Integration- or Innovation-Policy?

The Swiss Participation in ETC-Programs
Challenged by the New Swiss Funding Regime NRP

Kristina Zumbusch

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European regional policy has increasingly been focused on innovation and knowledge during the last three decades. Yet, its INTERREG funding regime is still supporting a wide range of different cross-border topics, more concentrated on integration efforts than on pure innovation policy. In four of the 52 cross-border programs also Swiss regions are participating. Since 2008, cross-border cooperation in Switzerland is funded in the framework of the "New Regional Policy" (NRP). The underlying philosophy of the NRP is clearly dominated by an orientation on economic growth and strengths. So the NRP shall improve the conditions for entrepreneurial activities and innovation, and shall sustainably enhance the added-value as well as the competitiveness. For those INTERREG programs with Swiss participation and especially for the Swiss program partners the integration of INTERREG into the NRP has implicated completely new funding conditions. In principle the reorientation of regional policy in Switzerland bears a broad range of analogies to the European Structural Funds after their reform in 2005. But despite these parallels also important discrepancies are to be found, which mainly arise out of the specific features of the INTERREG objective and which are further aggravated by its integration into the NRP. INTERREG is still seen as important instrument for integration policy, the NRP is exclusively focused on innovation. Also administrative and formal conditions differ.

In conclusion, this paper presents the challenges and potential tendencies of a Swiss participation in (future) cross-border INTERREG-programs. For this purpose it brings together the experiences of the INTERREG -A programs with Swiss participation. A standardized analysis of the problems due to the integration of INTERREG into the NRP in Switzerland is given. These discussions become even more important as the coming funding period of the NRP 2012-2015 does (once again) not correspond with the INTERREG period.

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1 Introduction

The European Cohesion policy encourages regions and cities from different EU Member States to work together and learn from each other through joint programs, projects and networks. In the period 2007-13 the European Territorial Co-operation objective (formerly the INTERREG Community Initiative) covers three types of programs, cross-border programs, transnational programs, and interregional programs. Switzerland is fully participating in the INTERREG programs since 1994 and has gained good experiences. In the current funding period of INTERREG the Swiss participation is organized differently: INTERREG was integrated in the New Regional Policy in Switzerland (NRP), which was coming into operation in 2008.

With the NRP the paradigm of regional policy in Switzerland changed significantly. The formerly dominating cohesion objective was replaced by a strong focus on economic growth. Innovation and knowledge are seen as the most important drivers for economic growth and therefore also for regional development. But also the European regional policy has increasingly been focused on innovation and knowledge during the last three decades. Yet, the INTERREG funding regime of the European Commission is still supporting a wide range of different cross-border topics, more concentrated on integration efforts than on pure innovation policy.

For the Swiss INTERREG partners the integration of INTERREG into the NRP has implicated completely new funding conditions. What are the parallels to the European funding regime? And on the other hand, what are the differences between the two funding regimes? In conclusion, the paper discusses the challenges and potential tendencies of a Swiss participation in INTERREG-programs. It addresses the advantages as well as the problems that arise out of the integration of INTERREG into the NRP.

2 Good experiences with the Swiss participation in previous INTERREG-programs

"With its involvement over many years in hundreds of cooperation projects, Switzerland is a highly valued partner for the European Union, and I am pleased that Swiss partners are continuing their active involvement in the European territorial cooperation programmes for 2007-2013. We want to strengthen this cooperation and we hope that Swiss federal authorities will join the EU by investing more in cross-border programmes" (Danuta Hübner 2008).

After Swiss voters opted to stay out of the European Economic Association (EEA) in 1992, negotiations have been purely bilateral. Two series of deals have resulted in ten treaties aligning a large portion of Swiss legislation with that of the EU. In addition, also the federal decision to participate in the European INTERREG programs can be seen as an effort to limit the international damage after the negative referendum. The participation in INTERREG II-programs had been announced as an 'offer towards the border regions to develop their relationship to their neighborhood across the border'.

Thus, Switzerland has fully participated in INTERREG programs since the funding period of INTERREG II. Before, Swiss participation in INTERREG I was solely based on cantonal initiatives. In these 17 years of European territorial co-operation, Switzerland has gained important experiences and its participation has been viewed as extremely positive. This was also the reason why its ongoing participation has never been sincerely questioned. During these three different INTERREG-funding periods the Swiss participation was organized in three different ways. Though, in all three funding periods integration as well as regional development objectives have determined the INTERREG initiatives of the federal level.
2.1 A short review of the Swiss participation in INTERREG-II

INTERREG I (1990–1994) had exclusively been designed as a cross-border program to stimulate the economy in border regions. Fourteen different cantons along the border participated in INTERREG I. For the following period, the approach of INTERREG was enlarged and the cross-border issue was complemented by transnational initiatives. At the request of the European Commission, a federal resolution decided to directly participate in INTERREG II in an organizational and financial way. Due to this resolution it was possible to support Swiss projects partners by federal funding. The Swiss participation in the European INTERREG II-Program was strongly motivated by the fear of being isolated in the middle of Europe. In 1992 the Swiss population had voted against joining the European Economic Market Treaty. This rejection by a public referendum had divided the nation and had lead to intense discussions about national cohesion and future prosperity. The formal participation in the European co-operation programs were thought to make advances to the European Union as well as to the border regions and cantons in Switzerland itself.

In this first funding period with Swiss participation, the co-operation was very much project based. It was seen as a kind of testing phase, for a first appraisal if a Swiss participation does make sense or not. All in all more than 200 different projects were implemented. The formal responsibility for the Swiss participation was completely at the State Secretariat for Economic Affairs (SECO) in the Federal department of Economic Affairs. Thus, all proposals, the selection process, the whole administration, the controlling etc. were cumulated at the federal level in the SECO.

2.2 INTERREG-III programs with Swiss participation

With regard to the positive experiences with INTERREG II, the federation decided to sustain its engagement in the framework of INTERREG III (2000-2006). The European INTERREG III initiative was further broadened by an intensified transnational approach on one side as well as an interregional dimension on the other side. Since then, INTERREG A programs were focused on cross-border co-operation (five programs with Swiss participation), INTERREG B programs on transnational co-operations (North-West Europe and Alpine Space with Swiss participation), and the strand of INTERREG C on interregional co-operation. Herewith, also interior cantons were enabled to take part in the different programs. Furthermore INTERREG was complemented by INTERACT, a framework program for the transfer of know-how, as well as by ESPON, a research network for the observation of the European spatial development (SECO et al. 2010).

In the funding period 2000-2006 the federal level co-financed the INTERREG-III programs with 39 Mio. CHF on the base of a federal resolution. In the different INTERREG-III programs, altogether 492 co-operation projects with Swiss partners and with overall project costs of 586.9 Mio. CHF were realized. Of these, 457 were cross-border projects (90%), 38 were transnational projects (7%) and 12 were interregional projects (2%). 465 projects were co-financed with federal INTERREG-funds amounting to 32.5 Mio. CHF. All in all, these projects of all three different orientations, in which the federal level was involved, were co-financed by 240.8 Mio. CHF (43%) of the European Union, by 216.5 Mio. CHF (39%) by foreign program-partners and by 103.8 Mio. CHF (18%) of Swiss partners (Schnell/Pfister-Giauque 2006).

In all three orientations (cross-border, interregional and transnational) public actors were dominating. Enterprises were rarely involved mainly due to high transaction costs and the administrative complexity. The largest part of federal INTERREG funds went into the four INTERREG III-A programs (cross-border co-operation). The approved funding for these four programs was not adequate to cover the high interest of potential project initiators. Despite certain fears in the mid-term evaluation of the programs, a total stop for a further participation of Swiss partners could be avoided as the lacking federal funds were replaced by an increased commitment of private resources on one hand as well as of the cantons on the other hand (ibid.). In the funding period 2000-2006, the federal level withdrew to a certain extent from the administration and the implementation of the INTERREG III-A programs. The regionalization of these programs has proved to be valuable. However, the exchange of information
about the program-implementation between the cantonal bodies and the federal ones (SECO) was not always defined clearly.

With respect to their content, the INTERREG III programs were primarily transversal programs with a focus on (micro-)integration. The main effect was getting to know each other and to build up confidence. Where these factors had successfully been accomplished, INTERREG III had also been applied as an instrument for economic development and spatial planning at the regional level. The funded networks of INTERREG III were generally interdisciplinary and were working pragmatically as well as solution oriented. Undoubtedly, the integration-political component of INTERREG III was of great importance for the Swiss territorial co-operation in general and turned out as a basic function for the achievement of regional as well as spatial objectives. According to the ex-post evaluation of the Swiss INTERREG III funding, the main effects reached were about the improvement of framework conditions (building up European competence, exchange of experiences, use of complementarities, development of common know-how as well as - especially for the INTERREG III-A programs - reaching economies of scale). Only in some of the cross-border regions of INTERREG III-A, in which co-operations already showed a longer tradition, also projects with concrete arrangements and common activities were initiated. But especially INTERREG III-B and III-C of this period were still mainly based on professional dialog and on the exchange of know-how.

At the end of the funding period 2000-2006 some strategic projects were launched - also as a preparation for the coming period. But because of the limited federal funds, for the most part few and small projects were funded, especially in INTERREG III-A. At the same time strong obligations for co-financing assured the required leverage effects for the invested federal resources. But these obligations combined with a low level of federal funding were also seen as obstacles for the development of new or also of bigger project-initiatives. But nonetheless, the Swiss participation in INTERREG III was altogether evaluated extremely positive. In consequence the Confederation has decided to participate also in the INTERREG programs of the coming period.

2.3 The current period of European Territorial Co-operation

For the funding period 2007-2013 the value of INTERREG has been further upgraded. INTERREG IV is now seen as one of the three pillars of the European structural funding. As objective 3 "European Territorial Co-operation" encompasses especially the former INTERREG programs. Hence, INTERREG has developed from a cross-border program to an important cohesion objective. During this process it has gained influence not only politically but also financially. For the coming years all in all about 8.7 Bn. EUR of the European Regional Development Fund will be invested in territorial co-operation. The obligation for a corresponding co-financing is still valid.

## Table 1: The different funding periods of INTERREG and their specific resources

<table>
<thead>
<tr>
<th>Programs</th>
<th>Funding Periods</th>
<th>European Funding</th>
<th>Swiss Federal funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERREG I</td>
<td>1990-1993</td>
<td>1.1 Bn. Euro</td>
<td>-</td>
</tr>
<tr>
<td>INTERREG II</td>
<td>1994-1999</td>
<td>3.5 Bn. Euro</td>
<td>24 Mio. CHF</td>
</tr>
<tr>
<td>INTERREG III</td>
<td>2000-2006</td>
<td>5.0 Bn. Euro</td>
<td>39 Mio. CHF</td>
</tr>
<tr>
<td>INTERREG IV (ETZ)</td>
<td>2007-2013 (CH: 2008-2011)</td>
<td>8.7 Bn. Euro</td>
<td>approx.40 Mio. CHF (excl. cantonal funding)</td>
</tr>
</tbody>
</table>

Sources: SECO et al. 2010 according Inforegio N°. 24, December 2007; Schnell et al. 2006.

In the light of the Lisbon objectives, the European Structural funds have been reformed. These reforms have also had an impact on INTERREG - not only that territorial co-operation was valorized. According to the Strategic Guidelines of the European Commission, also a stronger thematic concentration of Structural Funds programs has been required with a main emphasize on innovation and knowledge. In
addition the implementation process has been streamlined, the Commission delegated the main responsibilities for the implementation to the national and regional level of its member states and has focused on strategic specifications. Nevertheless, besides Lisbon also Goteborg with its broader objectives with regard to sustainability is still of importance for the Structural Funds, and especially for the INTERREG programs. The commission explicitly addresses the fact that the specific conditions of border regions with their interrelations have to be taken into account.

In Switzerland, the federal funding of all different INTERREG IV initiatives (strand A, B and C) of the current period is part of the New Regional Policy (NRP). This NRP came into force in 2008. By a specific provision for retrospectivity the funding of INTERREG IV projects of the year 2007 had been assured. With the federal funds of the NRP only such INTERREG are supported which correspond to the NRP objectives.

3 Changed Conditions: The New Regional Policy in Switzerland

The federal government’s New Regional Policy is designed to make mountainous, outlying and border regions more attractive places for business. This New Regional Policy has replaced the three previous development programs, IHG (Investment Aid Act), Regio Plus, and INTERREG and changed the Swiss paradigm of regional policy.

3.1 The traditional paradigm of regional policy: the cohesion focus

A proper regional policy of the Swiss Confederation was formulated not before the 1970s. The Investment Aid Act for the mountain regions (IHG) of 1974 has long been the centerpiece of the regional policy in Switzerland. It laid emphasis on the basic needs of the population in mountain areas. Since 1974 in the mountain area nearly CHF 3 billion in government loans were awarded, by which investments of 19 billion CHF were made. The mountain area was divided into 54 so-called IHG-regions covering about 66% of Switzerland, around 24% of the Swiss population and approximately 19% of all employees (Scherer/Schnell 2007). To achieve its objectives, the IHG defined the following funding programs:

(i) the financing of basic as well as development infrastructure through interest-free or low-interest loans up to a quarter of total costs,

(ii) the drafting of regional development concepts and

(iii) the establishment or improvement of a regional management.

With this regional policy approach Switzerland successfully reduced the infrastructural deficits in mountain areas. By 8'500 investment projects, basic infrastructures and in many cases also development infrastructures of relevance for the specific regions were realized. Like this, the IHG significantly helped to improve the living conditions in mountain communities and to enhance their location
quality, a fact which can be illustrated by a comparison of the funded and the non funded regions (see figure) (ibid.).

Nevertheless, already in the mid-1980s, it was stated that despite similar infrastructural conditions in rural and mountain areas the differences in income and quality of life had rather increased than decreased. It was more and more recognized that in order to achieve similar living conditions, not only the level of income and infrastructure issues were of importance, but also the world of opportunities, the situation of political participation and other factors. In the nineties, Switzerland also felt the global economic recession, resulting in a “reorientation of the regional policy”. In 1996, the Federal authorities formulated a new guiding principle: promoting competitiveness and sustainable development in the sub-regions and maintenance of a decentralized residential quality. As a result, also the instruments of regional policy changed: The IHG was reformed in 1997 and focused on economically relevant development infrastructure. The former dominating objective to reduce regional disparities was maintained, but complemented by support for (i) the development of the location quality and (ii) for the prosperity of mountain population. Together with other new or adapted instruments the revised IHG was part of the second generation of the Swiss regional policy.

After the rejection of the EEA-treaty by the majority of the Swiss population in 1992, federal institutions assumed small steps of regional integration as essential. With the participation in the European INTERREG program border cantons and regions were enabled to have a "small foreign policy" with their neighbors. A federal resolution concerning the support of structural changes in the rural area brought about a new arrangement of the rural sales promotion as well as the program RegioPlus, comparable to the European LEADER-program. Also the federal resolution concerning the support for innovation and co-operation in the tourism (Innotour) of 1998 showed a similar orientation towards innovation, co-operation and sustainability. But despite this whole range of new instruments, the IHG still played a crucial role in the center of all these regionally orientated instruments and like this a regional policy furthermore clearly dominated by a strong cohesion focus.

Although the evaluation of the IHG underlined the positive development of employment conditions and also the rate of unemployment, critical comments focused on the strong concentration of economic development in the centers on one hand and the fast increase of commuters out of the mountain areas. In addition, the economic dynamics in these areas lagged behind those of the plains. By contrast, one main impact of the IHG was found in its „capacity building“. The IHG succeeded in building up the fundamental bases for active development policies in the regions. The local communities in the mountain areas organized themselves in regional entities with a certain degree of formalization and organizational structures as well as strategic development planning. This process of institutionalizing strengthened regional self-confidence and regional identities. By RegioPlus, these impacts could also be reached outside the mountain areas in the remaining rural areas of Switzerland.

3.2 The new paradigm of the current NRP

After some years of intensive preparations and discussions the New Regional Policy (NRP) of Switzerland came into force in the year 2008 and replaced the former instruments of regional policy (IHG, RegioPlus, INTERREG). The federal government’s regional policy is now designed to make mountainous, peripheral, and border regions more attractive places for business. Besides highly qualified labor and good infrastructures, especially softer development factors are emphasized, like economy friendly institutions, entrepreneurship, regional networks or the access to know-how. In consequence, the main objectives of the NRP are about

- strengthening of innovation, added value, and competitiveness of the regions;
- contributing to the creation and maintenance of employment in the funded areas (growth-approach);
- herewith also indirect contribution to the preservation of decentralize settlement and to the reduction of regional disparities.
The former instruments - despite some interesting innovative elements - strongly emphasized cohesion issues and hereby the conservation of the fundamental factors essential for living in the mountain areas. In contrast, the NRP is clearly based on an approach of economic growth. In particular the NRP underlines the importance of the export basis theory for regional development in Switzerland. This means that the regions are supported to enhance their export capacity: such economic activities are strengthened which create value and increase exports out of the region on one hand and reduce barriers to innovation and entrepreneurship on the other. Altogether, the core of the new NRP is focused on active support for innovation and entrepreneurial actors. With this respect, private initiatives are of greatest interest.

The implementation of the NRP is following an eight year period subdivided in two parts. Thus, the basis for the current funding period is the federal government’s program for the period 2008-2015. This program defines the guidelines for the NRP as mentioned above (economic growth, initiating of export orientated stimuli, focus on strengthening of the strengths). These general objectives shall be reached by three different strands of the NRP (see also figure):

(i) support for regional and cantonal projects focused on innovation and export oriented issues;
(ii) horizontal coordination between different federal agencies with regard to regional development issues and making use of potential synergies;
(iii) exchange and management of expertise and know-how about regional development issues of all different actors involved in the implementation of the NRP in Switzerland.

Source: RegioSuisse 2010.

Figure 2: The core concept of the NRP

Source: RegioSuisse 2010.

Figure 3: The three implementation strands of the NRP
For the implementation of strand 1 the cantons have to formulate cantonal implementation programs in setting out their priorities and strategies on the base of the federal long-term program. There is no federal money allocated automatically to every canton - the cantons have to compete for the funding with innovative and appropriate strategies. The federal government assesses the basic strategic orientation of these programs and concludes corresponding performance agreements with the cantons for the implementation of the programs. In consequence, the cantons themselves are fully responsible for the implementation of the NRP in their area. They are in charge for the whole administration, the selection of projects, the controlling and the monitoring of the implementation process. Therefore the cantons conclude agreements with their regions, which in turn implement their specific strategies and projects. The federal level, this means the SECO, maintains the strategic steering capacity for coordination and information, although it is still an important learning process to find the right balance between control (steering) and the concession of autonomy to the cantons.

The federal government has an annual budget of CHF 40 million for project promotion. A further CHF 50 million have been earmarked for refundable loans toward infrastructure. In addition to the federal funding the cantons have to co-finance the projects to the same amount as the respectively designated federal funding.

A deeper look at the current funding regime of the NRP clearly shows that a paradigmatic change in the Swiss regional policy has taken place: the philosophy of the new approach is the support of economic growth; the issues of cohesion and the reduction of spatial disparities have eclipsed. With respect to the growth theory it is assumed, that competitive and innovative companies are the base for the creation and the safeguard of employment also in rural areas. Consequently, the support of such companies promises an indirect contribution to the preservation of these rural areas as attractive spaces for living. According to this philosophy, the urban centers are seen as the most important driving forces for the economic development, also for the one in the rural areas. The peripheral regions have "only" to succeed in taking up these development stimuli from the urban centers and to mobilize at the same time their endogenous potential, to generate export-returns as well as an increase in the regional added value. In doing so, these areas also realize an independent and complementary input to the competitiveness and to the growth of Switzerland.

In this context one should also mention the complementary programs and funding regimes that support cantonal activities outside the narrow economic focus of the NRP. Especially the NFA ("New Financial Equalization") has to be considered which attends also the cohesion aspect of regional development in Switzerland. By the NFA the cantons dispose of largely unbound resources. Even if these funds are heavily struggled for by diverse policy fields their use depends only on the prioritization of the specific cantons.

In the frame of the practical implementation process in the cantons and regions, the paradigmatic change is not as visible yet as one could think. The changes were mainly related to strategic (as well as administrative) issues, whereas the instruments and resources for the implementation itself have mainly remained the same - especially the conditions for the loans. Also in the regions which were IHG re-
regions before the NRP, in many cases only few things changed, the organizational structure of the regions often remained, and also the regional managers themselves often kept their position. So these regions have had the advantage to dispose of important experiences and capacity with federal regional funding on the one hand, but have also had a certain tradition and like this also a certain inertia to adapt to the new paradigm. Thus, the strategic funding regime for regional policy in Switzerland changed significantly, but whether the regional policy in the regions themselves will also change correspondingly remains to be seen.

4 Challenges due to the new funding regime of the NRP

4.1 The Swiss Participation in INTERREG IV

Swiss partners are not allowed to get funding from the European Regional Development Fund (ERDF). So they participate in INTERREG programs but have to look for a respective Swiss funding. Since 2008, Swiss participation in INTERREG programs has fallen under the Swiss Confederation's new regional policy (NRP). Therefore the NRP (strand 1) gives also room to the funding of INTERREG projects. For INTERREG IV-A the cantons need to integrate this funding as a strategic action line in their specific programs. For INTERREG IV-B and IV-C a specific NRP-budget is earmarked.

Any project that receives financial support from the Confederation must contribute to the objectives of the NRP. This means that the projects must conform to the NRP-funding criteria (innovation and export oriented etc.) and INTERREG IV-A projects additionally have to correspond to a specific cantonal implementation program. If these criteria are not met, no federal funding will be available. The cantons themselves may find another funding budget or the interested Swiss organization may become involved on their own initiative in projects which do not receive cantonal funding or any public support at all. Thus, the actual conditions which must be fulfilled by the Swiss partner in an INTERREG IV project to receive financial support within the framework of the NRP depend very much on the different programs.

In the current INTERREG funding period 2007-2013, Switzerland is involved in 10 territorial cooperation programs with the EU, of which four are cross-border with neighboring countries, namely Germany, France, Italy, Liechtenstein and Austria. The contribution from the European Regional Development Fund (ERDF) towards cross-border cooperation amounts to EUR 215 million, representing an increase of 120% from 2000-2006. Switzerland is also active in two transnational programs (Alpine Space and North West Europe) and four groupings under interregional cooperation. The EU wants to broaden the scope of this cooperation to include, for example, the joint management of natural and cultural clusters and shared use of infrastructure in sectors such as health, tourism and education (currently none of these areas fall under the Swiss New Regional Policy).

4.1.1 The Swiss Participation in INTERREG IV-A

In the framework of 52 different programs, INTERREG IV-A supports the co-operation between neighboring regions all over Europe. The European Regional development Funds is supporting these co-operations with 5.6 Bn. EUR in the period 2007-2013. These co-operations deal with a wide range of issues. According to the regulation (European Union 2006a) the ERDF shall focus its assistance in the framework of cross-border cooperation on the development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development, by …

• encouraging entrepreneurship (SMEs, tourism, culture, cross-border trade);
• encouraging and improving the joint protection / management of natural and cultural resources, the prevention of natural and technological risks;
• supporting links between urban and rural areas;
• improved access to transport, information and communication networks and services, cross-border water, waste and energy systems and facilities;
• developing collaboration, capacity and joint use of infrastructures, in particular in sectors such as health, culture, tourism and education.

In addition, the ERDF may contribute to promoting legal and administrative cooperation, the integration of cross-border labor markets, local employment initiatives, gender equality and equal opportunities, training and social inclusion, and sharing of human resources and facilities for R&TD. But regardless of the specific issue with which a cross border cooperation is dealing, the superordinate objective is always to reduce disadvantages due to national borders and to build bridges over these borders. Switzerland is currently participating in four INTERREG IV-A programs "Italy–Switzerland", "France-Switzerland", "Upper-Rhine" as well as "Alpine Rhine - Lake Constance - High-Rhine".

Source: SECO et al. 2010

![Swiss participation in INTERREG IV-A](image)

**Table 2: Four INTERREG IV-A programs with Swiss participation**

<table>
<thead>
<tr>
<th>Program</th>
<th>Priorities</th>
<th>Involved Cantons</th>
</tr>
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<tbody>
<tr>
<td><strong>Italy - Switzerland</strong></td>
<td>(i) Innovation, entrepreneurship, economic growth,</td>
<td>GR, TI, VS</td>
</tr>
<tr>
<td></td>
<td>(ii) creation of employment incorporating a high level of value added,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) living quality, environment</td>
<td></td>
</tr>
<tr>
<td><strong>France - Switzerland</strong></td>
<td>(i) economy, innovation, qualification,</td>
<td>BE, FR, GE, JU, NE, VD, VS</td>
</tr>
<tr>
<td></td>
<td>(ii) coordinated spatial development, transport, environment,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) living quality, location attractiveness and services</td>
<td></td>
</tr>
<tr>
<td><strong>Upper-Rhine</strong></td>
<td>(i) common use of economic potentials,</td>
<td>AG, BL, BS, JU, SO</td>
</tr>
<tr>
<td></td>
<td>(ii) integration in the field of qualification, working and living,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) sustainable development of the Upper-Rhine</td>
<td></td>
</tr>
<tr>
<td><strong>Alpine-Rhine - Lake Constance - High-Rhine</strong></td>
<td>(i) regional competitiveness and innovation</td>
<td>AG, AI, AR, GL, GR, SG, SH, TG, ZH</td>
</tr>
<tr>
<td></td>
<td>(ii) location quality and protection of regional resources</td>
<td></td>
</tr>
</tbody>
</table>

Source: SECO et al. 2010

In these four programs 20 cantons are involved. The "Alpine-Rhine - Lake Constance - High-Rhine" is the one with the highest number of participating cantons; on the Swiss side nine cantons are involved. All four programs with Swiss participation show different organizational forms and arrangements to meet the Swiss specialties and to deal with the cantonal autonomy on the one hand and the challenges of the NRP funding regime on the other hand. But each of the four programs has institutionalized one Swiss coordination unit.
4.1.2 The Swiss Participation in INTERREG IV-B

The transnational co-operation is organized in INTERREG IV-B programs. These transnational programs add an important extra European dimension to regional development, developed from analysis at a European level, leading to agreed priorities and a coordinated strategic response and is supported by the ERDF with 1.8 bio EUR in the years 2007-2013. Currently in Europe 13 different programs aim to enforce transnational co-operation in different thematic fields. According to the regulations such matters may be

- Innovation, especially networks of universities, research institutions, SMEs;
- Environment, especially water resources, rivers, lakes, sea;
- Accessibility, including telecommunications, and in particular the completion of networks;
- Sustainable urban development, especially polycentric development.

These programs encompass vast European regions extending over an area of many different national states. The main objective is to react conjointly to common challenges and problems. Switzerland is involved in two different INTERREG IV-B programs "North-West-Europe" and "Alpine Space".

<table>
<thead>
<tr>
<th>Programs</th>
<th>Priorities</th>
<th>Involved States</th>
<th>National States</th>
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<td>Alpine Space</td>
<td>Competitiveness and Attractiveness, Accessibility and Connectivity, Environment and Risk Prevention</td>
<td>Austria, France, Germany, Italy, Liechtenstein, Slovenia, Switzerland</td>
<td>130'000'000.- EUR</td>
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<td>Knowledge based economy and innovation, Natural resources and risk management, Sustainable transport solutions and ICT, strong and prosperous communities</td>
<td>Belgium, Ireland, Luxembourg, Netherlands, Switzerland, the UK and parts of Germany and France</td>
<td>700'000'000.- EUR</td>
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Table 3: INTERREG IV-B programs with Swiss participation

In Switzerland itself the participation in these programs is coordinated by the ARE (Federal Office for Spatial Development). It also represents Switzerland on the political steering committees for the INTERREG IVB programs and functions as a liaison office. To this end, the ARE is charged with publicizing the programs in Switzerland, supporting partners involved in the projects, and providing information to those interested in participating in new INTERREG projects (ARE 2009).

The Alpine Space Program

The Alpine Space Program is one of the two INTERREG IV-B programs in which Switzerland is participating. In addition to Switzerland, the Alpine Space comprises Austria, Liechtenstein, Slovenia and parts of Germany, France and Italy. A Joint Technical Secretariat (JTS), based in Munich, handles the operational side of the program.

The participating countries have set the following priorities for the current funding period 2007-2013: Competitiveness and attractiveness, Accessibility and connectivity, Environment and
risk prevention (JTS Alpine Space program 2007). Projects must meet one of these priorities if they wish to be funded in the framework of the program. Once a year, there is a call for new projects. A database on the program website presents the various projects that have already been approved.

In the first two calls for projects 25 projects were accepted, 19 of which involve at least one Swiss partner. Three of them - the Swiss Group for Mountain Regions (SAB), the Economics and Tourism Institute at the University of Applied Sciences for Western Switzerland in the Valais, and the Conference of Cantonal Governments of Central Switzerland (ZRK) - even take the lead role in their particular projects (ARE 2010).

The program is jointly financed by the participating Member States, the non-Member States Switzerland and Liechtenstein and by the European Union, through the European Regional Development Fund (ERDF). The overall program budget, given by the national and EU fundings, amounts to almost 130,000,000 € for the period 2007-2013. Projects are co-funded by the ERDF up to a rate of 76% (JTS Alpine Space Program 2007).

The Program "North West Europe"

The North West Europe (NWE) program is the other INTERREG IV-B program in which Switzerland is involved. In addition to Switzerland, the program comprises Belgium, Ireland, Luxembourg, the Netherlands, the UK and large parts of Germany and France. A Joint Technical Secretariat (JTS), based in Lille, handles the operational side of the program. For 2007 to 2013 the program is focused on (i) the development of the area in the knowledge-based economy by capitalizing on our capacity for innovation, (ii) on the sustainable management of natural resources, of natural and technological risks, (iii) on improving the connectivity in NWE by promoting intelligent and sustainable transport and ICT solutions as well as (iv) on promoting strong and prosperous communities at transnational level. Submissions for projects in NWE are invited twice a year, in spring and autumn. Of the 29 projects that have already been accepted, so far only 3 involve Swiss partners.

4.1.3 The Swiss participation in INTERREG IV-C

The interregional co-operation program (INTERREG IV-C) provides a framework for exchanging experience between regional and local bodies in different countries and is supported by the ERDF 445 million EUR\(^1\). The INTERREG IV-C program is focused on interregional co-operation, the exchange of experiences and the transfer of good-practices. The overall objective is to improve the effectiveness of regional policies and instruments. The project builds on the exchange of experiences among partners who are responsible for the development of their local and regional policies.

\(^1\) Including the 3 networking programs Urbact II, Interact II and ESPON.
In the framework of INTERREG IV-C regions may co-operate even if they are not neighboring regions and regions, which show weaknesses in a certain field, may benefit from those regions with corresponding strengths and expertise. With regard to the European Lisbon objectives, the exchange of experiences and the transfer of good-practices compose important instruments. In this context, INTERREG IV-C plays an important role. It aims at strengthening the regional partners in the Lisbon process, at stimulating the economy, and at improving competitiveness by supporting interregional co-operation in the fields of innovation and knowledge transfer as well as of environmental protection and risk prevention (SECO et al. 2010).

In INTERREG IV-C two program strands need to be differentiated. On the one hand projects based on regional initiatives encompass the more traditional way of interregional co-operation like network activities, transfer of good-practices or a strong co-operation in the framework of small programs. On the other hand INTERREG IV-C also offers the possibility of so-called capitalization projects. This kind of projects emphasizes the transfer of good-practices in other programs of the European cohesion policy. Thus, this strand is of low importance for Switzerland (ibid.).

The State Secretariat for Economic Affairs (SECO) is managing the Swiss participation in INTERREG IV-C. On behalf of the SECO the Regio Basiliensis, an association in the cross border region of the Upper-Rhine and well experienced with different aspects of international co-operation, acts as the national contact point and the corresponding administrative tasks.

4.2 Analogies between the funding regimes

In general, the New Regional Policy as described in chapter 3.2 of Switzerland shows a broad range of analogies to the last reforms of the European Structural Funds and their instrumentalisation for the Lisbon objectives. These analogies are mainly to be found at the strategic level (see also Scherer / Schnell 2007).

- One main parallel between the European Structural Funds and the NRP is the strong emphasis of economic growth as dominating objective. The former dominating cohesion aspect has further eclipsed.

- Innovation and knowledge are emphasized as the main driving forces for regional economic development. The creation of employment and the preservation of living quality in structurally weak areas are seen as a result of this induced economic growth.

- The traditional approach to define small areas eligible for funding has been abandoned. Instead of the fragmented division in funding areas, now a holistic approach is chosen. In this context, particular attention is paid to the linkages between urban centers and the rural areas, as the urban centers are seen as driving forces for the economic development also of the rural areas. So the connections and linkages are of specific importance to assure the spill-over effects.

Besides these parallels with respect to the strategic orientation, other similarities between the European Structural Funds and the NRP can be identified regarding the implementation processes. Already in the development and formulation processes of the specific strategies, comparable approaches are chosen. For the Structural Funds as well as for the NRP, the formulation process is a mixture of bottom-up and top-down initiatives, requiring an intensive dialog about regional development between the different policy levels involved (Scherer / Schnell 2007). In Switzerland, the strategic orientations of the federal level are to be substantiated by the cantons and their strategies, at the same time also the cantons rely on the input and on the strategic vision of their regions to define appropriate implementation strategies. This combination is also to be found in the European context: comparable to the Swiss multiyear program of the Confederation, the National Strategic Reference Frameworks of the European member states define the strategic orientation for the implementation of the Structural Funds in their respective territory. Additionally, comparable to the cantonal implementation strategies, the operational programs of the Länder are the link to the concrete implementation processes of the Structural Funds.
This multilevel construction of the Structural Funds on one hand as well as the NRP on the other hand is not only characterized by a mixture of top-down and bottom-up approaches but also by an increasing division of tasks in a way that the upper levels concentrate exclusively on strategic issues and delegate all tasks concerning the implementation process to lower levels. The superior level takes influence by giving the strategic orientations as well as by setting quality standards, defining the legal systems and by formulating the specific process requirements (ibid.). The delegation of the implementation responsibility in the European Union as well as in Switzerland is made in form of performance agreements in which it is clearly defined which activities and which outcomes will be realized with the provided funding resources. In this context it becomes also obvious that both funding regimes nowadays have a stronger outcome orientation than before the reforms.

Due to this new conception of regional funding the European member states as well as Switzerland have to meet various new challenges. The main questions deal with the possibilities to really generate growth stimuli also for the structurally weak regions and by which kind of instruments. Additionally also the controlling and evaluation processes for the regional funding programs pose some new difficulties. By delegating more and more implementation tasks to lower policy levels, also the corresponding control mechanism have to fulfill different information tasks. The achieved outputs and outcomes have to be assessed, analyzed, and evaluated in a certain way and according to transparent criteria.

4.3 Discrepancies in the funding philosophy

Despite all the mentioned parallels between the European Structural Funds and the NRP on a general level there are also important discrepancies to be found. These discrepancies complicate the practical implementation processes of INTERREG in Switzerland as these discrepancies occur especially to the Swiss INTERREG partners. These partners find themselves in between the two systems, INTERREG on the one hand and NRP on the other hand. To manage the implementation processes successfully, they have to clear the discrepancies between the funding regimes.

4.3.1 Economic development programs versus integration policy

Both funding philosophies emphasize the objective of economic growth; the former cohesion objectives do no longer have the same importance as during the former funding periods. However, the European Commission also emphasizes additional objectives to complement this quite narrow economic growth approach. Especially to the Goteborg objectives the same importance is attached, whereas the NRP is exclusively focused on objectives corresponding to the European Lisbon strategy. So the INTERREG programs are not exclusively seen as economic development programs. The Commission has deliberately broadened the thematic fields which may be tackled by the INTERREG programs. Thus, INTERREG programs do not have to be exclusively orientated towards innovation and knowledge as well as towards their contribution to objectives of economic growth. For the European Commission European territorial co-operation is still seen and implemented as an important instrument for objectives in the field of integration policy.

With the NRP as funding instrument for the Swiss INTERREG projects, two unequal philosophies collide in the framework of the different INTERREG programs with Swiss participation. On the one hand, the NRP has adopted quite a strict focus on innovation and economic growth and on the other hand the European Commission understands the INTERREG programs also as an important instrument for integration policy and has broadened the specific program objectives by other issues like risk prevention, the management of natural or also cultural resources, urban development issues, prevention of technological risks, development and use of infrastructural systems or qualification and education objectives. With respect to the different themes listed by the ERDF-regulation for territorial cooperation (European Union 2006a) it becomes obvious that matching the innovation focus of the NRP and the integration focus of the INTERREG programs in general has become a great challenge. INTERREG programs are still cohesion programs and not economic development programs. These con-
Contradictory philosophies have to be united in the framework of the different INTERREG programs and projects with Swiss participation. Especially in the INTERREG IV-A programs these contradictions are seen as problematic, whereas for example the Swiss INTERREG IV-B programs also encompass broader thematic issues which are of national strategic importance.

### 4.3.2 Consequences of contradictory thematic emphasizes

To find projects that are conform to the NRP-criteria has developed to one of the most important selection mechanisms for INTERREG projects with Swiss participation. To handle these contradictory thematic emphasis and the quite narrow passage of the Swiss NRP to INTERREG the different INTERREG programs with Swiss participation show quite different strategies.

- In trinational programs like the Upper-Rhine program with German, French, and Swiss partners a switch to only binational partner constellations in such projects which do not deal with economic questions can be observed. This means that Swiss partners are less involved in projects with a traditional integration policy focus. Hence, they are stepwise devaluated as INTERREG partner in non-economic issues like cultural or environmental projects.

- Cantons are also able to cofinance INTERREG projects aside the NRP program from their own cantonal resources. In this case they may decide themselves if the project meets their cantonal needs and seems as important to them that they provide the corresponding cofinancing. Thus, the decision only depends on the cantons themselves. This kind of stronger cantonal engagement can show various specificities.

  - In general the federal funding of NRP projects has to match the one of the cantons. In the INTERREG strands of the NRP this proportion of 50 to 50% of federal to cantonal funding is valid on the level of the program and not of each single project. This means that in principle the cantons are able to concentrate the federal NRP funding for such projects which correspond to the NRP criteria level. As a consequence they would have the possibility to invest the more flexible cantonal resources for other INTERREG initiatives outside the NRP-issues.

  - As cantons can decide themselves to invest cantonal resources (e.g. of the NFA) for INTERREG projects in dependency on their specific strategies and objectives, the decision processes of single cantons gain important influence. This fact may impede a common strategic approach and an integrative implementation of the operational programs in the Swiss program area as well as in the whole program area. For this reason INTERREG may not be strategically and operationally integrative to the same degree as before the NRP.

  - Another possibility to make use of cantonal funding for supporting non-economic projects can be the creation of a common funding budget of all Swiss partner cantons together. This example can currently be found in the ABH-program (Alpine-Rhine - Lake Constance - High-Rhine). The nine different cantons that are involved in the program have established a common fund to pool the different cantonal resources. In this way, a common decision of all Swiss partners is taken about the eligibility of a certain project and not nine single decisions. The intergovernmental conference of Eastern Switzerland has been responsible of the establishment of this common fund. The contribution of each canton involved in the ABH-INTERREG program has been bargained, there have not been any objective calculation base. The management committee of INTERREG Eastern Switzerland takes a first decision if projects get funding from Swiss side and in which kind. This means the management committee also decides if a project is conform to the NRP criteria and to what degree, and if not, whether the project may be cofinanced by the cantonal funds. This pre-decision is then proceeded to the general management committee of the ABH-program. For the single projects the actual decision about the specific mixture of funding is not of great relev-
In binational programs also the following strategy to deal with the thematic discrepancies between NRP and INTERREG can be found: Swiss partners support other projects outside the NRP issues with a kind of minimal cantonal contribution so that these projects, which may be of great importance for the program partners can be realized. But in this case the Swiss partners remain in a certain observer role and do not act as equal project partner. In some cases also federal funding is assured to a broad range of different projects to the lowest degree possible (about 20%) - as in almost every project one can find some NRP conform components.

Another strategy is based on an intensified involvement of other public institutions or administrative entities and their cofinancing capacities (for example for 10% of the necessary Swiss contribution). Such institutions may be from the tourism sector or the agricultural sector. In these cases the projects have to pass an additional assessment, but may also benefit from additional thematic expertise as well as stronger (political) interest.

The problem with the thematic discrepancies is inter alia also due to the different time scales. As the INTERREG programs were formulated the NRP was not yet defined. So the Swiss cantons were not able to bring in the specific NRP position. In general, however, the Swiss partners are not the most important partners in these programs (least of all in terms of financial contributions), so one might doubt that even, if the NRP and its focus will be known in future, there will be more consideration of the NRP specificity. At the same time the Swiss cantonal partners are caught in a real dilemma. When the INTERREG programs were defined corresponding treaties between the cantons and their neighbors were concluded to provide the necessary legally binding base. Hence, in principle the Swiss cantons are formally obliged to participate properly in the INTERREG programs.

As has been described above, the thematic discrepancies cause some problems. But these problems are mainly about integrating the different funding orientations and in nonetheless assuring the funding needed. But beyond that, one cannot yet be sure about the consequences on project level. In some INTERREG IV-A programs there is currently a problem in getting new project initiatives especially on Swiss side, but others still see a broad range of project proposals of Swiss actors - also outside the thematic coverage of the NRP. For a profound analysis whether the integration of INTERREG into the NRP has also consequences on projects realized with Swiss participation and therefore in a specific selection of outcomes reached by the INTERREG programs the experiences gathered until now are quite limited. At the moment only two years of common operation have been completed. For adequate conclusions one will have to wait at least for two more years (e.g. ex-post evaluation of the first implementation phase of the NRP).

What can already be assumed is that most of the additional work and problems due to this integration of INTERREG into the NRP funding regime remains at the administrative level. The administration of INTERREG programs with Swiss participation, especially of the INTERREG IV-A programs, has become extremely more complex. In addition, most of the program administrations also try to relieve the project running organizations of these difficulties as far as possible. So the whole process of how to match the NRP orientation with the issues of the INTERREG program on one hand or the search for alternative financing is often kept at the administration level.

In general, one always has to consider that with the integration of INTERREG into the NRP the Swiss focus of INTERREG has made a complete turnaround. In the last funding periods, it was very much communicated as a funding instrument for broad cultural and environmental issues. Economic issues were very much left aside and were often even seen as not eligible for INTERREG funding (e.g. an industrial exhibition of companies of all over the cross-border region), and in this way INTERREG was also communicated to possible project actors. Thus, one might wonder to what degree this turnaround has already reached the project level. Perhaps the persistent initiatives of Swiss actors also outside the NRP issues is also a result of a certain ignorance about the new alignment and funding conditions in the framework of the NRP?
Yet, besides all these ongoing discussions, one has also take into consideration the positive effects of NRP as funding regime for INTERREG. Within this framework INTERREG activities are now embedded in a comprehensive and concerted, superordinate mechanism. This means that the comparatively small INTERREG funding in Switzerland is now part of a common orientation and strategy. Hereby the probability of a positive added value seems to be much higher than in a kind of fragmented and isolated proceeding like before - especially if one takes into account the given possibility for cantonal funding aside the NRP issues. The strong focus on innovation and knowledge may of course also be a promising approach for cross-border regions after long years of softer and broader dialog oriented activities. The problem that the thematic discrepancies between the funding regimes cause severe challenges, should however not be neglected.

4.4 Formal and administrative differences

Discrepancies between the NRP funding regime and the European INTERREG funding regime are not only to be found in relation to the thematic orientations. Also some financial and administrative conditions vary significantly.

4.4.1 Lower financial contribution to INTERREG in Switzerland

The level of Swiss funding for INTERREG projects is far below that of the European cofinancing. The resources provided in Switzerland are significantly smaller than those the European Union contributes to the different INTERREG programs. This imbalance has already existed in former funding periods, but with the last reform of the structural Funds it was further aggravated. In parallel to the valorization of international co-operation as one of the three Structural Funds objectives, the European Union has also increased its budget for INTERREG programs considerably. With this extensive increase Switzerland was not able and also not interested to keep up. But in a way the situation has also improved since INTERREG III as the Swiss situation is currently more flexible due to the mixture of different funding possibilities.

According to the NRP funding regime on one hand the federal level is contributing to the INTERREG programs, on the other hand also the cantons have to contribute - at least to the INTERREG IV-A programs - the same amount. But the cantons can also mobilize resources from other budgets (e.g. NFA) to contribute to INTERREG-projects, especially for those INTERREG projects that do not fit into the NRP criteria. In addition, also other administrative entities and public institutions of the cantonal level are sometimes involved - according to specific project requirements - and urged to a corresponding financial contribution. And last but not least, also the private cofinancing and financial engagement of the diverse project partners is not to be neglected and may differ completely in the specific amount provided. In the meantime INTERREG has a lot of successful projects in Switzerland which can be communicated as good examples and to attract alternative funding.

However, also if one takes into consideration all potential sources for funding, the imbalance of financial public contributions to INTERREG between the European and the Swiss side remains. As a consequence, Swiss partners are sometimes seen as junior partners of the projects as they often do not bring in the same amount of financial resources. In addition, in many of the INTERREG IV-A programs this imbalance is indirectly proportional to the economic weight of the program partners that means for example to the BIP of the partners. So even if the Swiss partners are to be seen as important for the project, they may sometimes play a minor role with limited influence due to the specific INTERREG circumstances (e.g. Basel in the Upper-Rhine program).

At the same time other experiences show that often the financial contribution is not seen as that decisive for the role of the partners in single projects. In some cases, project partners are seen as important due to their specific experiences and knowledge even if their financial contribution is low (see examples in the program Italy - Switzerland, where Italian partners often appreciate the possibility to benefit from Swiss experiences).
On the other hand, two important advantages of limited financial resources for INTERREG activities in Switzerland have also to be mentioned. Firstly, as funding is quite limited and the risk of incomplete spending of the funding is not a problem, the selection processes may be stronger. Quality standards as well as outcome oriented expectations may be formulated more strictly for the single projects. Secondly, also at project level projects it seems that projects are only initiated or also supported as project partners if they are really of interest. Deadweight effects with INTERREG funding seem on the Swiss side quite improbable, whereas European partners still have to take this as a severe problem.

However, considering the low financial contribution to INTERREG projects in Switzerland, it needs to be seen whether the engagement and the initiatives of Swiss project partners are decreasing. In addition, it will also be of interest whether a certain trend can be perceived that Swiss partners are more and more seen as junior partners with only limited influence and importance in the framework of the projects. To date these observations cannot yet be definitively verified as causally determined by a lower financial contribution. Perhaps one will also have to differentiate between different patterns of consequences between binational and trinational programs in this context, as the binational programs show a quite higher dependency on the Swiss partners as the trinational programs.

4.4.2 Different administrative and temporal requirements

In general, the administrative complexity of INTERREG programs and projects is a problem that is more likely to be found on the European than on the Swiss side. But Swiss partners are obliged to consider also the European funding regime. Thus the main problem is, that the Swiss partners have to fulfill both the Swiss as well as the European requirements. NRP requirements are to be seen as an additional task.

Some programs (INTERREG IV-A) have at least separate accounting systems in order to avoid that the Swiss partners have to meet all of the European procedures and demands (e.g. Italy-Switzerland). But others have a common accounting system together with the European partners (e.g. ABH program) and these partners have to completely comply to the European system. In general, this strict administrative control is quite unusual for Swiss cantons and it is hard to accept.

Nevertheless, in general the administrative conditions in the NRP and in the European INTERREG regime show only few differences at the project level. And these differences do not cause severe problems. One of the main problems in this context is more or less home-made in Switzerland. The division of responsibilities inside the administration sometimes causes communication problems, since the responsibility for the implementation of INTERREG is in most of the cantons not to be found in the departments which are also responsible for the implementation of the NRP in general. This division does not improve the mutual understanding and the integration of INTERREG in the NRP. In some cantons one might even speak of a sort of competitive situation between the departments responsible for INTERREG and the ones responsible for the NRP, boiling down to "who has more and better projects?" The mid-term evaluation of the NRP also underlined the necessity to improve the communication between these two different implementation responsibilities.

Whereas the biggest part of the administrative workload is to be found at the program and cantonal administration the federal level is more or less disburdened. The SECO which was in former periods quite occupied by INTERREG-activities is currently without operational tasks in the framework of INTERREG. The cantons have the responsibility for the INTERREG IV-A programs in the framework of their general responsibility for the implementation of the NRP. The ARE is responsible for INTERREG IV-B and INTERREG IV-C, which would be in the responsibility of the SECO, has been delegated to the Regio Basiliensis. This delegation is still appreciated, as INTERREG is managed by those who are thematically more experienced and nearer to the problems. But there is also a negative effect for the federal level: the SECO currently disposes over significantly less information about the INTERREG projects going on than in the last periods.

The main problem in the context of program administration is seen in the different time scales of the European Commission and its Structural Funds on one hand and the NRP in Switzerland on the other.
Reflections about a common future of INTERREG and NRP

Altogether, there is a high satisfaction to be found in Switzerland that (i) Swiss partners can participate in INTERREG at all and (ii) that all programs have so far generated interesting and successful projects. This positive appreciation is challenged by the new funding conditions shaped by the integration of INTERREG into the NRP. The compatibility between the NRP funding regime and the one of INTERREG is subject to broad and intensive discussions. After only two years of common operation the problems perceived seem to outweigh potential advantages of the integration. Especially in the framework of the INTERREG IV-A programs the discrepancies between the two funding regimes collide. The cantons as well as the program administrations have to deal with an immense complexity and an additional workload to overcome these discrepancies and to guarantee successful outcomes of the Swiss participation even under the given circumstances. Whether there are severe consequences to be found at the project level, cannot yet be definitively determined.

Besides the imbalance of financial contributions and the discrepancies of thematic priorities linked to difficulties for the Swiss partners to assure the required public funding, the main problem is seen in the different timescales. Currently the Swiss cantons have to formulate the next four years-implementation strategies (2012 - 2015) for the second part of the eight year NRP funding period. The cantons are requested to integrate also statements to their INTERREG strategies - even if the future of INTERREG after 2013 is not clear yet. At the same time the federal level has asked the cantons to get their NRP-implementation programs considered in the future INTERREG programs, in which they participate. This requirement will probably cause some difficulties in the future as in some programs like the ABH program many different cantons with their specificities are represented. The first challenge will be to reduce their programs to a common denominator. The second one will be to integrate these strategies into the INTERREG programs. But however, a certain coordination is certainly essential.

By interim solutions the State Secretariat for Economic Affairs (SECO) as responsible department at the federal level is trying to give the cantons some planning security in this difficult context as well as some possibilities for future adaptations. The cantons got informed that they can calculate with funding to approximately the same amount like so far. In addition, the interim solution for the new implementation programs of the cantons which must be formulated by July 2011 defines, that the lead cantons of every INTERREG program have to specify their INTERREG strategy but not in every detail. But the implementation programs shall at least encompass the visions and intentions which are pursued with the participation in INTERREG. In 2013, when the future INTERREG alignment and conditions are defined operationally from the European Commission, the cantons will have to adapt and to concretize their INTERREG-strategies. At this time also the budgeting and the corresponding performance agreements between the cantons and the SECO will be concluded. In addition, INTERREG funding is already now quite definitively provided till 2013 so that the cantons have been able to approve INTERREG projects running longer than 2011. Thus, the future brings some difficulties of compatibility and uncertainty - not only with respect to the European discussions but also with regard to the Swiss situation.

However, the general feeling of many actors involved in the INTERREG implementation in Switzerland is, that the integration of INTERREG into the NRP has made the situation more complex and more difficult to handle. In their view the NRP funding regime has built up additional barriers, although INTERREG itself is already quite difficult. INTERREG has always to deal with variety and differences and needs as much flexibility as possible to handle this complexity. So far the Swiss part-
ners have had the advantage that they have had more freedom and flexibility than their European partners. Insofar, it is hard to acknowledge that the situation has changed. But instead of narrowing the flexibility these former advantages should have been used and should not have been reduced.

In consequence, many cantons recommend a separation of INTERREG and the NRP in the long run. Currently a working group of those cantonal departments responsible for implementing the NRP is reflecting about the future organization of INTERREG in Switzerland. This group is discussing and working on possibilities for potential improvements of the current situation. The conclusions of the working group can identify some smaller adaptations or underline the wish to completely separate INTERREG from the NRP funding regime. But one has to consider that a complete separation of INTERREG would necessitate a new parliamentary procedure, including also the risk that a Swiss participation in INTERREG programs is no longer supported at all.

On the other hand the Swiss partners also have the hope that developments of the European INTERREG funding regime takes a similar direction as the NRP in Switzerland. That means eventually a stronger thematic concentration on innovation and knowledge on one hand and a stronger outcome orientation on the other hand. If the Structural Funds would move in such a direction at least the thematic discrepancies would decrease automatically. But nevertheless, even then the severe differences in the financial contributions and in the timescales would remain.

However, one has also to remember that INTERREG is a program that was explicitly formulated to work on discrepancies between different national states. To coordinate and to bridge such differences between specific characteristics of national states can in a way also seen as one of the main challenges
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