

Border Orientation Paper

Hungary – Romania



1. INTRODUCTION

This document sets out key characteristics of the cross-border region between Hungary and Romania 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 Hungary – Romania.

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.

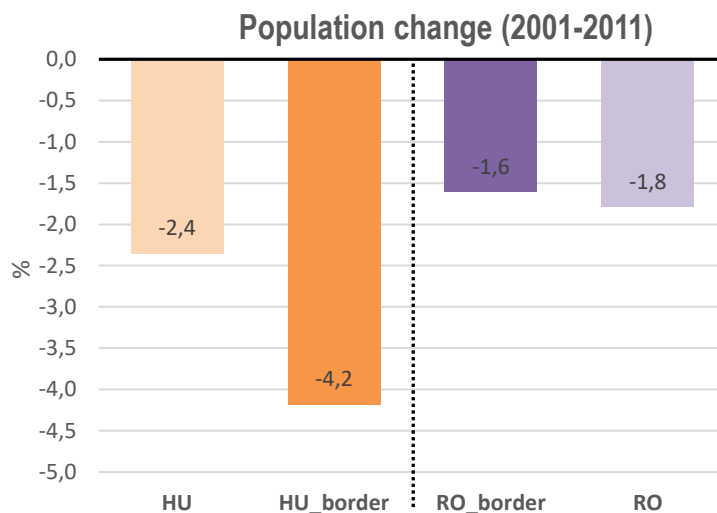
Cross-border cooperation is much broader than Interreg programmes. The objective is to facilitate cross-border cooperation by reducing remaining persisting obstacles to cross-border activities and linkages as outlined in the 2017 Communication on Boosting Growth and Cohesion in EU Border Regions. The 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 border between Hungary and Romania is a relatively long land border of 448 km, which does not present major geographical obstacles. Nevertheless, there is evidence to show that other types of barriers, such as language and cultural differences, socio-economic disparities, different legislative and administrative frameworks, are perceived as a potential limitation to cross-border cooperation.
- Nearly 4 million people live in the counties along the HU-RO border, 1.8 M on the Hungarian side and 2.0 M on the Romanian side, which represents 12,7% of the total number of inhabitants of the two countries. However, **population has been decreasing** in the past years as a result of negative net migration and negative natural population change. The impact of this trend is more particularly felt in the Hungarian counties (as visible in graph below).



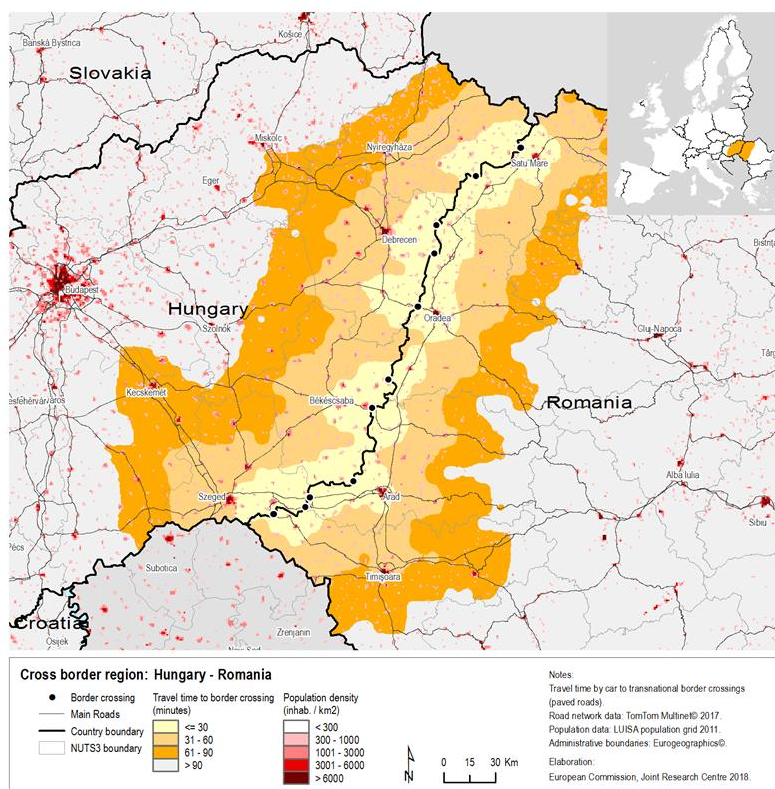
- As regard the economic situation, the area is amongst the less developed ones within the EU. Although there are differences between counties, they are all substantially **far from the EU GDP per capita average**. Also compared to national indicators, the share of GDP produced in the area (about 11% in average) is below the share of the population living there (more than 12%). However, in a long term perspective those indicators have improved, more visibly for Romanian counties where the industrial sector is more developed compared to Hungarian counties where GDP is more linked to services, especially public administration.
- As regards labour market, unemployment and long-term unemployment rates are overall in a low range compared to the EU average. Nevertheless, the labour market productivity is below 50% of the EU average in all four counties on both sides of the border. In a long-term perspective, the total number of economically active population has decreased compared to the EU average and **the labour force in a 20 years' horizon could shrink** if remedies to demographic trends are not found.

- Based on the number of people in the area having declared to cross the border for work or business (11% of Hungarian and 22% of Romanian), the HU-RO border presents positive sign of economic integration in comparison to other EU border regions. Besides, 14% of the population (but mainly from Romania) has travelled across the border to use public services, which is a higher share compared to the average in other EU border regions.
- A Eurobarometer survey shows that more than 50% of the population (about 70% in Hungarian side) consider language as an obstacle to cooperation. However, the proportion of Hungarian community living in the Romanian counties ranges between 9% and 34% of the population which, beyond the political sensitivity of the subject, may also be considered as an asset to promote bilingualism and cooperation initiatives in many sectors.
- Overall, interaction and communication across the border seem undermined by the **general low level of trust** existing between involved stakeholders and rooted in the history of the HU-RO border. This has of course a negative impact on cross-border cooperation management and performance, as confirmed by the Hermanek report assessing the cross-border governance systems.
- The Study on "Quantification of the effect of legal and administrative border obstacles in land border regions" provided an estimation of the percentages of GDP losses at NUTS 3 level due to sub-optimal or insufficient use of regional growth assets (as agglomeration economies, productive capacity, accessibility or trust). The estimated loss for HU-RO ranges from 5 to 9% of NUTS3 GDP. **The potential for economic growth is therefore quite significant** and certainly deserves further analysis on the specific causes to shape targeted solutions for the next programming period.

3. TERRITORIAL DIMENSION

- *Typology of region*

1. 8 counties touch the border, 4 in Hungary (Hajdú-Bihar, Szabolcs-Szatmár-Bereg, Békés, Csongrád) and 4 in Romania (Bihor, Satu Mare, Arad, Timis). The border area is mainly rural with a population density below the national and the EU averages. One third of the total population is concentrated in the 8 county capitals reflecting the existence of a **rural-urban duality** in the region. Timisoara, Debrecen and Oradea (respectively 306 400 and 202 500 and 201 500 inhabitants) are the largest cities in the area.
2. Whereas the border does not present major geographical obstacles, cross-border accessibility is undermined by the limited number, and the quality, of main roads connected to border crossing points, as represented in the table below which shows the travel time to border crossings. Besides, as Romania is not included in **Schengen** area, the time for controls is a discouraging factor for cross-border mobility.



3. The natural environment offer many protected areas and sites and is rich in water resources, including wetlands and thermal waters. Besides, although not well preserved and/or poorly organised to attract tourism (which is mainly domestic), the area can also count on cultural heritage made of historical sites (as castles in Bekes and Satu Mare counties), cultural events and traditional folklore (including food and drink products).

- **Functional areas**

4. The cross-border region is not strictly limited to the administrative borders of the programme but may have a **flexible geography** depending on the topic the concerned and the required competence. For some topics, the solution can only be found if partners outside the current programme area are involved (e.g. to reduce the risks of floods, wetlands or dams upstream of a river but outside the programme area may be necessary; to test a new cross-border health service neighbouring regions or national authorities involvement may be required).
5. For some other topics, the solution is purely local, corresponding to an area much smaller than the programme (e.g. to increase forests connectivity). This is basically the idea of functional area.
6. 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). This requires the **development of a strategic approach** to think solutions in a wider context of multilevel governance and having always in mind the expected cross-border impact and benefit. 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 bigger; (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.
7. Cooperation in **tourism** is a good an example of potential functional areas to invest on with a more strategic approach. The HU-RO border region is rich in protected natural areas as well as historical and cultural heritage. However, its attractiveness in terms of tourism remains weak due to the limited offer and capacity for tourist's accommodation and activities. Besides the needed rehabilitation and upgrade of infrastructures, cooperation initiatives may target potential complementarities (i.e. spa in Hungary and mountain in Romania), common branding and services to boost the attractiveness of the regions as well as targeted training for young people.
8. Another example could be **innovation**. The economic competitiveness of the HU-RO cross-border area is low and in absence of the general framework conditions to support innovation on both sides of the border (see chapter 4), the potential added value for cooperation seems rather limited. However, in well identified niches of cross-border relevance, targeted actions for enterprises networking, technology transfer or even research and development could be promoted.
9. For instance, the ICT enterprises in the border area, with the support of the IT Cluster in Cluj, could find innovative solutions to some needs for healthcare or education in rural areas. Or, interesting synergies may be developed between stakeholders working on biodiversity in one of the natural protected areas and the enterprises of the agro-food sector in the North Great Plan region
10. The functional approach could apply also in other sectors like labour market, healthcare services or management of protected areas, provided that the cross-border relevance, driven by a common need and/or potential, is established.

- ***Macro-regional Strategy***

11. Macro-regional strategies are supported by the highest political levels of the EU, the Member States and the regions concerned and have become an integral part of EU regional policy. The two levels of cooperation are very much interlinked by nature, hence, the concerned 2021-2027 Interreg programmes should support those actions arising from the macro-regional strategies, under any relevant policy objective, provided they also contribute to the specific objectives of the cross-border region.
12. The HU-RO cross-border area is part of the EU Strategy for the Danube Region (**Danube Strategy - EUSDR**). Hungary and Romania share the leadership of the Priority Area on environmental risks within this Strategy, hence they are invited to intensify their cooperation also at cross-border level, in particular on adaptation to climate change and flood risk prevention and management, that is a relevant topic for this border area. The high number of project proposals submitted under the 2014-2020 programme to promote the improvement of risks prevention and disaster management demonstrate the interest to continue investing on and further developing this topic.
13. As well, stronger synergies with the Danube Strategy could be developed in relation to the promotion of cultural routes and in the field of knowledge society to promote cross-border cooperation between enterprises.
14. The alignment of cross-border programmes to macro-regional strategies is a ‘win-win’ approach. Clearly, macro-regional strategies will benefit from the experience, the partners and the funds of cross-border programmes. But, cross-border programmes will also benefit from such an alignment as: (a) their impact will be bigger, when they participate in a structured development policy as set by a macro-regional strategy framework across a wider territory which they are part of; (b) the project pipeline will be better as project ideas will have political support); (c) they will increase visibility by political leaders, decision-makers and citizens, as well as the various Commission services and other EU institutions and of course (d) they will improve the social and economic development in the macro-region they are located in, and the actions of the relevant strategy will also have a positive impact on the cross-border area.
15. In particular, the contribution to macro-regional strategies does not mean a reduction of the budget available for the programme as it is clear that every project should also benefit to the cross-border functional area

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

16. Regulations of structural funds support innovative tools to improve the efficiency of territorial development like the Integrated Territorial Investment (ITI) for piloting integrated set of measures, or the Community-led Local Development (CLLD) for strong bottom-up approach and others. In a nutshell, those instruments provide local authorities with a framework that help the adoption a more strategic approach to investments in a context of multi-level stakeholder governance. The future cooperation programme may consider to support the development of one of those instruments in order to bring stability and long term perspective to functional areas or cross-border strategies elaborated and endorsed by the concerned territorial entities.

17. Based on available information, the area counts already on the presence of 3 **EGTCs**: Bánát -Triplex Confinium, Europa-kapu / Gate to Europe and Europe - building common future (Európa közös jövő építő). From a first quick review, those EGTCs do not seem to undertake activities of any significance while it should be analysed the added value they can bring, or not, to cross-border cooperation and if they could be further supported by the programme.
18. The Danube–Criș–Mureș–Tisa Euroregion, covering border area between Hungary, Romania and Serbia, was also identified and seems active in projects related to water management and regional development. Since it addresses a relevant topic in the HU-RO border area (Tisa river basin management) it could be a relevant stakeholder to involve for the development of targeted strategy and action.

ORIENTATIONS:

- *Identify the existing and the potential cross-border functional areas and build targeted strategies involving relevant stakeholders to overcome specific obstacles and to develop relevant cooperation activities.*
- *Explore the possibility of establishing joint territorial instruments to build and consolidate those strategies.*
- *Coordinate with the existing priorities under the Macro-Regional Strategy for Danube.*

4. GROWTH, COMPETITIVENESS AND CONNECTIVITY

- *Innovation*

19. Framework conditions for cooperation on innovation fall short of the EU average in almost every aspect on both sides of the border, sometimes drastically. Referring to the "Regional Competitiveness Index" (RCI) and the so-called "pillar scores" (institutions, macroeconomic stability, infrastructure, health and basic education) which provide information on the framework conditions for innovation, both sides of the border score significantly below the EU average.
20. In terms of the current innovation performance of the border regions, the number of international patent applications is extremely low on both sides of the border, as well as R&D intensity (measuring R&D expenditure as a percentage of GDP, at NUTS 2 level) and share of human resources employed in science and technology (measured as a percentage of the economically active population). Regions on both sides of the border are categorised in the ESPON Territorial Review as "Less competitive economy with low incidence in Knowledge-Economy (KE)".
21. On the positive assets, this area can count on the presence of universities and colleges providing good opportunities for higher education and, in counties with largest universities (Hajdu-Bihar, Csongrad and Timis), R&D employment to capitalise on.
22. Regional Smart Specialisation Strategies are not established at NUTS2 level on the Hungarian side (for North and South Great Plains) while they are on the Romanian side for West and North West regions. In sectors as agri-food, automotive, ICTs, health, new materials and construction, the strategies identify specialisations niches with some potential for innovation. The future cooperation programme could explore the possible relevance of those **niches for the development cross-border synergies or clustering**, having in mind that innovation is not limited to high technology and research activities but could also touches production processes or organisational patterns in supply chain.
23. **Positive spill-overs** may be developed thanks to the interaction with the **Extreme Light Infrastructure (ELI)** project that is partly implemented in Szeged. The project, funded by ERDF, has an international relevance and aims at developing laser facilities for new interdisciplinary researches and applications. It is expected to bring important technical innovations in microelectronics that may have a considerable impact on numerous fields of materials sciences, medicine and environment protection, which are potentially relevant sectors for cross-border cooperation as well.

- *Enterprises/entrepreneurship*

24. With respect to entrepreneurship, birth rates data is available at the NUTS 2 level and shows a positive trend on both sides of the border with an average 10-12%. However, this is balanced by similar rates for enterprises death. The share of high growth enterprises is high (>10%) in the Hungarian NUTS 2 border regions and low (<6%) in the Romanian NUTS 2 regions.

25. The RCI indicators again show that business sophistication (measuring the degree to which SMEs are involved in innovation co-operations with other firms and/or research bodies) is far below the EU average. The sectoral focus and structure of the economies show a predominance of the "Retail" sector on both sides while looking at the share of persons employed and salaries paid by sector, "Manufacturing" is the most relevant sector in all four border regions.
 26. The number of industrial parks is higher on the Hungarian side while business incubators are equally distributed between Hungary and Romania but their actual level of occupancy and performance should be assessed in order to **avoid the sub-optimal use of existing resources** and in order to identify potential synergies and opportunities of cooperation, in particular to support technology transfer processes and technology development in SMEs, which seem to be poor in the area.
- *Digitisation*
27. 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. However, some national trends can be noted to sketch the most likely situation in border regions and the potential area for investments.
 28. On "digital in the private sector" both Hungary and Romania are rated as "low" in relation to the EU average. Hungary performs below the EU average on both the Digital Technology Integration Index and in terms of the Digital Transformation Enablers' Index. Romania has the lowest score among all EU countries with respect to both indexes.
 29. In terms of the "e-commerce" index (taking into account enterprises selling online, receiving/serving orders via computer mediated networks, electronic sales both domestically and to other EU countries) Hungary has the 8th lowest score among EU countries and Romania has the 2nd lowest score within the EU. With respect to web sales, Hungary ranks below the EU average and Romania comes last.
 30. As regard **eGovernment, the two countries are clearly lagging behind**. Both countries are amongst the lowest ranked in EU for availability of digital-based services, in particular services for Businesses and for Health.
 31. Nonetheless, according to the DESI (Digital Economy and Society Index) 2018 report all countries improved in the last 5 years and the impacts of on-going investments are still to be assessed, notably in Hungary where a number of EU co-funded projects were launched in the last 2 years. The next eGovernment benchmarking process could help identifying the actual needs for further developments.

- **Connectivity**

32. Romania is not in the Schengen Area which, combined with the low density and quality of cross-border roads and crossing points, represents an important limit to the accessibility of the border and may discourage cooperation.
33. It should be noted that the effectiveness of previous investments in roads under 2007-13 INTERREG programme was jeopardized by the non-access of Romania to the Schengen Area. The added value of any additional investments in cross-border road connections should be therefore thoroughly demonstrated.
34. Cross-border flows to and from Hungary and Romania are quite similar and show that cars and trucks are the main vehicles crossing the border points. The share of buses or bicycles is almost non-existent, which therefore could represent a potential target for cross-border investments taking into account environmental and tourism concerns and strategies. In a long term perspective, the potential of alternative transports (like cycling routes for green tourism, or public transports for mobile services in rural areas). However, the accession to Schengen remains a prerequisite.
35. The analysis of existing rail connections and missing links carried out by the Commission identified the Arad (RO) - Szeged (HU) missing link as having most potential benefit. It is part of the TEN-T comprehensive network. It is a proposed link with high relevance to the border regions involved, as well as medium relevance for the countries involved and for the EU. The connection could serve as a direct link to improve the connectivity between Arad and Szeged.
36. Accessibility in the HU-RO border has been identified as low, especially rail accessibility, despite the perception that accessibility is generally not a significant obstacle to cross-border cooperation. In terms of the percentage of the population having access to cross-border rail services, this was rated as in the low range compared to other EU border regions.
37. Therefore, access to, frequency, speed and interoperability of cross-border rail connections may be relevant topics to be addressed through cooperation, in coordination with national and other structural mainstream investments.

ORIENTATIONS:

- *Identify specialisation niches where cross-border activities to support innovation may have a potential added value. Involve relevant partners in a functional and multidisciplinary approach.*
- *Focus on targeted business advisory services to SME, including digital-based ones, to promote enterprise networking, clustering, upgrading skills, technology transfer.*
- *Invest in eGovernment solutions which can facilitate the daily life of citizens in the identified sectors of priority for cross-border cooperation (i.e. health, education, labour market, tourism, SMEs, etc.).*
- *Explore the possibility to support preparatory measures for the development of the Arad (RO) - Szeged (HU) rail link, involving the relevant stakeholders and in coordination with national and European structural investments programme.*

5. GREENER, LOW CARBON ECONOMY

- *Energy transition*

38. In terms of renewable energy potential, available information for the area shows that there is some low carbon potential, in particular in biomass (straw in Hungary and wood in Romania), geothermal and in some counties also solar, notably on the Romanian side.
39. However, the economic conditions for investing in renewable energies seem largely absent due to the low potential demand (both for residential and enterprises) and the high investments costs rates on both sides of the border (WACC -weighted average cost of capital- above 11%). As a result, investments in cross-border cooperation to support renewable energy do not seem justified.
40. The cross-border relevance of possible energy efficiencies measures is not obvious either, except possibly for sharing knowledge or good practices. Therefore, the potential added value of targeting cross-border cooperation on this topic seems very low.

- *Circular economy*

41. In terms of recycling and waste management, data is only available at the national level. The overall picture is critical in both countries where landfilling rates remain high and recycling rate low compared to EU average, in particular in Romania among the last countries in Europe for all targets.
42. On the assumption that the border regions are in line with national levels of performance, the needs of investments to improve the situation and catch-up European standards could be high. However, considering the high investments costs required for infrastructures and the different regional and county governance systems in place, it seems that the possibility as well as the opportunity to address this issue at cross-border level is rather limited.
43. Nevertheless, some targeted cooperation activities for raising awareness and capacity building on circular economy may be considered, notably in link with the management of water sources and protected sites in border areas.

- *Climate adaptation and risk management*

44. Based on current available estimations, the region can expect a medium level of negative impact from climate change. Increase in warm temperature extremes, decrease in summer precipitation, increase in water temperature, increase in the risk of forest fires and decrease in economic value of forests, could affect the local economy and citizens' quality of life if not properly managed.
45. Considering that the environmental landscape and the natural protected areas are a strong asset of this area (see point below), **developing synergies in risks prevention capacities and preparedness to disaster management** across the border should be a shared concern due to the cross-border relevance.

46. Therefore, gathering detailed information on the actual level of vulnerability of HU-RO border areas and more particularly on the existing risk management capacities on both sides (by type of risk) would be essential to identify complementarities and synergies and thus to drive cross-border investments, including in **Green Infrastructures(GI)** where relevant.
47. 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 and other physical features in terrestrial 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 can be supported through Interreg programmes where appropriate (e.g. cross-border flood plains to prevent flood risks).

- ***Natural areas and biodiversity protection***

48. There are several Natura 2000 sites within the Romania-Hungary cross-border area. Those include the sites Parcul Natural Cefa on the Romanian side, directly adjacent to the sites Dél-Bihari Szikesek and Kis Sárrét on the Hungarian side. The Hajdúsági Tájvédelmi Körzet is also adjacent to Câmpia Careiului.
49. This border area is very rich in water resources, both surface water and ground waters, including thermal. There are two Ramsar sites (wetlands with international relevance) on the Romanian side and the Körös-Maros National Park that include the territory of Békés County and the area of Csongrád County located to the East of river Tisza, whose river basin is the largest sub-basin of the Danube one.
50. Some indicators related to biodiversity present a quite diverse situation between the Hungarian and Romanian sides. Notably, the proportion of habitats with favourable assessment is generally in the low range on the Hungarian side and in the high range on the Romanian side. The wilderness quality index is low in the entire border area on the Hungarian side, and high on the Romanian side, with the latter containing small areas which qualify as "top 10% wildest areas". There is similar situation with forest connectivity.
51. Overall, the border area is assessed as having low levels of Green Infrastructure networks and low capacity to deliver ecosystem services while the potential is high due to the existing natural assets.

ORIENTATIONS:

- *Map the actual level of vulnerability of the HU-RO border areas, by type of risk, as well as the existing disaster management capacities, to identify priorities and define cross-border strategies for climate change adaptation, including Green Infrastructures where relevant.*

- *Promote shared approaches and complementarities to the management of protected areas and water sources along the border to increase habitat quality and interconnectivity and to improve the overall capacity to deliver ecosystem services.*
- *Explore the potential for the development of cross-border strategies in green and sustainable tourism to capitalise on existing natural assets.*

6. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

- *Employment*

52. Despite encouraging levels of employment and unemployment rates in the border area, the labour market productivity is below 50% of the EU average in all counties on both sides of the border. In addition, the total number of economically active population within the total population is expected to decrease in a long-term perspective.
53. With regard to labour market indicators (at NUTS 2 level) included in the assessment of the Regional Competitiveness Index (i.e. health, basic education, higher education and lifelong learning and labour market efficiency) all border regions significantly fall behind EU averages.
54. There is good sign of economic integration between the border regions in comparison to other EU regions based on the number of people declaring travelling across the border for work or business in the EU (11% of Hungarian and 22% of Romanian). These mobility rates can be partly explained by the existing asymmetry in wages across the border. Salaries paid in the industry, construction and services sector are around 40% higher in Hungary than in Romania.
55. The HU-RO border **has a potential for cross-border labour mobility**. Such a mobility has many benefits (reduce unemployment, increase activity in enterprises, keep people in the region, etc.) but touches many dimensions from the recognition of skills/ qualifications/ diplomas, social security, pensions, taxations, transport, schools/ kindergarten, etc.
56. Besides funding, in order to address main border obstacles and effectively facilitate cross-border labour mobility, those dimensions need to be tackled with a strategic approach using the appropriate level of cooperation and tools (including legal/administrative agreements). This could start with the development of cross-border information services to potential commuters on jobs opportunities, diplomas equivalences, available type of contracts, tax regimes, etc. Existing labour offices and relevant bodies providing labour market services should be involved.

- **Education**

57. The share of total population in the area having completed at least secondary education is above the EU average both in Hungary and Romania, while the rate of working-age people with tertiary educational attainment is far below the EU average. In addition, within the share of the population aged 18-24, **rates of early leavers from education and training is also by far exceeding the EU average**, reducing the potential for local enterprises to find skilled labour force to support technological change and innovation processes. In addition, the current demographic trend can only accentuate the risk of labour shortage in the border area.
58. However, several universities offering opportunities to access higher education exist along the border. Cooperation activities could therefore more strategically support the coordination between enterprise and the tertiary education systems to match the cross-border labour market' current needs and also the potential future developments in relevant sectors (i.e. specialisation niches like biodiversity, agri-food, ICTs, tourism). Similarly, vocational training could also be better targeted.
59. Investments in education and training with cross-border relevance should in principle promote the objective of **bi/multilingualism**. Whereas language is often seen as a barrier, the ability to speak foreign languages is a strong asset to boost employability and mobility of workers and to increase competitiveness of labour markets. Cross-border areas, where bilingual population already exists, have great potential to capitalise on. This is particularly evident in the HU-RO border, provided that the historical and cultural lack of trust existing between the two linguistic communities is overcome and considered an advantage instead of a problem.
60. Investing in bilingualism is also a way to build trust among communities and public authorities. Solutions for many of the existing border obstacles could be more easily identified in a context of increased mutual understanding. Not to mention the potential benefit in terms of economic growth (see chapter on governance).
61. In a long term perspective, cross-border initiatives promoting bilingualism should invest in new generations and target children at early stage of their education.

- **Health**

62. In all NUTS 2 regions life expectancy at birth is below 78 years, which is low in both countries compared with the EU average. Infant mortality rate is higher than EU average, more particularly in the Romanian NUT2 border regions.
63. Available information on provision of public healthcare service in the border areas is quite limited as regard access to doctors and to hospitals. But considering road connectivity in this mainly rural border region, some areas are clearly disadvantaged, in particular along the border on the Hungarian side and in Satu Mare and Bihor on the Romanian side.

64. The situation of healthcare systems seems unbalanced as regard general conditions and level of equipment in existing facilities, resulting in higher migration of residents from Romania to Hungary for treatments. This phenomenon should be further analysed by programme authorities to better understand population needs in terms of care and administrative support.
65. Cooperation initiatives may target potential synergies of care facilities, exchange of knowledge but also accompanying measures for citizens' mobility.
66. The implementation of the current INTERREG programme clearly shows a **strong demand for investments in the healthcare sector**. Without any proper assessment of the on-going projects, is not clear whether this trend reflects a genuine appetite for cross-border cooperation to share expertise and resources and to optimise the use of available facilities in the border area, or whether it simply reflects the general need for funding to rehabilitate and upgrade existing infrastructures.
67. The potential for further development of cross-border healthcare services is therefore significant but the risk for duplication or "mirroring" investments with limited cross-border relevance is real and needs to be addressed.

- ***Inclusion***

68. Existing values for poverty indicators (e.g. at risk of poverty rate, material deprivation, low work intensity, long term unemployment) provide a picture of border regions which is only slightly worse than the EU average.
69. With regard to social factors, the available data and information, at NUTS2 level, do not always seem to report correctly the actual situation on the ground. NUTS 3 level data or lower geographical resolution would be helpful to understand the specific issues in the Romania-Hungary cross-border area and for instance to identify pockets of deprivation
70. The proportion of ROMA population is significant in the cross-border area ranging from 1% to 7% across the concerned counties. Considering its significant exposure to poverty and segregation, ROMA population may specifically be targeted in cross-border activities that promotes social inclusion and transition from institutional to community-based services.
71. Overall, poverty, depopulation of the regions, low life expectancy, low availability of urban functions, and in some regions access to healthcare and education services are issues which need to be equally addressed on both sides of the border. Similarly, keeping the young population in the local university and then in the local labour market is a difficult common challenge. Cooperation on these problems can clearly bring added if tackled in a holistic approach with the aim of boosting the economic attractiveness of the regions and the accessibility to public services.

ORIENTATIONS:

- *Identify and tackle specific barriers/ obstacles to cross-border employability (such as recognition of skills/ qualifications/ diplomas, social security, transports, etc.).*
- *Promote cross-border labour mobility, e.g. by support of employment information services.*
- *Map existing labour shortage in identified sectors of priority for cross-border development and promote synergies between universities and vocational bodies to increase the attractiveness of tertiary education curricula and propose new professional opportunities.*
- *Develop a strategic approach to support cross-border healthcare (starting with the identification of potential functional areas and synergies, major obstacles to cooperation between service providers and to patient mobility).*
- *Create basis to promote bilingualism in a structured manner, both targeting labour market needs and primary and secondary education (joint education schemes could be developed).*
- *Promote information services to raise awareness and facilitate cross-border mobility and access to public services in sectors close to citizens' needs (like labour market, education, patient mobility for care) to increase attractiveness of the area and to build institutional trust between and toward public authorities.*

7. GOVERNANCE

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

72. 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). Actions and orientations set out in this section may be supported by using part of the programme's budget as proposed in the ETC (Interreg) Regulation for improving governance issues.

- *Working on border obstacles and potential*

73. 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.

ORIENTATIONS:

- *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.).*
- *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*

74. Cross-border cooperation cannot be done in isolation. It has to be **framed in the existing strategies** (e.g. macro-regional, national, regional or sectoral). Ideally, there should be a dedicated cross-border strategy which is based on reliable data for cross-border regions, 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 does not seem to be the case in the HU-RO border.

ORIENTATIONS:

Explore the possibility to develop an overall cross-border strategy in coordination with existing macro-regional, 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 and mapping of all existing strategies affecting the border area.

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

75. 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 that should be put to good use.
76. Based on available information (see previous points 22 and 23) 3 EGTC and one Euroregion exist on the HU-RO border. They could be more directly involved in the design and implementation of the 201-2027 programme, if and where relevant.

ORIENTATIONS:

Build on legitimacy, experience and expertise of relevant existing 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***

77. 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.
78. 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).
79. In the 2014-2020 period, high level line national ministries on both sides are formally members of the Monitoring Committee of the RO-HU programme. However, active participation in decision-making and stronger coordination mechanism between mainstream and cooperation programmes within the new settings should be reinforced with the purpose to strengthen complementarities and to support the new functional approach.

ORIENTATIONS:

Establish (or participate to) a strong coordination mechanism with the authorities managing mainstream programmes. 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 avoiding double or inefficient investments) and communication (showing the benefits for the citizens and the region).

- ***Cross-border data***

80. Good public policies (e.g. spatial planning) must 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:

Identify the areas where important cross-border data on the HU-RO border 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*

81. The implementation of 2014-2020 RO-HU programme had a quite slow take-off: first selection of projects took place about 2 years after the approval of the programme, some unsuccessful calls and 2 programme revisions requested to date), revealing maybe a weakness in the definition of investments priorities.

ORIENTATIONS:

Undertake a systematic analysis of the key factors having a potential negative impact on programme kick-off and implementation pace 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*

82. 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*

83. 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.
84. **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. When the programme is relevant for the development of a macro-regional strategy, macro-regional key stakeholders should also be regular members of the monitoring committee of the programme.
85. Based on the on-going assessment of governance system of the RO-HU 2014-2020 programme (see Hermannek report), the monitoring committee experienced difficulties in involving NGOs, probably due to little administrative capacity. Some tension were also registered on the participation of Regional Development Agencies, finally excluded. Overall, a frustration was expressed as regard the **balance between national and local representatives** within the MC. This element should be addressed in discussions about the governance of the future programme.

ORIENTATIONS:

- *Boost strategic guidance of monitoring committee besides project selection. The future HU-RO programme monitoring committee is invited to widen its scope of action and take on a more strategic role (i.e. including dedicated strategic points in the agenda point, inviting contact points of institutions playing a key role in the border area, organising project visit).*
- *Promote strategic thematic discussions to cover relevant horizontal issues and deficiency to be tackled (i.e. identified border obstacles, cross-border data needs, participation of specific target groups/beneficiaries of the programme).*
- *Encourage an enlarged participation of civil society representatives to programme monitoring as well as relevant organisations in relation to programme objectives and priority (support to capacity building through TA support may be considered).*

86. **Project selection** shall take place in the monitoring committee or in steering committee 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**. The programme might consider the use of independent expert panels for preparation of project selection.

87. **Strategic / flagship projects** (i.e. designed and implemented by public authorities without a call) may be pre-defined in the future HU-RO programme strategy or selected via a transparent and agreed procedures. 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, projects embedded in the relevant macro-regional strategy, regular projects, projects selected through bottom-up or top-down procedures, small projects, etc.

88. **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.

ORIENTATIONS:

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 managing authority***

89. The managing authority shall ensure effective implementation of the programme. The managing authority is also at the service of the programme and its monitoring committee. It acts as the programme **authority representing all countries** participating in the programme.
90. Therefore, it is recommended that the Member State hosting the programme authorities is represented in the monitoring committee separately from the managing authority (i.e. a different person).
91. The current location of the managing authority in Bucharest is seen as problematic considering the distance to the HU-RO border. However, communication with MC members and JS seems structured and regular.
92. Based on available information, the principle of rotating the programme managing authority will be continued under 2021-2027 period. This should help increasing the overall administrative capacity for managing cooperation programmes on both sides of the border, provided that the experience gathered on deficiencies encountered and good practices developed is shared.

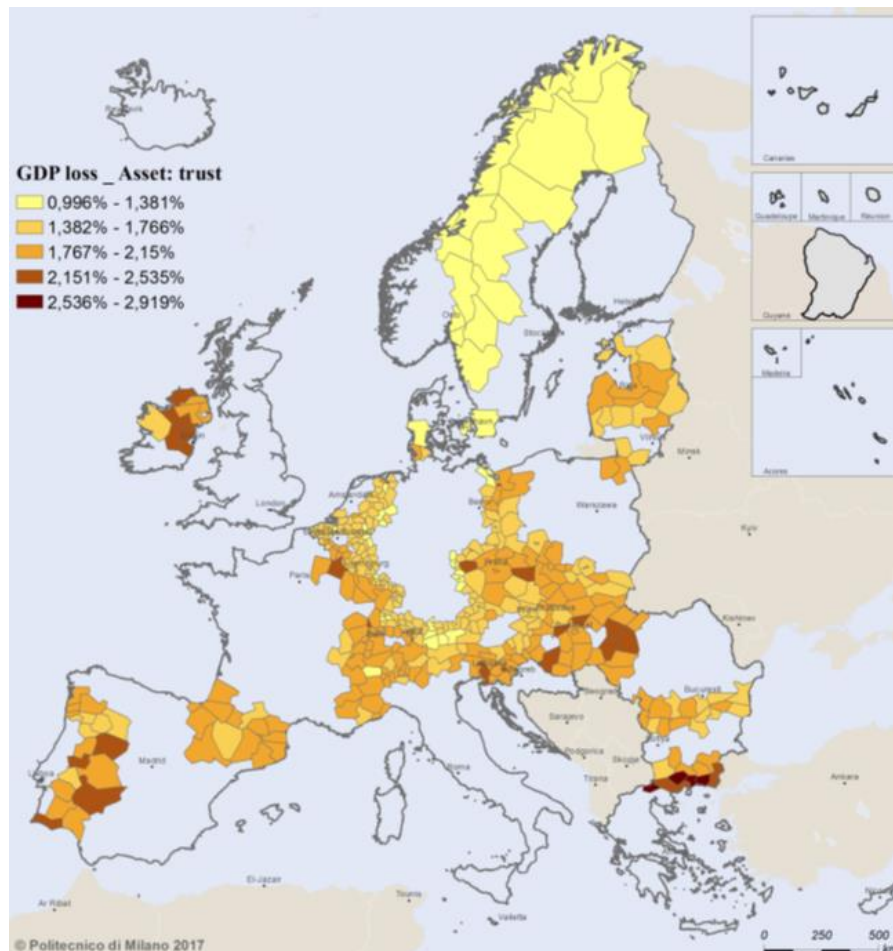
- ***Role of the Joint Secretariat***

93. 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.
94. The currently operating Joint Secretariat is playing positive role to smooth some of the tension existing within the monitoring committee. The fact that it is located on the border area is considered as an asset as it facilitates communication with and support to potential beneficiaries and project promoters.

- ***Trust-building measures***

95. Effective cross-border cooperation requires a good level of trust between partners. Overall, the RO-HU programme in its current settings, has clearly shown several levels of conflict which undermines the effectiveness of programme bodies (i.e. Hungarian vs Romanian regulations and administrative cultures; national vs local administrations objectives, technical vs political approaches). Beyond the recurrent difficulties raised by any cross-border cooperation, the problem here seems to be linked to the **low level of trust** existing between involved stakeholders and national communities and referring to profound historical and cultural issues. This is also confirmed by the low scores registered in the dedicated Eurobarometer in relation to social trust dimensions.

96. It is important to notice that lack of trust can have a disruptive impact not only on personal and/or institutional relations. The figure below, from the previously mentioned study on quantification of legal and administrative border obstacles, shows the estimated rate of GDP loss in European land border regions due to the suboptimal use of trust at NUTS3 level, which is quite relevant on the HU-RO border (up to 2,5%). Therefore, investing in trust building may have a direct positive impact not only on the governance of the programme but on the on the economic growth of the border area.



97. Trust-building is a long-term investment which aims at fostering cooperation-minded future generations. The future HU-RO programme can make a substantial 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:

Promote trust building putting in place mechanisms to finance small 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***

98. 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***

99. 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. Thereby, 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](#)
- Flash Eurobarometer 422 – Cross-border cooperation in the EU – 2015
http://data.europa.eu/euodp/en/data/dataset/S1565_422_ENG
- EC ex-post evaluation of ETC 2007-2013
http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#11
- Assessment of Interreg cross- programmes' governance systems and their appropriateness to address border obstacles, Pertti Hermanek, 2017
- Easing legal and administrative obstacles (Commission, 2017) – [Easing legal and administrative obstacles in EU border regions - Regional Policy - 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
- ESPON's Targeted Analysis on Cross-Border Public Services [CPS - Cross-border Public Services | ESPON](#)
- Smart Specialisation Strategies: <http://s3platform.jrc.ec.europa.eu/>
- The Digital Economy and Society Index: <https://ec.europa.eu/digital-single-market/en/desi>
- Strategy of the 2014-2020 Romania-Hungary programme (ex-ante evaluation, SWOT, priorities)
- Eurobarometer No 422 conducted in border regions in 2015, <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/FLASH/surveyKy/1565>