
101. **IT tool:** In the 2014-2020 period, the development of the application Coopera 2020 has suffered important delays that negatively affected the initial implementation/reporting of the programme.

**ORIENTATIONS:**

*The managing authority shall ensure the effectiveness and transparency of the project selection, reporting and monitoring systems. The use of Interact's Harmonised Implementation Tools and electronic monitoring system (eMs) is recommended if relevant.*

- ***Role of the Joint Secretariat***

102. The Joint Secretariat (JS) should ideally be the cross-border executive body of the programme at the service of the managing authority. It should consist of professional and independent staff from the participating countries. The JS should possess representative linguistic competence and relevant border country knowledge. Its procedures should be efficient and transparent. Communication with beneficiaries, potential applicants and the general public should be ensured mainly by the JS. **Regional contact points/antennas** operating directly under the JS' responsibility may be useful in border areas characterised by large distances and/or difficult accessibility.

- ***Trust-building measures***

103. Effective cross-border cooperation requires a good level of trust between partners. In this respect, this border shows very good result. According to the Eurobarometer, 84% of respondents would feel comfortable with having a citizen from the partner country as a work colleague, family member, neighbour or manager. This is higher than the EU average of 82%. However, trust needs to be maintained. This is a long-term investment which aims at fostering cooperation-minded future generations. The the 2021-2027 Spain- Portugal programme can make a contribution by providing financial support for trust-building activities such as linking up schools, sports clubs, cultural organisations, etc. The beneficiaries of such activities are often not equipped to manage full-blown Interreg projects.

**ORIENTATIONS:**

*It is highly recommended to put in place mechanisms to finance smaller projects or people-to-people projects that make a strong contribution to the social and civil cohesion of the cross-border region. This can be done using the new tool proposed by the Commission (the Small Projects Fund) or via specific calls managed by the Managing Authority itself.*

- ***Conflict of interest***

104. Conflict of interest between decision-making bodies and applicants and beneficiaries is to be avoided at any moment, including project generation, project preparation, project selection and project implementation. One way to avoid this is to ensure a proper segregation of duties between institutions and persons.

- ***Communication and publicity***

105. Appropriate actions and measures in line with the Communication Guidelines need to be taken by all involved authorities and beneficiaries, such as the identification of a communication officer per programme, the establishment of a website per programme and use of the term 'Interreg' next to the emblem of the EU. Responsible authorities are encouraged to explore the possibilities to receive targeted funding under the Interreg Volunteers Youth Initiative, by which budget has been made available for citizens engagement activities. In case the programme is financing the implementation of a macro-regional project, the logo of the respective macro-region should be added. Therefore, opportunities will be created for further promotion of the project through the macro-regional platforms and networks, where relevant.

## Existing sources of information

- Border needs study (Commission, 2016) – [Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes - Regional Policy - European Commission](#)
- EC ex-post evaluation of ETC 2007-2013 [http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/#11](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#11)
- European Territorial Cooperation - best practices and innovative measures, European Parliament, 2016 [REPORT on European Territorial Cooperation - best practices and innovative measures - A8-0202/2016](#)
- Quantification of the effects of legal and administrative border obstacles in land border regions (Commission, 2016) – [quantification of the effects of legal and administrative obstacles in land border regions - Bing](#)
- Easing legal and administrative obstacles (Commission, 2017) – [Easing legal and administrative obstacles in EU border regions - Regional Policy - European Commission](#)
- 10 pilot projects selected under b-solutions – [b-solutions: the 10 successful cases announced | FUTURIUM | European Commission](#)
- Comprehensive analysis of the existing cross-border transport connections and missing links on the internal EU borders (Commission, 2017-2018) – [https://ec.europa.eu/regional\\_policy/sources/docgener/studies/pdf/cb\\_rail\\_connections\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cb_rail_connections_en.pdf)
- DG SANTE's study on cross-border health care [Building Cooperation in Cross-border Healthcare: new study published! | FUTURIUM | European Commission](#)
- ESPON's Targeted Analysis on Cross-Border Public Services [CPS - Cross-border Public Services | ESPON](#)
- "Una frontera que nos une, una frontera de desarrollo. Balance de cooperacion transfronteriza Espana-Portugal" RIET
- Smart Specialisation Strategies in Galicia, Castilla y Leon, Extremadura, Andalusia, Norte, Centro, Alentejo and Algarve.
- Strategy of the 2014-2020 programme (ex-ante evaluation, SWOT, priorities, evaluations).
- Eurobarometer No 422 conducted in border regions in 2015, <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/FLASH/surveyKy/1565>
- Competitiveness in low-income and low-growth regions - The lagging regions report [regional\\_policy/sources/docgener/studies/pdf/lagging\\_regions%20report\\_en.pdf](#)