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Conference Paper

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38th Congress of the European Regional Science Association: "Europe Quo Vadis? - Regional Questions at the Turn of the Century", 28 August - 1 September 1998, Vienna, Austria

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Mønnesland, Jan (1998) : Cross border cooperation in low population density regions, 38th Congress of the European Regional Science Association: "Europe Quo Vadis? - Regional Questions at the Turn of the Century", 28 August - 1 September 1998, Vienna, Austria, European Regional Science Association (ERSA), Louvain-la-Neuve

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Cross border cooperation in low population density regions

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Paper submitted to the 38th Congress of the
European Regional Science Association
session G8
Wien 28.08 - 01.09 1998

Abstract

The paper is based on the ongoing intermediate evaluations of the three Interreg II A programmes between Sweden and Norway.

Two of the three programmes cover extended geographic areas with a low population size. This means that the areas are very sparsely populated with European standards. A circumstance connected with this is that the immediate border region is almost uninhabited. The population centres are in many cases situated quite far from the border, which means that there are great distances between them.

The paper focus on the challenges for the evaluation due to these special circumstances of the Interreg II A programmes.

The geographic extension, the low population density and the considerable distances between the population centres, distinguish the two northernmost of the programmes from the rest of Europe. This means that the Nordic programmes must adapt methods of implementing the general aims to these special conditions. In these areas, the distinction between «real» cross-border cooperation and regional development programmes on each side of the border is not so easy to withhold, as it is in continental Europe. One could argue that the low population density in these peripheral areas makes regional development programmes a prerequisite for any cross-border cooperation.

Even if the Swedish and Norwegian regions are adjacent to each other, the distances between the regional centres implies that they cannot solely trust upon a traditional cross-border strategy for the co-operation. On the other hand, the fact that the regions are neighbours, implies that they should not use the same kind of long-distance network strategies as e.g. the Interreg II C programmes.

A key issue in the paper is whether the actors in the Interreg II A programmes seems to be able to develop such a strategy or if they a) land up in development programmes on each side of the border; or b) establishes traditional cross-border projects along the very sparsely populated immediate border area; or c) land up with network initiatives including both the border region as well as the population centres.

Cross Border Programmes in the Nordic area: new focus on a long lasting tradition

Cross border activities have been a normal issue as long as national borders have existed. To cope with the neighbours is a natural thing to do, and it is only under special historic circumstances that such communications have been totally cancelled.

Organising border co-operation in the form of formal programmes has been the style of the post-war period. Such programmes have often emerged as a spin-off of national co-operation, either as bilateral relations between countries with differences in structures and system, or as a task for deepening co-operation between countries with a tighter co-operating culture.

The opening up of the former iron curtain has created a new vitality of the cross border programmes between the former Western European countries and the eastern neighbouring countries during the last decades. At the same time, the integration process in Western Europe also has led to a stimulation of the cross-border programmes within the EU system. To some extent, these Interreg initiatives may be interpreted as strategies towards federalism. It may strengthen the supranational EU level relative to the national level to build up broader communication between border regions, in order to create a mosaic of regional identities as an alternative to the national levels.

These new programme initiatives have led to new cross-border activities in some areas. In other areas, cross-border activities have a long history, and the Interreg initiatives may only imply a new structure and new resources to an old co-operating network structure.

In the Nordic area, formal cross-border programmes have been operated since 1972 in the framework of the Nordic Councils of Ministers. In total 9 such programmes are established, all of them within the Nordic area, in order to stimulate co-operation between neighbour areas in different Nordic countries. In addition, also initiatives for co-operation with neighbouring regions on the outskirts of the Nordic territories have been established.

When the Interreg IIA-programmes were set up for the Nordic countries, all the national borders both within and on the outskirts of the member countries were covered by such programmes. Some of the programmes had a geographic coverage similar to the older co-operation programmes. But many of the new programmes had no such organised history of cross border co-operation, and for most of the programme areas, the resources in Interreg IIA were on a higher level than the informer non-EU programmes. Also, the involvement of regional units of the public administration was much stronger in the new than in the old type of programmes.

This paper focus on some aspects of the three Interreg IIA programmes involving Norway and Sweden alone. These programmes are located along the Norwegian-Swedish border from the Skagerak part of the Atlantic Sea up to Mid Scandinavia. The programmes in the northern part of the countries also involve Finland and partly Russia, and will therefore include aspects different from the pure neighbour co-operation programmes defined in the mid and southern part of the Norwegian-Swedish borderline.

The paper focus on the three Norwegian-Swedish programme areas, and relate these to the situation in the other European programmes within the scope of Interreg IIA. The information used is mainly

generated from the mid-term evaluation project, operated by NIBR for all the three programmes. The first phase of the mid-term evaluation were published last autumn (Mønnesland et.al. 1997). Much of the material is, however, taken from the ongoing phase 2 of the mid-term evaluation.

Differences in area, population and population density

The Interreg IIA programmes defined for the Nordic area are shown in figure 1. As will be illustrated, the size of the programmes varies rather much. The programmes involving Denmark, as well as the southernmost programme at the Norwegian-Swedish border, cover relative small areas, while the northern programmes cover great areas.

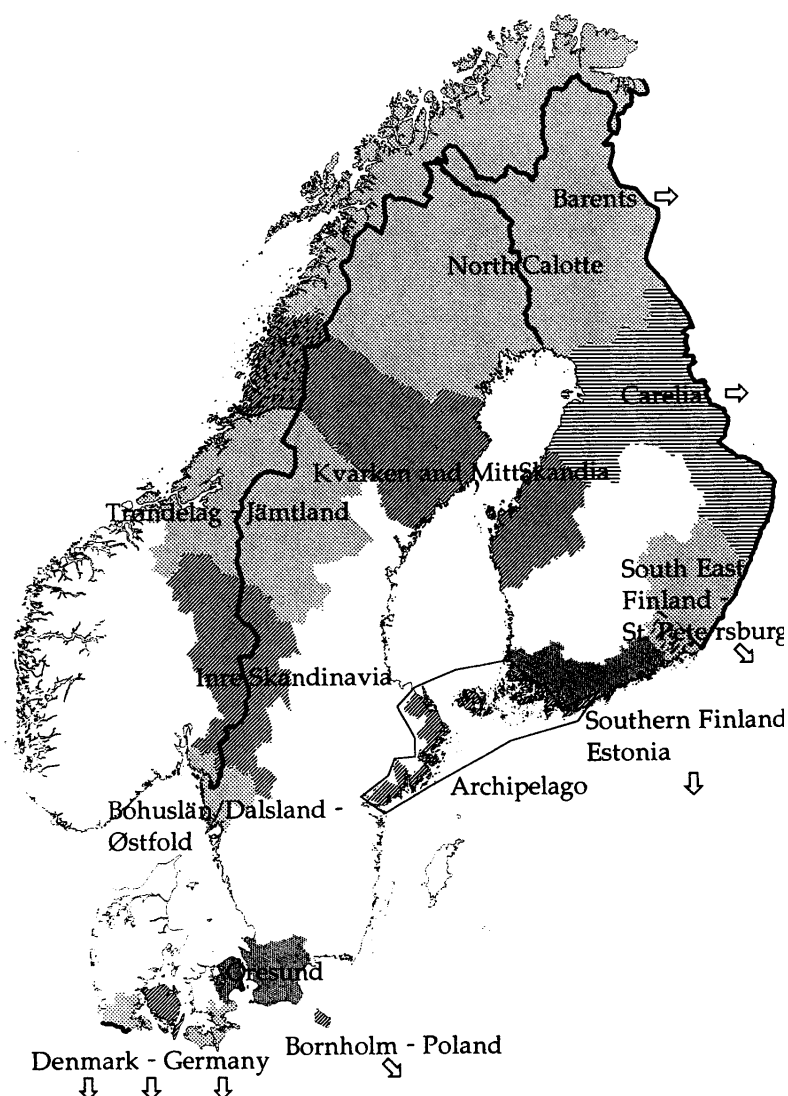


Figure 1. Interreg IIA areas in Norden.
source: NOGRAN

The three programmes along the southern/mid part of the Norwegian-Swedish border, i.e. those who will be dealt with in more detail below, are not at the extremes regarding the area span. However, also among those three programmes, substantial structural differences are represented, from a small and compact programme at the southern end (Bohus/Dalsland/SouthØstfold) to a relative wide area coverage in Trøndelag/Jämtland at the northern end, and with Inner Scandinavia lying in between.

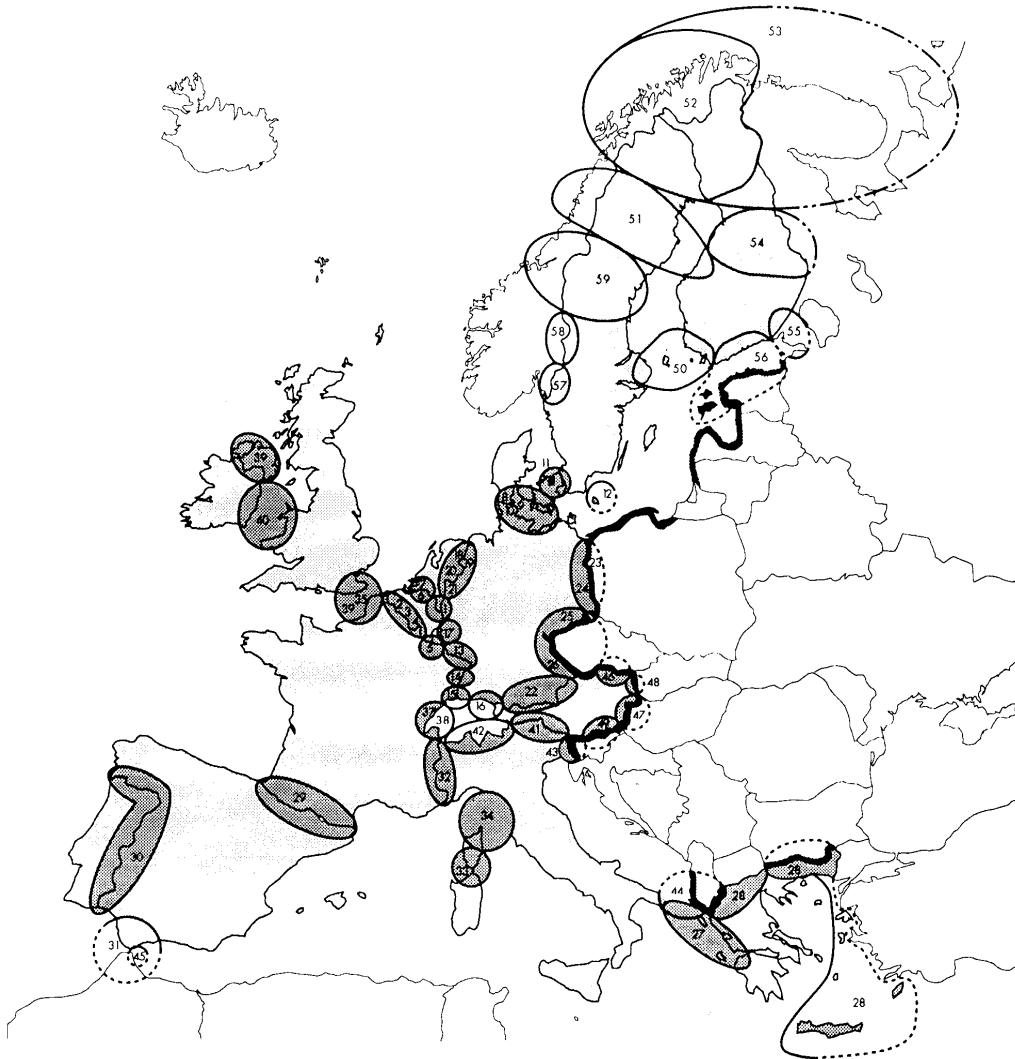


Figure 2. Provisional map of the Interreg IIA programmes

source: AEBR/EU 1997. Please observe that the location of the Nordic programmes is rather inaccurate on this map, the correct regional coverages are shown in figure 1.

In an EU perspective, it is the southernmost of the Norwegian-Swedish programmes that may most easily be compared with the non-Nordic programmes in its geographical coverage. Both the size of the areas and the inclusion of functional regions in a wide distance from the border, make the northern Nordic programmes rather different in structure than those in the rest of the EU area, as seen in figure

2. The reason for the inclusion of such a wide area around the border, is that the area close to the border often does not include settlements of a higher level than tiny villages of some 100 inhabitants. In order to include the relevant regional centres, the area must be made sufficiently wide. In Trøndelag/Jämtland, the travel distance from the border settlements to the nearest town may be a couple of hours even on good roads. From the border to the county centre of Jämtland the road distance is 165 km, while the road distance from the border to the county centre of Østfold in the southernmost programme region, the distance is about 20 km.

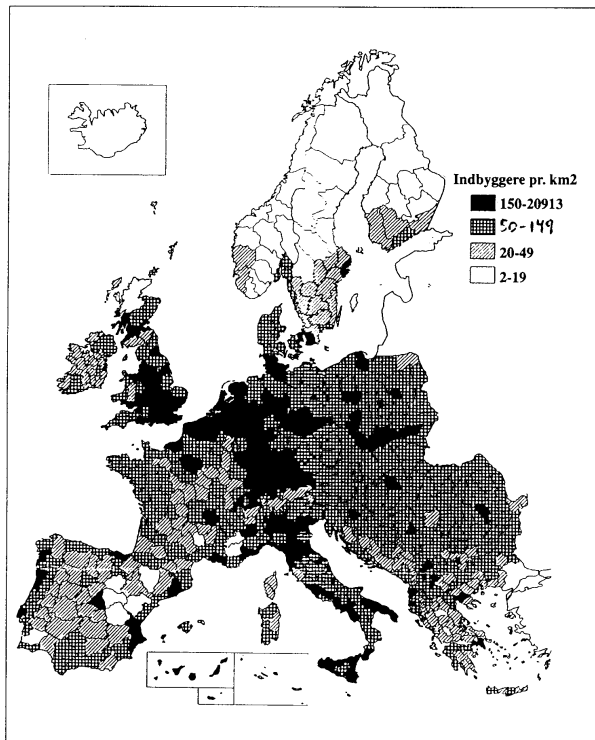


Figure 3. Population per square km by region
source: NOGRAN

The structural difference is not only due to differences in total area. Also the population density is of a different dimension in the northern programmes compared to the rest of Europe. Figure 3 shows the population density per region in Europe. None of the Interreg IIA programmes outside Norden show such low figures of population density as those in the northern part of the Nordic countries. Among the three programmes selected for this study, only the southernmost has a population density level and size of the programme area comparable to the programmes in the rest of Europe.

The total coverage of area and population in the three programmes, as well as the population density, are shown in table 1.

Table 1. Area, population and population density in the three Norwegian-Swedish Interreg IIA Programmes

	Norway	Sweden	Total
Trøndelag/Jämtland			
Area (1000km ²)	41	49	90
Population (1000)	384	135	519
Inh./km ²	9.3	2.8	5.8
Inner Scandinavia			
Area (1000km ²)	30	22	51
Population (1000)	246	113	359
Inh./km ²	8.3	5.2	7.0
Bohus/Dalsland/S.Østfold			
Area (1000km ²)	2	6	8
Population (1000)	196	157	353
Inh./km ²	87.9	25.2	41.7

As illustrated in Table 1, it is Bohus/Dalsland/S.Østfold that deviates from the two other programmes regarding both total area as well as population density. Or alternatively, it is the two other programmes that deviate from the typical European structure with compact programmes in normally populated areas. Though also here, the Swedish part of the Bohus/Dalsland/S.Østfold programme still has a population density which is relatively low in an European context, while it is rather high compared to the other programme regions.

Effects on the programme profile

The programmes between countries of rather different traditions and cultures will face other barriers than those dealt with in this paper. The discussion below is therefore related only to internal Western European cross border programmes (i.e. within the EU/EEA area).

The small and tiny cross border programme areas in Western Europe excl. the northern Nordic area, consist of regions which, on both side of the border, normally will regard themselves as border regions. Typically, they have a relative peripheral location within the nation state, and may have more or less close relations to the population centre on the other side of the border. The aim of the cross-border programme is to develop this contact and to remove legal and cultural barriers, which may be seen as a more or less reasonably task given the proximity to the border.

It will also most often be possible to find relevant project partners at the other side of the border, when the borderline pass through areas with a high population density.

The programmes will meet greater challenges in cases where the borderline follows natural dividing lines, as mountain ranges, sea corridors etc. In these situations, it will be somewhat more heavy to

communicate cross-border than domestically. Though, if you overcome these barriers, there will normally be actors available on the other side that may be beneficial to include in a project.

In the northern Nordic area, the settlement along the border may be rather weak, much weaker than indicated in the density figures from table 2 which includes the whole programme region. Then, to find actors on the other side of the border for project co-operation may be a heavy task. If you find people there at all, they may be retired, or they are engaged in traditional activities which exploit all their time in order to make the ends meet. It may be nice to have cross border contact, but the really needed contact links go to the greater regional centre on each side of the border. In order to get a well functioning programme, it is needed to include those centres.

Then, the population of the programme region will to a large extent consist of urbanised people living in centres far away from the border. Often the identity of the region as expressed in these centre are defined according to the position in the national network. F.i. the people of Trondheim in Trøndelag will know that they are living in the 3rd greatest town of Norway which hosts the most important technical university of the country, they are a regional centre for Mid Norway, and so on. Rather seldom they focus on the county as having a role as border region towards Sweden. The reason for this is rather simple. Trondheim is an important town for those rather few people living along the border. But as they are so few, they are of minor importance for the centre.

The three programmes have adopted different styles when the programme regions were decided.

In Trøndelag/Jämtland, the whole counties were included on both sides of the border.

In Inner Scandinavia, only the municipalities in the narrowly defined border region were included on the Swedish side, the included area consists of those municipalities within the border counties being included in the regional support area in the national regional policy framework. The effect of this selection is that the regional centres are excluded from the programme area. This is so both for administrative, commercial and educational centres serving the border region.

In Bohus/Dalsland/S.Østfold, only part of the border county on the Swedish side is included in the programme region. However, the included part consists of old lower level regional units, and the programme coverage includes some of the medium sized centres of the programme region. Though also here, the most important commercial and administrative centres stand outside the programme region. One effect is that both in this programme and in Inner Scandinavia, the programme secretariat on the Swedish side is located in administrative centres outside the programme area.

On the Norwegian side, the whole border counties are included in the programme region, with one exception: for the capital outskirts county (Akershus) only the border municipality is included. For Inner Scandinavia, then, the whole Hedmark county is included, then the single border municipality of Akershus, and then again the northern part of Østfold county. Østfold is divided in two parts to cope with the borderline between the counties on the Swedish side of the nationalborder. For Inner Scandinavia, the outcome is a somewhat strange territory, partly defined according to whole counties, partly tiny cut along the border, and partly defined by a north/south division of a county which do not

reflect functionality but instead proximity to two different motorway lines. In the southern Østfold, the outcome better fits with functionality criteria.

The effect of the programmes so far indicate that it is a clear advantage when functional regions as well as administrative regions are included as totalities. The area in Trøndelag along the Atlantic coast, as well as the western part of Hedmark and the eastern part of Jämtland certainly do not normally see themselves as border regions. These parts are also so far not involved in projects under the programme. This is seen as a minor problem, or not a problem at all. It is a natural thing that even when greater functional and administrative regions are included, priorities should be made for the areas lying closer to the border.

The advantage of including whole counties is seen as twofold. On the administrative level, the county administrations have routines in communicating with the whole region, and they have a legitimacy as co-ordinating body. In Inner Scandinavia, the county administration of Värmland has the responsibility of operating the secretariat and serve as responsible unit for the EU fund allocations, for an area consisting on the border area of Värmland (excl. a.o. the county capital area) together with two municipalities in the neighbouring county. On the Norwegian side, the strong role of the county administration of Østfold and Hedmark in the programme administration has led to difficulties in a real involvement of the single Akershus municipality included in the programme.

On the functional side, some of the cross border activities which naturally should find their place within cross border programmes, are located in the centre. For the three Norwegian-Swedish programmes, this is the case for the parts of the programmes dealing with competence networks. It is a good thing for the Trøndelag/Jämtland programme that the university in Trondheim and the regional college in Östersund participate with a project of common exchange of courses. A similar project is also adopted between the college of Hedmark and Värmland. But then, the Inner Scandinavia programme had to ignore the fact that the college of Värmland was located in the county capital, outside the programme region. Such a flexibility is a good thing, but it points to the problems emerging when the functional centres are not included in the programme area.

The cross border programmes versus regional development programmes

It is an intention of the Interreg programmes not to duplicate the ordinary regional development programmes. The aim of the cross border programmes should be to overcome the barrier effect of the border, by stimulating commercial and cultural contacts, network building etc. This way, the theory is that by reducing the barrier effect, both sides of the border will gain.

In order to get an Interreg funding, the project must have activities on both sides of the border. The most easy way to set up such projects, is to combine ordinary activities on both side of the border, with nothing else in common than the combination made in the Interreg application. This is called back-to-back projects, where the only cross-border activity is that the two national projects are combined in a common application in order to rise funding.

If the regional development programmes operating in the border regions at both sides are included in the Interreg programme, either formally or by a similarity in the description of the programme priorities, then the same effect could in principle be obtained by non-coordinated national efforts. Then, it is a devise of the Interreg that the programmes should be focused on genuine cross-border activities and not overlap the scope of the national programmes operating in the border regions.

This devise is not in full accordance with the formal regulations of the Interreg initiative. Here, a combination of cross-border development and regional development of the border region itself is stated as aims of the programmes.

The guidelines for the Interreg II, laid down by the EU Commission (94/C 180/13) describe the development aims this way (§3):

"3. The aims of the initiative are:

- *to assist both internal and external border areas of the European Union in overcoming the special development problems arising from their relative isolation within national economies and within the Union as a whole, in the interest of the local population and in a manner compatible with the protection of the environment"*

The other elements of §3 focus on cross border networks, on the operating of the border as internal or external in the EU, and on the development of energy networks (IIB).

It is of interest that the first element of §3 explicitly focus on the peripherality of the border regions. As commented on above, this is only true to a varying degree, and more so in the northern Nordic area than in the rest of Europe.

From §3 alone, the focus of the initiative may be seen just as much as highlighting regional development in the border areas as pure cross border activities. This focus, though, alters somewhat in the specific comments given to IIA. Though, also here, §7 in the regulation states the aims of IIA this way:

"7. Measures assisted under this initiative should be designed to have their main development impact on the population of the border areas eligible under this initiative. Particular attention should be given to creating alternative employment opportunities in areas where job losses may arise due to changes in customs and other border-related activities, such as custom agencies."

From these paragraphs, a programme focusing on regional development on both sides of the border will be in accordance with the regulation, and especially so in areas with a peripheral location.

The regulation were set up in 1994. Since then, EU has more and more focused on the need for genuine cross-border activities in stead of ordinary regional development activities. Robert Shotton (Head of unit DG XVI) express himself this way in June 1997:

"In recent years, while the formal position on the aims of the [Interreg] initiative remains unchanged, the policy emphasis has clearly shifted strongly to promoting true cross border co-operation. Action

envisaging just the development of border areas is not enough. This new emphasis is now found throughout the territory of the Union - not only for internal borders including those which were previously said to be 'not ready' for serious cross border co-operation, but also external borders, including difficult external borders.

Within the Union, the aim is to diminish the sense of frontier within the Single Market, by building wide-ranging networks of cross-border co-operation between local and regional actors, both public and private. Borders are no longer to be thought of as 'at the end of the road' but on the contrary, as integrated into a regional economic area, perhaps, in some cases, a euro-region - a single economic and the beginnings of a single administrative space spanning both sides of the national frontiers." (Shotton 1997)

He then describes what he regards as real cross-border activities:

"Three levels of ambitions can be distinguished for the selection of Interreg projects.

The highest level of ambition is projects jointly agreed and jointly implemented on both sides of the border; the next level of ambition is projects implemented by one party alone, but which are jointly approved, and have identifiable cross border benefits for both sides of the border: and the lowest level of ambition is projects which are decided unilaterally and whose development effect is limited to one side of the border area...

Throughout the Union, the aim is now to strengthen the project selection process so as to focus support on projects in the first two categories to the gradual exclusion of the third.

In parallel, a clarification of the organisational arrangements for cross border co-operation is often necessary. The highest level of ambition is where EU funding is pooled and managed from a single account by a single secretariat, responsible for funding on both sides of the border. This requires also a single project appraisal and approval procedure in which both sides of the border are represented. This level of ambition has been possible for Interreg programmes between Finland and Sweden, and exceptionally for external borders, also Sweden and Norway. It is also the practice on many other internal borders in Northern Europe, but it is not yet established in central and southern Europe." (Shotton 1997)

Given this priority from the DG XVI, it is still a legitimacy in the formal regulations to include ordinary regional development issues in the Interreg programmes. This is especially so for border regions with a remote location. Then, the more north we go in the Nordic area, the greater is the legitimacy for including regional development issues in the Interreg programme profiles.

This is not only a formal legitimacy. Such an opening may also be backed on real arguments.

If a border region (here interpreted as the areas close up to the physical border) has a population density on a normal European level (50-1000 inh/km²), it should be possible to find relevant actors on both sides of the border for suitable projects. However, when the population density is well below 10 inh/km² and for parts of the area approaches zero, it is necessary to secure a minimum population base

and a minimum industrial base in order to operate cross border activities. The challenge of de-population is a challenge not only for traditional regional development, but for cross-border activities as well. Regional development may therefore be a necessary pre-requisite for cross-border activities in the remote areas.

In all the three programmes, the Operational Programme Document tries to distinguish the Interreg programme from other regional development programmes. The southernmost programme does this most clearly, stating that the programme should not aim towards regional development in the border region, such tasks should be covered by the different national programmes operating in the area. The two other Norwegian-Swedish programmes say that the projects should be of a genuine cross border character, without making this statement more clear.

The differences between the three programmes is more visible when looking at the operational part, i.e. how the measures of the programmes are specified. The northernmost programme includes industrial development as an important measure, together with culture, network facilities, education etc. The two other programmes focus more on such other measures, while industrial development here only is included as elements within other measure headlines.

Table 2. Level of population density and the inclusion of regional development targets in the Norwegian-Swedish Interreg programmes

	Population density	Inclusion of Regional Development targets
Trøndelag/Jämtland	Low	Strong
Inner Scandinavia	Low	Weak
Bohus/Dalsland/S.Østfold	High	Weak

The difference between the programmes is illustrated in table 2. In line with the theoretical arguments discusses above, the southernmost programme with high population density tries to separate the Interreg programme from regional development targets, while the northernmost programme with low population density tries to include regional development targets. The programme lying in between, which also has a low population density, has made a programme profile similar to the southernmost programme.

Effects so far, from the mid-term evaluations

Even with a different focus on regional and industrial development in the Programme Documents, all the three programmes have about the same budgets for private financing, see table 3. However, the real level of private financing realised up to April 1998 differ significantly between the programmes.

Table 3. Private financing in per cent of total programme expenditures (ex. Technical assistance)

	Programme budget	Approved projects per April 1998
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Trøndelag/Jämtland	16,3	27,2
Inner Scandinavia	17,3	22,7
Bohus/Dalsland/S.Østfold	16,3	9,8

As should be expected, Trøndelag/Jämtland has got the highest share of private financing in the approved projects. When the measures of the programme to a significant extent are directed towards industrial development, private actors will tend to enter the projects to a higher extent than in programmes where industrial development is not so much in focus. For the same reason, Bohus/Dalsland/S.Østfold gets a much lower share of private financing.

In all programmes, the funds raised through private financing will mainly be channelled through man-hours by the project partners not compensated by public financial sources (unpaid working time). The higher involvement of private project partners, the higher will be the rate of private financing in the programme.

In Bohus/Dalsland/S.Østfold, most of the projects are owned by public units or organisations. Only 5% of the projects have a private firm as project owner. In Trøndelag/Jämtland and in Inner Scandinavia the private firms owns 25% of the projects. The reason why Inner Scandinavia gets a record similar to Trøndelag/Jämtland, even as they do not focus on industrial development as such in the Programming Document, is that a great share of the programme is directed to a combined project between the tourist industries along the border in order to get a common promoting for summer tourism. Such a profile will fulfil the criterion of being of a pure cross border character and not back-to-back projects. Still, the private sector involvement will be on line with the level in Trøndelag/Jämtland where regional development in the border region is an element of its own in the programme.

Table 4. Projects by financial level, approved per April 1998

	Trøndelag/Jämtland	Inner Scandinavia	Bohus/Dalsland/S.Østfold
Below 1 mill.SEK	34	9	23
1-5 mill.SEK	4	13	17
5-10 mill.SEK	0	3	1
Above 10 mill.SEK	0	1	3
Total	38	26	44

One remarkable difference between the programmes is seen in table 4, showing the projects grouped by size. Trøndelag/Jämtland has 90% of the projects below 1 mill.SEK and the last 10% between 1 and 5 mill.SEK. Bohus/Dalsland/S.Østfold has 50% of the projects below 1 mill.SEK., and Inner Scandinavia has 33% in this category. This difference may to a large extent be a reflection of the differences in adopted strategies. When an important part of the programme is directed towards regional development in the border area, for Trøndelag/Jämtland this will necessarily imply to involve small scale firms in small scale projects.

Private partnership in the cross border programmes

It is set up as an important aim for the Interreg programmes to activate partnerships, to involve the private sector in the programme activities. The budgets expect private financing to constitute a significant share of the total funding, and representatives for the industrial organisations are represented in the monitoring committees of the programmes.

It may be seen as a problem, then, that public sector has such a dominating role in the projects. And it may be regarded as a paradox that those programmes which most directly follow the new guidelines and tries to avoid elements of traditional regional development programmes, for that reason tends to get a lower share of private participation in the programme activity.

There are different solutions on this paradox.

One solution is to stick to the guideline and avoid elements of ordinary regional development activities in the Interreg programmes, and then accept that Interreg will have a smaller involvement of private actors, especially fewer private industrial projects. Promoting communication, network, exchange of knowledge and cultural contacts are targets which ought to play an important role in cross border programmes, and for this reason public units and public owned institutions will normally play a more dominating role in this type of programmes than in other Structural Funds activities.

Another solution is to stick to the former style, reflected in the formal regulation, and accept traditional regional development activities to be included in the Interreg programmes, and then open up for a broader participation from the private industrial sector.

Even when the new style is accepted and regional development elements are regarded as something to avoid, there gives ways to improve private participation. One way is enlightened by the example from Inner Scandinavia, where a common strategy is employed for a common cross-border promotion of the existing industrial sector on both sides of the border. The problem with this strategy, however, is that it is not so easy to find a basis suitable for such an initiative in all border regions, especially in the low density regions of the northern Nordic area. Along most of the borders in the northern remote areas, there will not be enough operating private firms to engage in such a strategy.

Another way could be to alter the rules and routines of the Structural Funds in order to ease the access of private firms to the programmes. The most important obstacle reported in the evaluations, is the extreme restrictive routines for money transfer. The documentation required before money can be paid is of such a complexity that you will need a rather qualified level of the accounting routines in the organisation to release the payment from the EU funds. Then, SMEs will normally not have the capacity to cope with these requirements, and will for this reason alone stay out of the programmes. This is even more critical for the really small SMEs operating in the remote Nordic areas, most of them occupying only a handful man-years per year. The difficulties in requiring money have led to project bankruptcies for projects with a high quality on the physical operating side, but without the needed volume of accounting staff to cope with the formal requirements.

When a public project owner raise own fundings as a share of the project budget, these money will count as national co-financing and will for this reason release similar amounts of EU money. When a

private unit does the same, the project will need to generate national public co-financing similar to the EU money in order to be accepted. Then, for this reason it will be much more easy for a public unit to establish a project budget which may be accepted, than for a private firm.

The last mentioned moments indicate that a lot of things may be done in order to promote private participation in the Structural Funds programmes. Even when Interreg, through the new guidelines, will tend to have a lower private participation than other Structural Funds programmes, this fact alone is no argument against the idea to distinguish the cross border programmes from regional development programmes.

Conclusion

There are important differences between the Interreg projects in continental Europe and those in the northern part of the Nordic area. These differences are also represented between the three Norwegian-Swedish programmes. The southernmost programme copes most closely to the European style, with a compact and well populated area with relatively high population density, although the density also here, at least on the Swedish side, is much lower than what is typical outside the Nordic area. The northernmost among those three programmes has a large area, a low population base, with an extreme low population density in the area close to the border, and with long distances between these border areas and the connected regional centre on both sides of the border.

The differences in regional structures lead to differences in the profile of the programmes. Due to the weak activity base in the border area in the northernmost programme, it is a need to integrate regional development issues in the cross border programmes in order to stimulate the existence of relevant partners for cross border activities.

At the same time, it is a need for the programmes with low population densities along the border, to include greater areas on both sides of the borderline in order to involve the functional regional centres. Then, long distance network cooperation will have to be involved over distances not normally included in a more strict definition of neighbourhood. Nevertheless, this type of regional network cooperation should be regarded in the light of cross border communication, and for this reason be distinguished from the geography released network cooperation between regions regardless of location.

It should also in the future be accepted that the cross border programmes in low population density areas should be allowed to involve regional development programme elements.

One effect of the higher involvement of industrial development targets in the lower than in the higher population density programmes, is that private participation in the programmes is more easily recruited. This is in itself a target in the Structural Funds concept. This fact alone, however, should not be regarded as an argument to loosen up the dividing line between cross border programmes and regional development programmes that ought to be taken serious in areas with a population density on the normal European level.

Due to the weak activity level in the low density areas, and the inclusion of industrial development targets in the programmes, the projects will to a large extent tend to be small. Then, a higher share of small enterprises will tend to be involved in the cross border programmes in the northern remote areas than in the southern more compact programme regions. This is in itself a nice aspect of these programmes, as both high private participation as well as inclusion of the SME sector are regarded as targets for the EU Structural Funds activity.

Then, it is an important problem for operating Interreg programmes in the remote low populated areas that several of the regulations of the Structural Funds tend to discourage small private enterprises from participation. The contra-incentives established in the financial control routines and the rules of how to release EU funding, seems to be a much greater obstacle in the northern Nordic areas than in the continental Europe and the southern part of Norden.

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