



People in Cross Border Development

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Propositions

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2. The people-based elements of cooperation have received too little attention
 - Instead the focus and the fashion has been for ‘hard’ indicators such as Kilometres of railway track, number of patent applications
3. People having good working relationships at all sorts of levels is an essential ***precursor*** to effective cooperation
4. People having good working relationships at all sorts of levels is an essential ***lubricant*** to effective cooperation
5. The Ireland/Northern Ireland Interreg Programmes from 1989 to date provide a 20 year experience of differing emphases on the inclusiveness of the cross border development process
6. In designing the new Interreg VA Programme for Ireland/Northern Ireland and Scotland 2014 – 2020 there is an opportunity to adopt a more inclusive, people-focused approach
 - But there is a danger that that opportunity will be overlooked in favour of a more technocratic approach

Structure of Presentation

- Insights drawn from my own experience of 25 years involvement in cross border development
- Academic evidence
- Evaluation of Interreg Programmes
- Proposals for new Territorial Cooperation (Interreg) Programmes
- Conclusions

Section 1

PERSONAL EXPERIENCE

A Personal Chronology

- 1971 – 74
 - personal delivery of cross-border transport services
- 1977 – 1984
 - Planning cross-border electricity and gas supplies
- 1985 – 1988
 - Establishing the International Fund for Ireland (IFI) and Chairing its Business Enterprise Team
- 1990 – 1994
 - KPMG – an all Ireland consultancy practice
 - Working with European Commission North & South & across EU
 - Evaluation of first Interreg Programme in Ireland
 - *Ex Ante* evaluation of Interreg II
- 1995 - 1996
 - Business planning for the Centre for Cross Border Studies
 - Evaluating the work of the IFI
- 1996 – 1999
 - Development of Border Corridor Strategy
- 2000 – 2006
 - Support to the cross border bodies working on Interreg IIIA
 - Joint submissions on the future Interreg IVA Programme
- 2007 – 2010
 - Evaluation of the Tradelinks micro-enterprise business development programme
 - Economic Appraisal of Project Kelvin
 - Work with cross border groups, Councils, Universities and Colleges, Enterprise Agencies and Enterprise Boards on cross border development
- Currently
 - Work with all the cross border groups on future funding options for cross border development
 - Developing the ICBAN Vision Plan (with KPMG and others)
 - Board Member Centre for Cross Border Studies

Establishing the IFI

- Formal co-operation between Dublin and Belfast administrations in a time of conflict, controversy and economic difficulty
- Differing cultures and contexts
 - Direct rule in Belfast, a new rainbow coalition just established in Dublin
 - Masked by apparent similarities
 - Leading to surprises when expectations were not fulfilled
- People did not know each other
- They did not understand each other
- When expectations were upset they resorted to stereotyping each other
- Distrust multiplied and delivery stalled for several years

KPMG

- The only major accounting and consulting firm organised on an all Ireland basis
- Back to Back development
- Lack of personal relationships at a working level led the firm to ignore the all Ireland market and the potential to service clients jointly
- A IR£10,000 investment in people and networks led to over £100,000 of additional business in two years

Cross Border Groups

- At that time the local authority led cross border groups consisted of
 - East Border Region
 - ICBAN, and
 - North West Region Cross Border Group
- Cross Border Groups are led by Councillors and serviced by officers of the Council
- Councillors are busy people
 - They did not know each other
 - They did not understand the governance arrangements in the other jurisdiction
 - They did not always understand the political sensitivities in the other jurisdiction
 - They had no experience of working together on practical projects
- The same applied to the Council officers
- One of the cross border groups took the brave decision to spend its limited funds on bringing together first the Officers and then the Councillors and then both for two days on each occasion to get to know each other and to plan together for joint projects
- That investment could have been presented as a junket but
 - It created a sense of mutual purpose
 - It got people to know each other
 - It got people to understand arrangements in the other jurisdiction and what can be said and what cannot be said
 - It got people working on joint projects to achieve joint benefits
 - It created a culture of mutual respect and understanding

Section 2

ACADEMIC EVIDENCE

Impact of Social Capital or Trustful Relationships

- Puttman, Dasgupta, Govier, National Bureau of Economic Research have all written about the economic impact of social capital or relationships of trust
- Trustful relationships lead to cooperation and facilitate delivery
- The lack of trustful relationships makes it much more difficult to develop a culture of cooperation and undermines effective delivery

Impact of Trust

- Where trust exists
 - There is
 - Mutual understanding
 - Mutual respect
 - Mutual honesty and
 - Mutual predictability
 - This leads to
 - Willingness to contemplate cooperative actions
 - Ease in working together
 - Low transaction costs
 - High rate of innovation by sharing perspectives
 - Mutual feedback, and
 - A self correcting capacity

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- Where trust does not exist
 - There is no
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 - Mutual honesty and
 - Mutual predictability
 - This leads to
 - An unwillingness to contemplate cooperation
 - Continued difficulty in working together
 - High transaction costs (e.g. need for formal agreements, lawyers etc. leading to confrontational, rather than cooperative approaches)
 - Low innovation due to hoarding of information
 - No sense of common purpose
 - Sticking to agreed plans even when they are known to have become inappropriate

Applied to Cross Border Cooperation

- At the start of the formal processes people did not know each other
 - The Troubles were a barrier to communication
 - A great deal of stereotyping and mutual suspicion existed
 - Trust spread slowly by a process of osmosis, often based on personal recommendations of trusted individuals
 - Islands of trust began to develop and to merge into wider networks
 - Formalised structures such as Cross Border Groups played an important role in this process by bringing social partners and others into their structures and their work
- Now
 - There exists a good level of expertise and experience of cross border cooperation
 - It has become a way of working for many people – aided by the substantial incentive of EU funding
 - For a small number of organisations and areas it is strategic and fundamental to their working
 - Newry & Mourne and Louth Memorandum of Understanding
 - ICBAN Visioning Process

Section 3

EVALUATION OF INTERREG PROGRAMMES

Evaluation of Interreg Programmes

- Interreg I 1989 – 1993
 - Top down, centrally directed, large scale infrastructure projects with limited benefits for the border region
 - *‘only excusable as a rehearsal for Interreg II’*
- Interreg II 1994 – 1999
 - Much the same as Interreg I
 - A single person was appointed to link with the local communities
 - Border Corridor Strategy of 1999 characterised the Programme as follows
 - *‘17 local authorities*
 - *responsible for providing services to over 1 million people*
 - *with combined annual budgets over £600 million*
 - *who have been working together to develop cross border & border region strategies & programmes for up to 25 years*
 - *have no direct say in the allocation of EU Funds for cross border & border region development’*

Evaluation of Interreg Programmes (ii)

- Interreg IIIA 2000 - 2006
 - Introduced a strong locally-driven component for the first time, against strong public sector opposition
 - Interreg IIIA Partnerships were a mix of Councillors and social partners
 - 5 such Partnerships were established
 - The system worked well with a real sense of engagement at local level

EU Wide Evaluation of Interreg III

INTERREG III Community Initiative (2000-2006)
Ex-Post Evaluation

(No. 2008.CE.16.0.AT.016)

Final Report

- *‘Considerable direct effects stimulating socio-economic change in cross-border areas were also induced by the non-physical but nevertheless tangible outcomes associated with ‘soft cooperation’.*
- *The soft co-operation outcomes were also important drivers for generating a territorial development impact but only if they led to the development of a joint and durable problem-solving capacity in the programme areas.*
- *Soft co-operation outcomes also generated direct effects in the programme areas and helped to solve problems or contributed to better addressing joint development issues. The significance of such outcomes was in general very high.’*

EU Wide Evaluation of Interreg III

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Final Report

- *‘Cross-border co-operation strongly depends on the commitment and mutual trust of the actors directly involved and in a wider sense also of the people concerned.*
- *To be successful, co-operation at whatever level (i.e. strategic co-operation or project-based co-operation) thus requires relations based on partnership and subsidiarity*
- *Physical investments were important drivers to generate a territorial development impact ... but only if they had a real cross-border or transnational relevance*
- *Soft co-operation outcomes were equally important drivers to generate a territorial development impact ... but only if they established a joint & durable problem solving capacity*
- *All Strands of INTERREG III generated important soft leverage effects in terms of actor mobilisation, increased inter-cultural understanding and development of social capital.’*

Evaluation of Interreg Programmes (iii)

- Interreg IVA 2007 – 2013
 - An emphasis again on large capital projects
 - Project Kelvin, Sail West etc.
 - Originally intended to have a strong local component by funding bottom up Multi-Annual Plans orchestrated by Cross Border Groups in association with social partners
 - This did not occur due to a *'misunderstanding'*
 - The result has been a very centralised, top down Programme, characterised by bureaucratic delays and ultimate decision-making by *'accountable Departments'* in Belfast and Dublin
 - A return to the Interreg II position (updated)
 - *20 local authorities*
 - *responsible for providing services to over 1 million people*
 - *with combined annual budgets over £800 million*
 - *who have been working together to develop cross border & border region strategies & programmes for up to 35 years*
 - *have no direct say in the allocation of EU Funds for cross border & border region development*

Overview of Evaluation of Interreg

- The people dimension was largely absent in Interreg I and Interreg II
 - This caused considerable frustration and weakened the implementation of the Programmes
- The people dimension was very strong in Interreg III
 - A sense of local engagement and involvement in the Programme was generated
 - The EU-wide evaluation of Interreg III found that such '*soft co-operation*' outcomes were equally important as the physical outcomes of the Programme
- Interreg IVA was intended to have a strongly inclusive element but this was missed out as a result of a misunderstanding
 - The result has been a highly centralised and bureaucratic Programme

Section 5

PROPOSALS FOR NEW INTERREG PROGRAMME

The Next Programme

- Territorial Cooperation Programme for Ireland/Northern Ireland and Western Scotland 2014 – 2020
 - In short the Interreg VA Programme
 - New Structural Funds Regulations are now available in draft form and will be subject to consultation
- Implementation of the Review of Public Administration in Northern Ireland by (?) 2015
 - Many central government functions will transfer to strengthened local authorities
- Decisions on the details of new Programmes will be made progressively in 2012 and 2013

Main Features of the New Regulations

- New regulations for ERDF, ESF, Agriculture and Rural Development Fund and Fisheries Fund
- New arrangements between EU and Member States to administer funds & to provide right incentives
- Enhanced funding for Territorial Cooperation (Interreg VA), VB) & VC) & Peace)
- Emphasis on '*concentration*' of funds on 2020 objectives and more limited set of eligible activities

Eligible Activities

1. Research & innovation
2. Information and communication technologies (ICT)
3. Competitiveness of Small and Medium-sized Enterprises (SMEs)
4. Shift towards a low-carbon economy
5. Climate change adaptation & risk prevention and management
6. Environmental protection & resource efficiency
7. Sustainable transport & removing bottlenecks in key network infrastructures
8. Employment & supporting labour mobility
9. Social inclusion & combating poverty
10. Education, skills & lifelong learning
11. Institutional capacity building & efficient public administrations

Concentration of ERDF investments



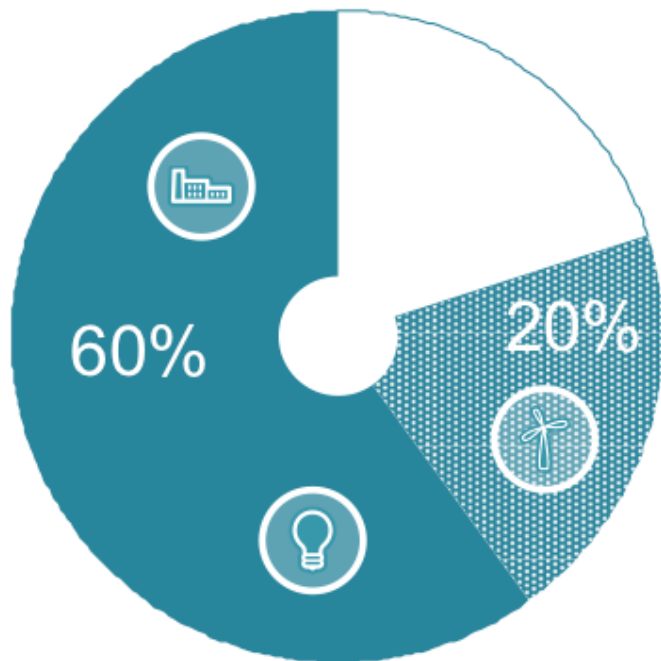
Energy efficiency & renewable energy



Research & innovation



Competitiveness of SMEs



More developed &
transitional regions

- In More Developed Regions (such as ours)
 - 60% of ERDF funding has to go on research & innovation and SME competitiveness
 - 20% has to go on energy efficiency & renewables
 - 52% of Programmes are financed by the ESF
- Programmes to be made up of just 4 priorities
 - Of which 3 have already been selected
- The Commission has already identified all proposed indicators for eligible activities and this may further limit flexibility of delivery at local level
 - Only projects which affect the pre-selected indicators are likely to be supported

Implications for Interreg V

- EU Pressures
 - Concentration
 - Standardisation
 - Greater central control
- National Pressures
 - Austerity regimes
 - Underfunded Departmental programmes
 - Opportunity to use Interreg funds to top up budgets
- → centrally run Programme with little local component

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- → centrally run Programme with little local discretion or role for EBR?
- However, Articles 28 – 32 of the draft Regulations include provision for Community-Led Local Development approaches to cross-border development
- A LEADER-like approach led by Local Action Groups (LAGs) around a locally determined strategic plan
- Cross-border LAGs would
 - Prepare the strategic plan
 - Develop local capacity
 - Put in place selection procedures in which at least 50% of the votes are not public sector
 - Issue calls for proposals
 - Assess and select projects

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So, despite EU and National pressures to the contrary, the new regulations will provide for local responsibility for part of the Programme funds.

Timeline

- March 2010 – EU adopts Europe 2020 Strategy
- June 2011 – Commission Proposes a Budgetary Framework for Cohesion/Structural Funds
- October 2011 – Commission publishes draft legislation
- December 2011 – Commission to publish Common Strategic Framework, setting out the parameters for EU Programmes
- 2012 and 2013 – legislation finalised and Member States enter into a Partnership Contract with the EU to deliver the EU Programmes
- 2014 – 2020 – new Programmes delivered

Conclusion

- The evidence has shown that a people-based approach to cooperation improves the efficiency of cooperation and delivers real tangible outcomes
- The experience of Interreg both locally and across the EU shows the benefit of an inclusive, people based approach
- The mechanism exists in the new draft Regulations to implement an inclusive approach in Interreg VA
 - It is important that the '*misunderstanding*' that undermined Interreg IVA is not repeated in Interreg VA
 - The new Programme should reflect the evidence that inclusive, people based approaches improve Programme efficiency and make provision for the involvement of people in decision-making at all levels of the Programme
- The principles of cooperation and the principle of subsidiarity show that it is important that people at all levels have the opportunity to contribute to the development of their cross border region.

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