



# Overview of the EGTCs around Hungary

**Edited by**

Sara Svensson and Gyula Ocskay

2016

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Printed in Budapest in 300 copies  
ISBN 978-963-12-6743-3

2016

Central European Service for Cross-Border Initiatives  
Budapest Observatory of Borders

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## CHAPTER 1 - Introduction

Dear Reader,

The volume in your hand aims at giving a comprehensive overview of EGTCs that include Hungarian members, focusing on the conditions under which they operate and the results they have achieved. For simplification purposes, we refer to them as “Hungarian EGTCs”, even though a few have their official seats located outside of Hungary. These groupings all have institutions operating on the Hungarian side and they have close relationships with other Hungary-based groupings. Consequently, the simplification is not without basis.

Another restriction: methodologically we classify the EGTCs differently than the Regulation. According to their functions, we differentiate between

- a) programming EGTCs (which are managing programmes, like Greater Region or ESPON EGTCs);
- b) project EGTC (which focuses on the realisation of one particular project (it is the Cerdanya Hospital EGTC);
- c) network EGTCs (the members of which are working together on a shared topic from a larger geographic scope);
- d) cross-border development EGTCs (which can be considered as the new generation of Euroregions and other direct cross-border cooperation structures).

The study concentrates on the last group. There are no programming or project EGTCs with Hungarian members, and the ‘network EGTCs’ are out of the scope of this study, which means that CETC has been left out of the analysis.

Why do we count on your interest in the “Hungarian EGTCs”? As this book is being finalised, there are 62 European Groupings of Territorial Cooperation registered in Europe. Out of these, 37% (23<sup>1</sup>) have Hungarian members and 31% (19) have their seat in Hungary. Thus, every third EGTC is a Hungarian EGTC, making the Hungarian

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<sup>1</sup> The number decreased during the summer in 2016 when, according to the Government decree 1393/2016.(VII.21.) the Prime Minister’s Office resigned from the European Urban Knowledge Network EGTC.

experience key to knowledge-creation and lesson-learning in this area. There are also other arguments for why the Hungarian EGTCs matter; Hungary was one of the first EU member countries adopting the EGTC Regulation in 2007 as well as the modified one in 2014; the second grouping was established in Esztergom (the Ister-Granum EGTC) on 6 May 2008; it is the only country which has a national fund supporting the functioning of the groupings; one of the first awardees of the EGTC Award of the Committee of the Regions was the Gate to Europe EGTC; the groupings are involved in the management of the Slovakia-Hungary INTERREG V-A programme, etc. – just to mention but a few reasons to pay attention to them.

The following questions might be interesting for those involved in cross-border institutionalised cooperation: Why have so many EGTCs been established in Hungary? What legal, financial and policy environment are they functioning in? And what results can they show after a decade of the birth of the instrument? In this book, we try to answer these questions. We give an overview of:

- the national EGTC legislation and the impacts of the changes made in the administrative system during the last 5 years;
- the national policies and policy tools that facilitate cross-border institutionalised cooperation along the borders;
- the pre-history of cross-border cooperation in Hungarian borderlands;
- the diverse socio-economic conditions within which the groupings are operating;
- their administrative, financial and operational structures and the broader networks within which they are embedded.

We conclude with a general assessment of the aggregated achievements and shortcomings of the groupings, before providing a comprehensive list of relevant studies for scholars in the topic.

At CESCO (founded in 2009), we have not only been involved in the establishment of 11 EGTCs so far, but we are also in close cooperation with the majority of the Hungarian EGTCs. In addition to the provision of various services, we initiated and maintain quarterly EGTC workshops, at which the managers and directors of the groupings can meet, exchange their ideas and start joint initiatives. The two-day workshop meetings have turned out excellent occasions for the creation and development of a strong network of the Hungarian EGTCs, some even refer to this

network as a kind of “EGTC family”. The friendly atmosphere of the network enabled us to dig deeper and access more sensitive information than other researchers.

In recent years, we had the opportunity to build a fruitful cooperation with Dr Sara Svensson, Research Fellow at the Center for Policy Studies at Central European University in Budapest. Dr Svensson has published and lectured extensively on cross-border cooperation, and it is this joint research interest that made it seem a natural development to edit this volume together based on our separate and joint research projects implemented during the last two years.

Finally, we discuss the data on which the different chapters of this book are based. In order to get a clear picture, an online survey was sent out to the groupings in 2015 and a modified version again in 2016. The first questionnaire was filled in by 12 and the second by 5 groupings. In addition, Sara Svensson conducted 10 in-depth interviews with representatives of EGTCs or their members in 2015. CESCI, which is in daily contact with 16 groupings in Hungary, conducted another questionnaire at the end of 2014 and again at the beginning of 2016. The first questionnaire was completed by 13 and the second one by 19 groupings. Since the Pontibus EGTC was registered only at the beginning of 2015, it could not complete the questionnaire with usable information. Furthermore, we could not identify any activities at the UTTS and the Kras Bodva EGTCs. Consequently, the book refers to the information gained from 19 EGTCs, i.e. 31% of the total number of registered EGTCs in Europe.

Finally, we would like to thank EGTC representatives and stakeholders for contributing to this volume, which could not have been written without this valuable input. We hope that you will find this overview useful and that we can also contribute to a better use of the tool at the European level.

*The editors*

## CHAPTER 2 - Legal background (Norbert JANKAI)

### 2.1 The Hungarian EGTC law of 2007 and the significant joint regulations

This chapter gives an overview on the legal background of Hungarian EGTC establishment and operation. The fact that there is a large number of EGTCs with Hungarian members cannot be looked at in isolation from Hungary being among the first EU countries to transpose both the 2006 regulation and its 2013 amendment. The favourable terms of these liberal Acts were further motivation for the establishment of the groupings: the primary focus was on the interests of the grouping establishers, and they also dictated relatively clear and easy-to-follow rules so as to make the procedures simple.

#### 2.1.1 The adoption of the domestic legislation

The EGTC draft proposal submitted by the Government (Responsible: Minister of Local Government and Regional Development) on 4 May 2007 was treated as a matter of priority by the Hungarian Parliament, it was debated in an extraordinary procedure and adopted as the **Act XCIX of 2007 on the European Grouping of Territorial Cooperation**.

The Hungarian legislation was one of the first in the European Union and it entered into force on the day from which the Union's EGTC Regulation (**Regulation (EC) No. 1082/2006** of the European Parliament and of the Council on a European Grouping of Territorial Cooperation) was to apply. A primary aim during the drafting process was to create a domestic framework for the registration process laid down in the directly applicable EGTC Regulation and, therefore, to define the determining authority and devise in detail the rules of approval and registration procedure.

The principle of "*tacit agreement*" was an important element included in the legislation, to be applied during the registration process: in case of non-determination by the authority and pending requests, it allows their declaration by law approval on the 9<sup>th</sup> day following the deadline. Thus, in essence, an EGTC could acquire legal personality without any substantive (registration) proceeding (note that the 2013 EGTC Regulation amendment also adopted the principle, preventing those processes that had been running counter to legal certainty in the Member States before).



## 2.1.2 Main contents of the Hungarian legislation

### *Scope*

The territorial scope of the legislation: EGTCs with a Hungarian seat and EGTCs established abroad with a member under the laws of Hungary.

The personal scope indicates that while, just like in the Union's EGTC Regulation, the possible subjects are mainly bodies with a legal entity (which are primarily characterised by: public service provision, supervision by the state, systematic and regulated control over their management by public bodies), besides the fulfilment of public functions, their tasks include flexible, fast decision making and efficiency in various fields, which rather reflects a private law angle from the part of the legislator.

### *Establishment*

In Hungary, the decision to establish an EGTC is at the initiative of its prospective members, its founding documents are the Convention and Statutes stipulated in the Regulation. Act IV of 1959 on the civil code of the Republic of Hungary classifies the new entity as a business entity<sup>2</sup>.

Following the establishment, EGTC could obtain non-profit status (from 2012, this possibility is open only with the fulfilment of several, joint conditions, after a minimum two-year operation).

The competent authority in the approval and registration procedure of the entity is the Municipal Court of Budapest (Act LXXV.). No fee is levied on the establishing (and joining) members in the process.

The approval process time frame: 30 day basic procedure, 15+15 days to remedy the deficiencies (in case of a deadline extension).

The registration process time frame: 30 day basic procedure, 30+15 days to remedy the deficiencies (in case of deadline extension). The procedure had an 8 day period, which assured the enforcement of the competent prosecution's right for eventual legal remedy.

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<sup>2</sup> See 685. § c) of the since repealed civil code.

On the day of the final registration (without any communication of information), EGTC gained its legal personality and began its operation.

### *Organs*

Besides the organs to be minimally elected (assembly, director), there were no other specifications in connection with them. The organs of the EGTCs established in the first period were typically the following: Presidency, Supervisory Committee, other committees, work organisation, and officials: President, Co-president, President-director, members of the Supervisory Committee.

### *Financial management and liability*

As defined by the statute of the EGTC, it could be established as a business entity, and as defined in its Statutes it could pursue business activities in such a case when it did not endanger its aim. The reporting, bookkeeping and accounting obligations of the EGTC were governed by and had to be applied according to the Accounting Act and legislation.

The annual report is published in the Official Gazette, which is an Annex of the Hungarian Official Journal, within 150 days from the balance sheet date of the given fiscal year, that is, until 31 May of the current year (the deadline has changed to the last day of February due to subsequent legal changes).

Within the EGTC, the liability of local governments, of the association of the local governments and of the budgetary organisation of the local government could not exceed the extent of its material contribution (limited liability). This is still being maintained.

### *Remedy, supervision and control, management*

EGTC members who consider their rights or rightful interests wronged by the statutes were entitled to pursue their claims by judicial process at the Municipal Court of Budapest, but there was no further appeal at the Curia of Hungary.

Legal supervision was exercised by the prosecutor and if needed for the restitution of a lawful state, they were entitled to pursue the claim at the Court of Budapest.

The State Audit Office of Hungary was entitled for the control over lawful financial management; in case of public fund use, it was the Directorate General for Audit of

European Funds, but other bodies were also entitled to control the operation (e.g. tax authority). In justified cases, at the request of the State Audit Office of Hungary, the prosecutor could request the termination of the EGTC at the Court of Budapest.

#### *Termination and requested termination/dissolution*

Although there were several reasons for the termination of an EGTC, the common denominator in all cases, except for bankruptcy proceedings, was liquidation.

In both cases, the Municipal Court of Budapest acted as the Court of Registration. Following the entry into force of the decision of the court, the EGTC would have been terminated by deleting the EGTC from the EGTC records (this has never happened).

#### *The review of the Hungarian EGTC Act*

The experiences of the establishment and operation of the first EGTCs necessarily resulted in the review of the Hungarian EGTC Act, which was headed by the Ministry of Public Administration and Justice as the competent authority of the EGTC legislative process according to the *Government Decree 212/2010. (VII. 1.) on the Tasks and Competence of Certain Ministers and the State Secretary Heading the Prime Minister's Office*. At the request of the Ministry, several expert workshops participated in the review.

The steps in the review process:

- 1) *In July 2010, briefing* the Government on the current domestic and foreign situation of the European groupings of Territorial Cooperation.
- 2) In the *Government decision on the tasks related to European Groupings for Territorial Cooperation [Government Decree 1178/2010. (VIII. 24.)]* a government level coordination was initiated and the revision of the Hungarian legislation.
- 3) Subsection 64. of the *Act CXXVI of 2010 on metropolitan and county-level government offices and legislative amendments pertaining to the establishment of metropolitan and county-level government offices and to territorial integration*

*laid down the amendments*<sup>3</sup> to the European grouping of Territorial Cooperation Act<sup>4</sup> the following way<sup>5</sup>:

- *Name/title* - “European grouping of Territorial Cooperation” became the “European territorial association”.
- *Authority of approval* - in the approval stage, the Municipal Court of Budapest was changed for the Authority in the Regulation (Ministry of Public Administration and Justice), which acted according to the Act CXL of 2004 on the general rules of administrative proceedings and services (Ket.).
- *Deregulation* - some EGTC Act sections were also present in other legislation, and for the prevention of duplication, these were taken out of the EGTC Act and only cited/referred to Ket. or other implementing legislation containing the section (e.g. Ket. administrative deadlines, implementing legislation, 16/2010. (XII. 15.) Ministry of Public Administration and Justice regulation; content of requests).
- *Records* - the records of Court of Budapest registered EGTCs were made public on grounds of public interest (online).
- *Justification of approval* - the determining authority has to lay down in detail the reasons for refusing the approval due to constitutionality reasons.
- *Management activity* – some provisions have been clarified (e.g. EGTC may only carry out entrepreneurial activities which facilitate competitiveness).

**4) Act CLXXV of 2011 on the Freedom of Association, on Public-Benefit Status, and on the Activities of and Support for Civil Society Organizations. Act (174. §)**

Due to the amendment<sup>6</sup>, EGTC could not be non-profit on the day of its establishment, only after two years of operation, if its activity met the conditions provided in the separate Act.

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<sup>3</sup> Published: 19 November 2010. See: Hungarian Official Journal, No. 177, 2010.

<sup>4</sup> Entered into force the 15th day of publication.

<sup>5</sup> Source:

[http://www.parlament.hu/internet/plsql/ogy\\_iromany.irom\\_lekerd\\_egysz?P\\_CKL=39&P\\_TIP=NULL&P\\_IZON\\_TOL=1248&P\\_FOTIP=null](http://www.parlament.hu/internet/plsql/ogy_iromany.irom_lekerd_egysz?P_CKL=39&P_TIP=NULL&P_IZON_TOL=1248&P_FOTIP=null)

<sup>6</sup> Date of effect of the amendment: 22 December 2011.

**5) Act CLXXIX of 2001 on the rights of nationalities. Act (218. § (a)-(b)**

According to the provisions of this Act, the word “nationality” is used instead of the word “minority” (see nationwide local governmental budgetary authority of nationalities, regional local governmental budgetary authority of nationalities, and local government of nationalities).

**6) Act CLXXXI of 2011 on the Court Registration of Civil Society Organizations and Related Rules of Proceeding. Act (120. § (1)-(2))<sup>7</sup>**

- in case of submitting an incomplete application for registration – without any expressed deadlines given in days – the submission of the missing documents is done by setting an appropriate deadline and warning about the legal consequences of the omission;
- in the registration period, infringement in matters that have not been yet regulated, the Court removes the EGTC from the registration based on the prosecutor’s action.

**7) Act XCIII of 2012 (69. §)<sup>8</sup> on establishing districts, as well as some related amendments.**

- the numbering of the referred public procurement Act and its referred stages have been amended;
- the title “Tribunal of Budapest” is used instead of the “Municipal Court of Budapest”.

## **2.2 The new EGTC law of 2014**

### **2.2.1 The background of enacting the new law**

As a national legislation of the EU’s EGTC regulation, which is executive in nature, Act XCIX of 2007 on the European Grouping of Territorial Cooperation has supported the establishment of EGTCs, mainly along the Hungarian border. However, over time, the EU EGTC regulation underwent a mandatory review (see EU EGTC regulation 17. §), whereby national authorities, EGTCs as well as other included organisations began to point out more and more deficiencies of the legislation.

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<sup>7</sup> Date of effect: 1 January 2012.

<sup>8</sup> Date of effect: 6 July 2012.

The **Regulation (EU) No. 1302/2013** of the European Parliament and of the Council amending Regulation (EC) No. 1082/2006 on a European Grouping of Territorial Cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings was enacted as a result of the review, which introduced some amendments and facilitations concerning several points of the regulation.<sup>9</sup>

The amendment of the EU regulation also brought about the amendment of the national EGTC legislation. Compared to the majority of the Member States, we cannot talk about a partial amendment in the case of Hungary, but rather a new regulation was adopted in the form of Act LXXV of 2014 on the European Grouping of Territorial Cooperation.<sup>10</sup>

### 2.2.2 The main contents of the new regulation

The new regulation emphasised that by the establishment, organisation, operation and termination of any European Territorial Association with a Hungarian seat, the outdated EU EGTC regulation shall be applied together with the rules defined in the new EU EGTC regulation.

The Hungarian Act had to be applied on the date of effect or following that with an approval and registration (change entry) procedure with a submitted request. In case there was already a registration and change entry procedure in progress on the date of effect before the Tribunal of Budapest, which was previously authorised to act, then all its documents had to be handed over to the Authority on paper, which was newly authorised to act (see below).

#### *Membership*

According to the Act, with regard to Hungary, an organisation with legal personality that complies with the appropriate paragraph of the legislation on Hungarian public procurement may become a member in the EGTC.<sup>11</sup>

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<sup>9</sup> Date of effect: the day following its annunciation, date of applicability: 22 June 2014.

<sup>10</sup> Announced 5 December 2014, date of effect 20 December 2014.

<sup>11</sup> The originally adopted law still refers to Act CVIII of 2011 on public procurement, then according to the modifications of (14)(1) of Act CCXXVI of 2015, the currently existing (5)(1) of Act CXLIII of 2015 is included in the text.

In connection with the concept of “an organisation with legal capacity” according to the (5)(1)(e) of the Hungarian Act on public procurement, the scope of subjects extended by the new EU EGTC regulation means the following new scope of members:

- *public undertaking*, under Article 2(1)(b) of the Directive 2004/17/EC of the European Parliament and of the Council (state or local governmental enterprises, that is, every undertaking that is under the direct or indirect *influence* of authorities with ownership rights, through their financial shares or rules regarding the undertaking),
- *undertakings entrusted with the operation of services of general economic interest* (e.g. services of the energy sector, transportation and telecommunication),
- *bodies governed by public law* (under Article 1(9)(2) of the Directive 2004/18/EC of the European Parliament and of the Council); this type of institution (a) is specifically established for public interests that are not industrial or commercial in nature; (b) has legal personality; (c) is mainly financed by the state, or the local authorities, or other bodies governed by public law; or its operation is under the supervision of these institutions; or has an executive, decision-making or supervisory body, whose majority of members are appointed by the state, the local authorities, or other bodies governed by public law,
- *national, regional or local authorities of third countries, or institutions or public undertakings of third countries equivalent to bodies governed by public law*, under the conditions specified in Article 3(a) of the EU EGTC regulation.

### *Activity*

The new Act emphasises that EGTCs are non-profit organisations that may not be established mainly for the purpose of economic activity. Furthermore, the Act drafts a new notion stating that undertaking activity that fosters competitiveness may only take place in the interests of the EGTC's region (area of operation), without endangering the aims of the EGTC. Because of its fundamental nature, the entry referring to economic activity – which the approval authority of several Member States have not acknowledged in the past – was entered into the general provisions of the new Act from the section regarding the outdated management act, which shows the importance of the entry.

The Act reserved the option for the EGTC to gain non-profit status, as far as its operation complies with the standards of *Act CLXXV of 2011 on the Freedom of Association, on Public-Benefit Status, and on the Activities of and Support for Civil Society Organizations*.

### *Responsibility*

It was repeatedly emphasised that – in accordance with the Hungarian local governmental regulation – the responsibility of the Hungarian local government, the association of local governments and the budgetary authority of the local government may not exceed the extent of the capital contribution (limited liability) in the EGTC.

A related regulation is that in certain Member States the obligation of appropriate insurance underwriting or the existence of the appropriate financial guarantee may be prescribed for limited liability persons or for the EGTC, for the purpose of covering risks associated with the activity (see e.g. Slovenian regulation).

The Hungarian local governmental regulation and consequently the Hungarian EGTC Act enable the participation of the aforementioned types of local governments in an EGTC exclusively with limited liability. The reason for this approach is that a local government has responsibility for the whole (and not just for ethnic) local public concerning its economic-financial independence. Under this responsibility, the local government primarily ensures the financial covering of mandatory tasks. Any other engagement (for example voluntary membership in an economic association or EGTC) may only happen without endangering the primary tasks. It is easy to acknowledge that an unlimited assumption of responsibility or just such that is proportional to membership contribution would have unforeseen consequences for the local government, because, for example:

- its losses in management always charge its own organisation, the central budget does not bear responsibility for its responsibilities.
- transaction that generates debt may only be done with the preliminary consent of the Government (except: EU tenders' own contribution, reorganisation loan, liquid loan and transactions for the purpose of improvement that does not exceed the amount of HUF 20 million in the case of the Local Government of Budapest or the amount of 10 million HUF in the



case of other local governmental bodies)<sup>12</sup> in a way that the extent of its financial obligations arising from its debt shall not exceed the 50% of its own revenue on a yearly basis.

### *Establishment*

The two most important regulations regarding the establishment are the new EGTC Act and the decree containing the detailed rules, that is, the 2/2014. (XII. 30.) MFAT decree of the Minister for Foreign Affairs and Trade on the detailed rules concerning the approval and registration proceedings of the EGTCs.

In the Hungarian name of the newly established EGTCs, the expression of “European Territorial Association” shall be applied, and if one of the members of the European Territorial Association has limited liability, then for transparency reasons, the expression of “limited liability” has to be indicated in the name of the European Territorial Association. A facilitation rule is that the name of EGTCs registered in Hungary until the date of effect of the Act, may continue to include the expression “European Grouping of Territorial Cooperation”, instead of the expression “European Territorial Association”.

A newly included section in the establishment is that the Act has placed the decision-making power of the registration process in the hands of the Minister of Foreign Affairs, instead of the Tribunal of Budapest which had exclusive jurisdiction beforehand. This means that both the approval and registration proceedings have come within the jurisdiction of one Authority, that is, the Ministry of Foreign Affairs and Trade. The former two-step proceeding, which assigned the approval and registration proceedings to two separate branches of power (executive and judiciary), has ceased. According to the explanatory memorandum, this solution made the establishment of EGTCs, as well as the monitoring of their operation simpler and more efficient.

Together with the above mentioned modifications, the EGTC-registration and the monitoring of changes occurring in the data have also come within the jurisdiction of the new Authority (Ministry of Foreign Affairs and Trade). Documents registered and kept by the Tribunal of Budapest had to be handed over to the new Authority on the

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<sup>12</sup> See (10)(1) of Act CXCIV of 2011 on economic stability

date of effect (the date of effect following the 15<sup>th</sup> day of the annunciation has ensured an adequate transition period).

### *Management*

A new rule was introduced in the Act, stating that EGTCs had to publish their annual reports on their websites according to Act C of 2000 on accounting, as “other organisation” differing from the general rules, within 60 days (as opposed to the previous 150 days) from the balance sheet date of the given fiscal year. Furthermore, EGTCs are obligated to send their reports and (in case there is one) its public-interest value Annex to the determining Authority. With this modification, EGTCs were exempted from publication in the Hungarian Official Journal, and besides, they comply with their responsibilities of deposit and publication in relation to the above mentioned documents.

### *Supervision and control*

A new section of the Act is that the legitimacy of EGTCs’ operation is supervised by the Authority responsible for the approval and registration proceedings, which, according to the explanatory memorandum, is in the interests of making the proceedings simpler. The legal background of the modification is that in cases of legal personalities where the registration process belongs to the jurisdiction of the Minister, the appropriate Minister exerts legal supervision over the operation, and ultimately the right for legal proceedings. Thus, the legal supervision of the prosecution over EGTCs no longer serves any purpose in terms of the regulation.

If the Authority notices any offence ex officio or by the notification of another organization, or any activities that contradict the adopted Convention or the Statute, it calls the EGTC for the recovery of legitimacy (it is advisable to make a recommendation for the purpose of this), and when the EGTC does not comply with the request, the Authority makes arrangements for termination.

A new section is that, instead of the State Audit Office, the Government Control Office is eligible for the control on legality of EGTCs’ management. It is also a new section that in case the control authority becomes aware of any management contradicting the adopted Convention or the Statute, and not only in the case of any offence, it may call the EGTC for the termination of the disorderly activity, or of the omission, or it may also prohibit the activity, or initiate a termination process by the

Authority as a last resort (in cases like these beforehand, the president of the State Audit Office was the one who contacted the prosecutor in order to initiate a lawsuit to terminate the EGTC). The supreme body of the EGTC-member also obtained the right for initiating a termination process, at the request of which the Authority may terminate the membership status of people who comply with the Hungarian law with a decree. The supreme body informs the EGTC's body that is eligible for registration which has a seat other than in Hungary.

The membership status of people ceases when the terminating decree becomes final.

### *Dissolution*

The new Hungarian EGTC Act distinguishes between the dissolution and termination of EGTCs. The cases and method of dissolution are laid down in the Convention of the EGTCs. The Authority responsible for approval and registration is eligible for initiating a termination process on ex officio grounds or on the basis of the above mentioned requests.

The dissolution may continue to occur only without succession. The Act has appointed the Tribunal of Budapest for the liquidation, as well as the conducting of the liquidation process, on the grounds that the Authority responsible for the approval and registration proceedings may only act according to the rules relating to administrative procedures, and not according to the rules relating to legal proceedings.

The Tribunal of Budapest conducts the procedures according to the rules of *Act CLXXXI of 2011 on the Court Registration of Civil Society Organizations and Related Rules of Proceeding*, and it is obligated to inform the Authorities about its decision, which ensures the deletion of the EGTC from the registration in case of termination. The Authority indicates the fact of the liquidation process in the EGTC-registration.

The new Act strengthens the controlling power of the Authority over EGTCs, guaranteeing that EGTCs operate in accordance with statutory provisions, and in the absence of which the Authority provides appropriate measures to terminate the unlawful situation.

### 2.2.3 Results of the new regulation

The amendment of the EU EGTC-Regulation resulted in such a significant change in the Hungarian EGTC-Regulation of 2007 that for the sake of clarification, simplification and improvement, the legislators decided to create a new legislation and repeal the old legislation completely. Altogether, Hungary has accomplished its responsibility as regards to complying with EU law and transposing the EU law in effect into the Hungarian legal system.

The following new items were entered into the process with the modifications:

- the approval and registration process was simplified;
- the role of the determining authorities was taken over by one Authority, thus the procedures became unified;
- the scope of subjects was extended in accordance with social needs and economic processes;
- the supervisory powers of the Authority was strengthened, thus ensuring a more confident action against the operation of such EGTCs that do not carry out any real activity over a longer period;
- other supervisory and controlling powers, as well as the termination conditions were clarified;
- economic activity obtained a more prominent role;
- the detailed rules of procedure were deleted from the Act, thus making it more solid and transparent.

Next to the modifications, the application practice of enforcing the regulation remained in a way in which the detailed rules that are not in accordance with the new Act were omitted from it to the greatest possible extent.

As already mentioned in the Act of 2007, the new regulation maintained the mixed application of public law and private law elements and, therefore, references to accountability, supervision that are typically public are also included in the regulation as well as private law references with regard to economic activity of entrepreneurial nature. There are pros and cons on both sides, but in the case of responsibility, it would be more reassuring for business partners, if the Hungarian regulation shifted towards the public nature advocated by the EU, taking into account the yet undeveloped area of the safeguards system and risk assessment that are present in all of the Member States. It seems that the Hungarian determining authority is trying

to compensate for the lack of regulation by tightening the supervisory and controlling power which is reasonably closer to the authority in nature.

It is still an outstanding quality of the Hungarian regulation that both the approval and the registration proceedings are sufficiently traceable, and the closure of the proceedings - also in the case of submitting the missing documents - is well within the specified time frame of 6 months as provided by the EU EGTC-regulation.

The deadline for general administration given by the already mentioned administrative procedure is still 21 days; a longer deadline shall only be determined by law from 1 January, 2016. According to the outdated rule of the administrative procedure, in case of submitting the missing documents, an appropriate deadline had to be ensured for the client, but from 1 January 2016 this also became tangible: the deadline period given to submit the missing documents shall not be more than 45 days.

It is important to note that, in most cases, it was not necessary to wait out the procedural deadline of EGTCs with Hungarian members or with a Hungarian seat completely as, according to practice, the founders of EGTC could contact the representatives of the Authority before the official procedure in order to consult about the drafting of the Convention and Statute as well as about the contents of applications. This was mutually beneficial for both the founders and the Authority, as reviewing all the components of the procedure significantly shortened the time period of both the approval and registration proceedings.

All this supports our previous thesis that the provisions of the Hungarian legislation provide favourable conditions for establishing EGTCs and, therefore, provide an explanation for most of the Hungarian groupings.

## **2.3 The transformation of the administrative system in Hungary and its effects on EGTCs' competences**

The founding members of EGTCs established in Hungary are local governments almost without exception and, therefore, changes in the domestic local governmental system particularly influence the determination of the concerned EGTCs' functions. According to the related EU EGTC-regulation, a primary rule is that EGTC-functions have to appear in every members' own functions and powers. The

only exception to this is when the Member State (or third country) approves the participation of a member in the EGTC on the basis of its national law, even though this member does not have any powers related to functions as determined in the EGTC Convention.

The “self-governmental” right of Hungarian local communities moved within a contained framework before the regime change, thus overshadowing the essential issues of profitability, efficiency and professionalism. Local governments were given a relatively free hand in relation to local governmental functions and, therefore, mainly in managing public services, by which they could determine the extent and method of their functions, even in the form of a grouping, within reasonable frameworks. This was facilitated by the fact that **the related law did not mention public services in its entirety, only in a particular specification**, thus - by the currently existing legislation, in an exhaustive list of the primary - functions could be further extended depending on the local needs and capacity.

The system underwent a substantial change from 2011, the basis of which was the *Act CLXXXIX of 2011 on Local Governments in Hungary* (the Hungarian abbreviation: Mhö.), which was adopted 19 December 2011.

The Mhö. covered the following 5 main areas compared with the first EGTC-act’s entry into force:

- the re-regulation of the state and local governmental function system,
- a new function financing system,
- a new administrative structure,
- a tighter system of commitment,
- a renewable supervisory system of legitimacy.

The above mentioned changes transformed the possible scope of activity of EGTCs. Concerning the redistribution of functions and powers, one of the most sensitive changes was the nationalisation of institutions, of which a future EGTC was consequently deprived of the possibility to establish a cross-border healthcare network, connected to a system on both sides of the border with the involvement of healthcare institutions, even when it would have had a more economic and efficient operation and a more acceptable professional content than the previous structure.

Changes in the legislation perceptibly forced the municipalities to cooperate with each other more than ever, and to establish associations which correspond more

closely to their aims and functions. Article 32(1)(k) of the Fundamental Law of Hungary described the framework of this: *“local governments may freely associate with other local governments, establish associations for the representation of their interests, cooperate with local governments of other countries within their functions and powers, and become members of international organisations of local governments”*.

Should local governments assume local public affairs in their cooperation at present, basically they shall take into account the following rules:

- it may only be a local public affair which does not fall within the exclusive competence of other bodies according to the legislation;
- in the interests of accomplishing the local public affairs undertaken, everything shall be done that is not inconsistent with the legislation;
- the provision of local public affairs shall not endanger the functions that are compulsory;
- the financing of local public affairs undertaken is only possible by the local government’s own revenues and by sources provided for this reason.

Therefore, a local government may only assume functions to the extent to which it can provide sources in a given year. A very strict, related rule is that the local government shall not draft any absence of functionality in its financial regulation.

All these changes transformed the design methodology of local governments’ function assignment system. A long-term thinking became necessary, occasionally including in the process the self-imposed scope of functions, originating from cross-border cooperation. The resulting improvement plans had to be moved into the economic programme and the improvement plan, the preparation for which the local governments became responsible and also for the supervision of such existing documents in accordance with the legislation.

Another key aspect as regards the cross-border cooperation of local governments is that by 1 January 2013, their role between the local and county authorities within districts established at a territorial level was re-evaluated. As a result of the changes, a former part of their connection between the communities was lost, and was rearranged notably because of different economic performance, the population size and the different size of the administrative area of the municipalities.

Parallel to the development of municipalities, the functions of counties increasingly involved in cross-border cooperation also changed fundamentally. The legislative background for these changes was *Act CLIV of 2011 on the Consolidation of County Local Governments and on the Takeover of County Local Government Institutions and Certain Healthcare Institutions of the Municipal Government of Budapest*. Under the regulation, from 1 January 2012, the state took over the healthcare, educational, social, youth care, public educational institutions, as well as economic associations, foundations maintained by the county local government. Furthermore, the state took over healthcare institutions of the Municipal Government of Budapest with the employees working there and with the previously accumulated debt which shall not be increased after 20 December 2011.

With respect to implementing the law, the *258/2011 (XII. 7.) Government Decree* provided for the establishment of county institution maintenance centres (MIK) and their rules of procedure. The decree also provided for a transfer and acquisition agreement pattern for the acquisition of the concerned institutions, and also for the institutions and asset items constituting an exemption from the transfer and acquisition. The scope of movable and immovable property constituting capital contribution, which relates to the involvement of county local governments in the EGTC was also named among these.

When we look at the changes from a different perspective, from the perspective of cross-border cooperation, it is not fortunate that certain county institutions were nationalised, because it is in this way that the possibility to establish certain thematic EGTCs (without including the state) - which would have relied on the more efficient utilisation of the concerned counties' institutions - has ceased. On the other hand, counties free of accumulated debt could begin to deal with area and county regional development and development policy roles, including cross-border development activity too.



Figure 1: EGTCs along the Hungarian borders



### *Changes in the scope of public services undertaken by the EGTC*

Overall, one of the main aims of the changes in legislation was to strengthen the so-called self-sustaining ability of local governments, in the process of which the task financing system ensured the maintenance of local governments' income interests. It was a clear objective that the standard of public services (at least in the field of compulsory tasks) needed to grow. For this purpose, Mhő. treated the compulsory functions and powers of certain types of local governments differentiated, with

regard to the nature of them and the different local conditions, then Mhö. decided on the following scope of activities of public service:

- land development and planning;
- land operation (e.g. catering for public lighting, the development and maintenance of local public roads and their accessories, the development and maintenance of public parks and other public areas, providing parking space for vehicles);
- denomination of public areas and public institutions owned by the local government;
- primary healthcare, services facilitating a healthy lifestyle;
- environment-healthcare (sanitation, ensuring the cleanness of the urban environment);
- nursery care;
- cultural services; movie theatre, promotion of organisations of performing arts, local protection of the cultural heritage; promotion of local public educational activities;
- social, child welfare and child protection services and provisions;
- management of the house and the premises;
- provision and rehabilitation of people becoming homeless in the area of the local government, as well as preventing people from becoming homeless;
- protection of local environment and nature, water management, preventing water damage, supplying drinking water, sewage disposal, -treatment and -disposal (drainage service);
- national defence, civil protection, disaster prevention, local public employment;
- tasks regarding local tax, economic management and tourism;
- providing sale opportunities - regarding products determined by legislation - for small producers and primary farmers, including the possibility of weekend sales;
- sport, youth affairs;
- affairs of nationalities;
- assistance in providing public security;
- providing local community transport;
- waste management;
- supply of district heating.

The list - in contrast with the previous regulation - focuses only on the compulsory tasks, but in a differentiated way together with the related financial regulation which is not discussed here in detail: it builds on efficiency, profitability and professionalism, highlighting the extent and quality of public services.

Despite establishing efficiency, the new regulation narrowed the room for Hungarian EGTCs to manoeuvre, as certain areas of public service functions of the EGTC could only be undertaken in the following way:

- with regard to compulsory functions, **undertaking public services that are at a higher level than statutory provisions;**
- **undertaking public services that relate additionally** to compulsory functions, but do not belong to the “scope of compulsory functions”;
- **voluntary undertaking of the tasks of local public services** within the limits of their financial means.

## CHAPTER 3 - Policy environment (Gyula OCSKAY)

### 3.1 The EGTC policy of the Hungarian government

#### 3.1.1 From 2006 to 2010

The unprecedented success of the tool of the EGTC in Hungary can be explained by different reasons, such as the traditional cross-border intermunicipal relationships, popularity of the euroregional and twin-city cooperation forms, Hungarian minorities living in the neighbouring countries (some 2.5 million people), the presence of different (German, Slovak, Serbian, Romanian, Croatian, Slovenian, etc.) ethnic groups in Hungary, and the strong need for the financial resources of municipalities located in peripheral border regions<sup>13</sup>. However, we should not underestimate the role played by political leaders and ministries during the last years in generating cross-border cooperation and, more specially, in encouraging institutionalised forms of cross-border cooperation.

The first pieces of information on the EGTC Regulation arrived to Hungary in 2005 when the former MEP, Mr István Pálfi, member of the REGI (Committee on Regional Development) who played a decisive role in the creation of the EGTC tool, managed a roadshow with seven locations along the Hungarian borders, before his sudden death in 2006, at the age of 39. The roadshow and the consultation with the relevant representatives of the Ministry of Local Government made the preparation for the inauguration of the instrument possible at both the local and national/governmental level. It is not accidental that the Hungarian Parliament adopted the Hungarian EGTC law among the first ones (law No. XCIX was adopted on 25 June 2007) and that the second EGTC in the EU (the Ister-Granum) was established on 6 May 2008.

In the first years, EGTCs gained special attention and gained political support on behalf of the Ministry of Local Government being in charge of the legislative background thereof; and the Prime Minister's Office where the Department of Hungarian Minorities' Affairs made an attempt to launch an EGTC programme. With the central coordination of the department, the establishment process of 5 EGTCs started in 2009 (based on a cultural landscape model, linking formerly unique and

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<sup>13</sup> see elaboration in Chapter 4

organic regions cut by the state border). The Banat – Triplex Confinium EGTC involving Hungarian, Romanian and Serbian municipalities was registered under the umbrella of this project. The remaining 4 initiatives failed. At **that time, the groupings were mainly considered as instruments to support the Hungarian minorities abroad and (at the same time) as tools of cooperation with neighbouring ethnic groups**<sup>14</sup>.

### 3.1.2 From 2010 to 2014

The EGTC policy gained a new perspective in 2010 after general elections, when the former socialist-liberal coalition was changed by a new government led by the party FIDESZ. Dr Katalin Fekete who worded the Hungarian EGTC law was invited by Mr András Levente Gál, State Secretary of the Ministry of Public Administration and Justice, to coordinate the work of the *Department of Cross-Border Co-Operations for Territorial Public Administration*. The department commenced operating very actively with a large scope of fields from the coordination of joint cross-border committees with neighbouring governments through the preliminary evaluation of the proposed Hungarian legislations (before parliamentary approvals) from the point of view of cross-border cooperation to the thematization of the programming of ETC (INTERREG V-A) programmes. In parallel, the department prepared the Hungarian members of the Committee of the Regions for the meetings on issues related to cross-border cooperation; and participated actively in each EU level initiative related to its responsibilities, especially during the Hungarian Presidency, in 2011. The department also took part in the wording of the Territorial Agenda 2020 document.

It also played the initiator's role in the field of the EGTCs which matched the overall strategy of the department. The first step was the preparation of the approval of a government decree<sup>15</sup> in August 2010 prescribing (among others) *to elaborate a concept* on the EGTCs' strategic planning and development tasks and a *proposal on*

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<sup>14</sup> See István Bandula's interview with the former director general of the Department of Hungarian Minorities' Affairs, Erika Törzsök: "As if the European Union has just created this form of cooperation in favour of the Hungarians." "...in border regions populated by many ethnic groups, there is a need for common economic and institutional development and the harmonisation of the EU resources". "A teljes szétverése a nemzetnek" ("The complete routing of the nation"). Magyar Narancs 2016/23 (06/09) <http://magyarnarancs.hu/belpol/a-teljes-szetverese-a-nemzetnek-99628> (Accessed: 17 July 2016)

<sup>15</sup> Government decree No, 1178/2010. (VIII. 24.) on the assignments related to European Groupings of Territorial Cooperation

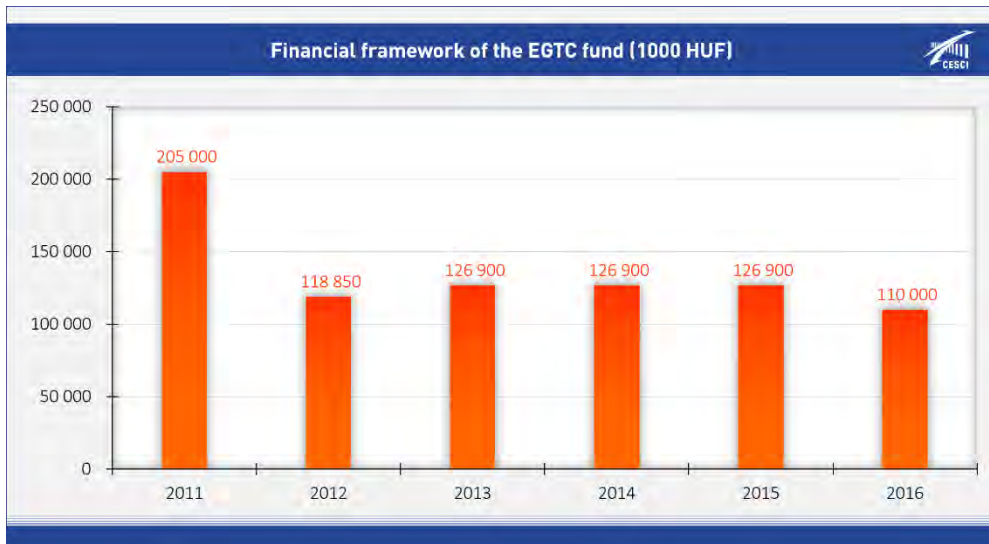
*the financing of the operation of the EGTCs*; and to make steps in order to worthily commemorate on the work done by the defunt *MEP István Pálfi*. In harmony with the concept elaborated by the Ministry and the CESCO, **the EGTCs gained a rather cross-border governance role<sup>16</sup> of local and regional municipalities located in border regions** with a special focus on cross-border institutional cooperation and territorial developments. This means that the emphasis was put on the **joint management** of the territorial and institutional assets of the given region by the municipalities.

In line with the decree, an EGTC fund was launched in 2011. The fund offers financial support to the set-up and operation of the groupings with an average amount of EUR 21,000 per year and EGTC (taking into account the varying total sum of the subsidy and the growing number of the EGTCs).

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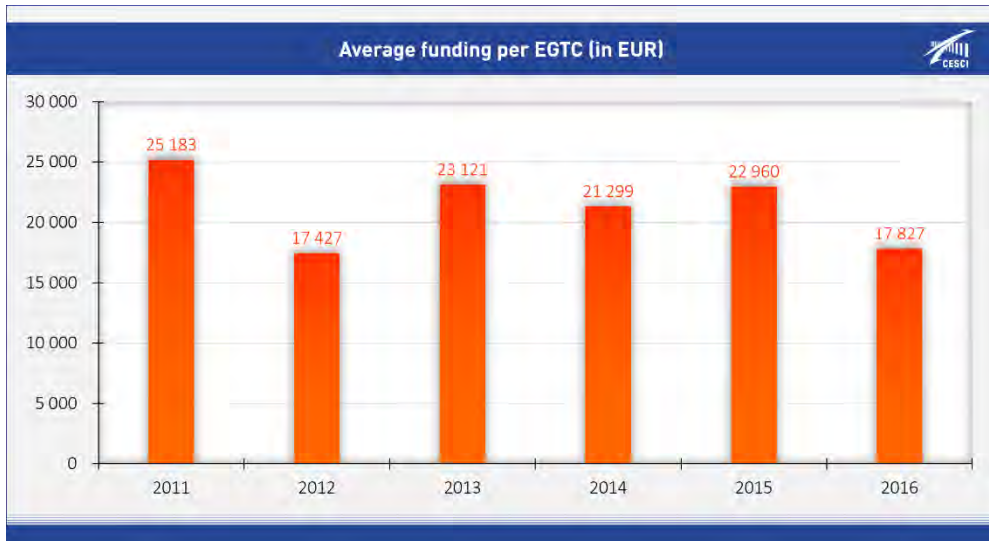
<sup>16</sup> As the two pioneers of the Hungarian EGTC Law, Mrs Dr Katalin Bőke and Ms Dr Katalin Fekete in their article dated back to 2007 shaped the mission of the EGTC: “The EGTC as new legal institution ... can become a successful legal institution of territorial cooperation...”; and “At the initial phase, the application of the new legal instrument will bring advantages most probably in the case of EU projects and cross-border structures.” Bőke, K., Fekete, K.: Európai területi együttműködési csoportosulás Magyarországon (European Grouping of Territorial Cooperation in Hungary). Önkormányzati Hírlevél. Európai Unió különszám, 2007, Vol. 13. No. 7. (*manuscript*) Similarly: “During the legislation, the legislator intended to allow the easiest, the fastest and the most comprehensive applicatin of the tool...” Fekete, K.: Az Európai Területi Társulások (The European Groupings of Territorial Cooperation). Önkormányzati Hírlevél, 2011, No. 1. <http://docplayer.hu/1684298-Onkormanyzati-hirlevel-jogszabalyfigyelo-3-hazai-jogszabalyvaltozasok-3.html> (Accessed: 17 July 2016)

Figure 2: Total budget of the EGTC fund  
(between 2011 and 2016, Technical Assistance included)



The fund has effectively been contributing to the proliferation of the number of Hungarian EGTCs.

Figure 3: Average amount of the subsidy per EGTC per year in EUR



Finally, according to the decisions following the decree, the Hungarian government established the Pálfi István award with a view to recognise people who have been working effectively on the easing of cross-border cooperation. The awarded persons are, so far, Mr Jan Olbrycht, MEP, Mr Michel Delebarre and Mr Luc Van den Brande, former presidents of the Committee of the Regions, and the European Commissioner Mrs Danuta Hübner.

Moreover, the department also partook in the EGTC-related discourse at the European level: it contributed actively to the revision of the EGTC Regulation (several of their recommendations have been incorporated in the modified Regulation, like the procedure of tacit approval, the simplification of third country actors' participation in EGTCs and the simplification of procedures in the case of enlargement of a grouping); participated actively in the work of the Committee of the Regions' EGTC Platform; and launched the conference of the approving authorities (the only one of this type). The conference is now organised on a yearly basis having an important role in the exchange of experiences between responsible authorities from all over Europe. The department also played an important role in the opening of an office in Brussels with the aim of informing the Hungarian stakeholders on the calls opened in Brussels.

At governmental level, the Ministry initiated an interministerial EGTC working group and an annual EGTC forum where all the stakeholders affected by the operation of the groupings take part: the representatives of the EGTCs, the ministries involved in cross-border cooperation, representatives of EU programmes and other professional bodies. (Earlier also the representatives of the Capital Court being in charge of issuing the approvals and of registering the EGTCs participated at these events.) The forum is the most important platform of information exchange on the subject at the state level. At the same time, the department also launched a website (<http://egtc.kormany.hu/>) on EGTCs which contains information (among others) on the legal background and the establishment process of the groupings as well as the activities of the Ministry and the calls for tenders. The EGTC register is also available there, which can be seen as a consequence of the Ministry gradually taking the charge of both the issuing the approvals and the registration, instead of as previously the Capital Court). The department has always been very active in promoting the new tool, and it organised a series of professional events focusing on cross-border cooperation.



### 3.1.3 Since 2014

General elections again took place in 2014, with FIDESZ again winning a majority of the seats in the parliament. In connection with some reorganisation following the elections, the relevant competences of the Ministry of Public Administration and Justice (ceasing its operation) were transferred to the Ministry of Trade and Foreign Affairs where the *Cross-border economic development department* is the responsible body for the policy of groupings<sup>17</sup>. Thus, the **EGTC policy is now included in territorially based economic developments**. While this aspect has always been taken into account in Hungary but now it became more pronounced than two others (*minority issues, governance*). At the moment, the economy is the most highlighted feature of the EGTCs' characteristics<sup>18</sup>.

The department mentioned above coordinates the implementation of the Hungarian cross-border road infrastructure investment projects and the economic development of the border areas. In addition, the Ministry of Trade and Foreign Affairs has overtaken the majority of the tasks of the cross-border cooperation department: it manages the EGTC fund, operates the EGTC forum and the interministerial working group, organises the Pálfi award ceremonies and the annual conferences of European approving authorities, prepares and evaluates the legislations relevant in the respect of the functioning of the groupings and participates in professional events also at European level. The same Ministry is in charge of the approvals and the registration of the EGTCs.

In 2016, the Ministry started the implementation of a capacity development project within the framework of the Public Administration and Services Operational Programme (KÖFOP) which aims at supporting the preparation and elaboration of ERDF-funded projects to be realised by the EGTCs. The project gives support to the EGTC in different forms: it delegates experts to the groupings who can help them professionally in the project development; it offers financial support for translation

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<sup>17</sup> At the time of the edition of this study, the structure of the Ministry was changed: in the person of Mr Péter Kiss-Parciu a new deputy state secretary responsible for cross-border economic development has been appointed. It means that the policy field has a stronger representation in the governmental structure than before.

<sup>18</sup> It is worth mentioning here that due to the administrative reform implemented in Hungary in recent years, the local municipalities have lost many of their competences. Consequently, the centralisation has weakened the governance aspect of the groupings while it made a bigger emphasis on the economic features thereof.

services; and it gives a consultancy support for elaborating future projects (concepts, technical plans, project descriptions). The total amount of the project is nearly EUR 500,000. During the preparatory phase, the EGTCs identified 124 cross-border economic development project ideas. Provided that they receive funding from the operational programme, the elaboration of these could theoretically start immediately.

In parallel, a new government decree is under preparation which would give the EGTCs a coordinator status in cross-border economic developments on the Hungarian side. The decree would further develop the EGTC becoming a decisive player of the territorial development in border areas in Hungary.

### **3.2 The role of CESCO**

Apart from the respective governments, the Central European Service for Cross-Border Initiatives (CESCI)<sup>19</sup> also gives professional support to the local stakeholders involved in cross-border cooperation, thus to the EGTCs, as well. CESCO was established in 2009 following the model of the French Mission Opérationnelle Transfrontalière (MOT)<sup>20</sup> which played a key role in the set-up of its Hungarian counterpart as a founding member. In the starting phase, CESCO has gained considerable support from the French association.

Thanks partly to this assistance, at the time being, CESCO is a well-known think-and-do-tank in the field of cross-border cooperation, not only in Central Europe but at the European level, too. The association has nearly 50 members, the majority of which are local or regional municipalities; in addition, cross-border structures (Euroregions, EGTCs) and professional organisations (e.g. MOT) have membership status, and some natural persons are members as well.

In 2015, two new CESCO branches started their operation: the CESCO Balkans in Novi Sad (Serbia) and the CESCO Carpathia in Košice (Slovakia). While the former one aims at facilitating cross-border cooperation in the Balkans, the latter one focuses on the Carpathian region, mainly Ukraine. In parallel with the procedure of networking, the

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<sup>19</sup> See more: <http://cesci-net.eu/index.php?lang=en>

<sup>20</sup> See more: <http://www.espaces-transfrontaliers.org/>

head office of CESCI is transforming to the Budapest Observatory of Borders (BOB) which now concentrates mainly on policy analysis, policy making and dissemination.

The portfolio of CESCI BOB includes four fields of activities: scientific research in borderlands studies; cross-border territorial planning and programming; cross-border project and institutional development; and mediation between local, national and international actors (dissemination, policymaking).

The association is working together with the Hungarian government as a strategic partner and its annual budget is ensured partly by the Prime Minister's Office where the management authorities and national authorities of cross-border programmes are functioning (*the Department for Implementation of International Cooperation Programmes*). CESCI takes part in the preparation and realisation of policies with transboundary effects. In this respect, CESCI has a lot to do with the EGTCs.

Two people from the CESCI staff were actively involved in the establishment of the Ister-Granum EGTC in 2008. Since 2009, the experts of the association managed the registration of a further 9 cross-border groupings in total, around Hungary, one of them with a Slovakian seat.<sup>21</sup> CESCI developed an own methodology of cross-border strategic planning which is based on a so-called "cohesion analysis" and targets the strengthening of cross-border territorial, economic and social cohesion. The methodology has been tested during the elaboration of 6 EGTC development strategies and two ETC programmes (those of Slovakia-Hungary INTERREG V-A programme and the Danube Transnational Programme). At the time being, the experts of the organisation are involved in the development of the first EGTC including third country member, the Tisza EGTC (its funding members are: the Municipality of Szabolcs-Szatmár-Bereg county and the city of Kisvárdá from Hungary and the Council of Zakarpattya oblast from Ukraine).

CESCI supports the work and the developments of the groupings in many forms. Since the summer of 2012, it organised 12 EGTC workshops where the managers and directors of the Hungarian groupings can regularly meet each other as well as the representatives of different ministries and exchange their experiences. In the coming

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<sup>21</sup> In addition, CESCI also participated in the set-up of the Central European Transport Corridor EGTC (with a seat in Szczecin, Poland) and at the time being, it offers a professional support to the establishment of another network EGTC including the national transport authorities of 14 EU members states (the seat is not defined yet).

years, the workshops will be organised as a part of the KÖFOP project of the Ministry of Trade and Foreign Affairs.

The services of the association include the elaboration of development concepts and action plans of the EGTCs (e.g. the ex ante analysis for the Integrated Territorial Investment of the Ister-Granum EGTC, the irrigation concept of the Gate to Europe EGTC); development of cross-border projects (e.g. the series of project development workshops at the BTC, the Ister-Granum and the Rába-Danube-Váh EGTC); capacity development (background materials related to the daily operation and the enlargement; working-out of legal documents needed for different activities; creation of professional networks helping the EGTCs' activities); dissemination activities (organisation of conferences, professional events together with the groupings; plotting statistical maps on the EGTCs; sharing of information on grants and calls available for the groupings; elaboration of funding maps; operating an internal forum for the members of the EGTC workshop), etc.

At the national level, CESCO often works out decision-preparing documents and consult with different (Hungarian and neighbouring) authorities, seeks for the ways of lobbying for better accessibility across the borders and develops own opinion papers on different issues.

At the European level, CESCO is one of the most active members of the Association of the European Border Regions (AEBR), has been taking part in the activities of the EGTC Platform since the beginning, functions as the head office of the Conference of European Cross-Border and Interregional City Networks (the CECICN). In 2012, together with the MOT, the Dutch Ministry of Interior and Kingdom Relations and the Galicia-Norte Portugal and Norte Portugal – Castilla y León Working Communities' directorate (CCDR-N), CESCO established the Budapest Platform which aims at facilitating cross-border cooperation through national level institutions<sup>22</sup>.

Based on its experiences gained from the field, CESCO often participates in EU level consultations on topics affecting cross-border cooperation and mainly the operation of the EGTCs; and delegates experts to different professional working and expert groups (like the expert group of the CoR on the future of Cohesion Policy; the expert group of Cross-border Review project of the DG Regio on the obstacles of CBC; or the working group on the European Convention of Cross-Border Cooperation initiated by

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<sup>22</sup> See more: <http://budapestplatform.eu/>

the Luxemburg Presidency). Through these mediating activities, the organisation can channel the needs and recommendations of the local stakeholders into the European discourses; and vice versa, it can share the latest news on European policies among the local stakeholders. It uses its professional capacities for strengthening the recognition of a more integrated and more place-based way of cross-border cooperation and development.

### 3.3 The Hungarian EGTCs in territorial development activities

When classifying the Hungarian cross-border development EGTCs, one can apply diverse approaches, such as differentiation by country of the seat, territorial scope, status of the members, etc. In this chapter, we are interested in the territorial development role of the groupings and its typology.

As it was mentioned above, some kind of territorial economic development role has always been vindicated to the Hungarian EGTCs, regardless of the ministry in charge of the subject. In this respect the authors of the Civitas Europica Centralis Foundation<sup>23</sup> has created a normative model when analysing the EGTCs operating along the Hungarian-Slovak border (the border the most frequented by groupings in Europe). The model is based on the so-called 'EGTC Maturity Index' which is a composite index including the following aspects: (i) publicity, (ii) (financial and human) resources, (iii) (capacities of the EGTC in) regional development, (iv) members' satisfaction (Ibid, 64.) Based on the index, the authors established a two-dimensional categorisation along the axes of "*Extent of fiscal autonomy*" and "*Extent of development policy involvement*".

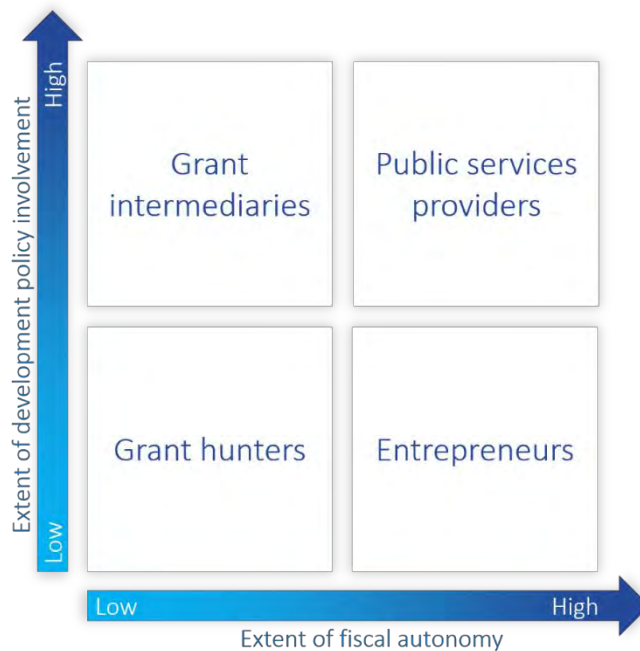
The model presupposes that there is an evolution of the groupings from the level of "grant hunters" when the management tends to get money through applications to the level of "public services (sic!) providers" when the EGTC offers its services to the people living in the border area financially autonomously and with a high impact on the development of the given territory. Here, we have no room to evaluate the model in detail. However, even though the model sheds light on the fact of how much the

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<sup>23</sup> Törzsök, E. – Majoros, A. (eds.) (2015): A comparative analysis of the evolution of EGTCs at the Hungarian–Slovak border. Research Report. Civitas Europica Centralis Foundation, Budapest.

Hungarian EGTCs depend on financial support and it has an internal logic, we have to highlight that such an evolution of the groupings does not exist. Some of them gained a higher fiscal autonomy without passing through the grant hunter status, others have real influence on the development of the territory covered but they have no grant intermediary role and, furthermore, the majority of the EGTCs do not plan to offer services, etc.

Figure 4: The classification of the groupings according to the EGTC Maturity Index



(Törzsök, Majoros 2015, 75.)

At the same time, there are different ways how the groupings are involved in territorial development activities. The following typology concerns the different roles the EGTCs can play in cross-border territorial development. The leading principle of the short analysis is not normative but rather descriptive; it classifies the activities from the perspective of territorial cohesion and integration. It is important to underline that, in this respect, one grouping can play different roles in parallel, and that there are no gradual differences between these roles.

### 3.3.1 The grouping as a quasi “regional development agency”

EGTCs can undertake the role of **providing project development and management** as a kind of set of services provided to their member municipalities without being built up into the national regional development structures. Arrabona EGTC has not realised cross-border projects so far (it was established at the closing phase of the former programming period) but it managed two dozens of projects with a total value of EUR 12 M in favour of its members.

Several EGTCs (the Pons Danubii, the Ister-Granum, the Banat Triplex Confinium [BTC], the Novohrad-Nógrád) support the local investments of their members in a similar way. The VITEA Foundation coordinating the work of the Abaúj Abaújban and BODROGKÖZI EGTCs plays the same role: it identifies the development needs at the local and micro-regional level and prepares and manages the projects (the two EGTCs provide a framework only for these activities). In this first model, the EGTC compensates the shortages of human capacities at the local level on both sides of the border but it does not implement cross-border integrated investments.

### 3.3.2 The grouping as an integrating tool of a smaller border area

In other cases, the EGTC not only gathers and manages the local projects but it also **unites them into cross-border integrated territorial developments**. The majority of the Hungarian EGTCs developed their integrated strategies before the current budgetary period. At the moment of the elaboration of this study, 9 groupings have a strategy of their own, a further one has an older document to be revised and the elaboration of the strategy of another one is in progress. These documents identify the border region in question as a coherent entity which has own vision and specific development needs, sometimes independent from the local ideas. The interventions and the projects included are integrated, joint ones, diminishing or eliminating the separating effects of the borders. In some cases (e.g. the Rába-Danube-Váh or the BTC) even the projects are integrated in larger sub-programmes creating synergies between the diverse projects.

In 2012-2013, the government made an attempt to include the tool of the ITI (integrated territorial investment) in the Partnership Agreement with validity also for ETC programmes<sup>24</sup>. The final version of the PA does not contain the instrument taking into account the difficulties caused by the necessity of multi-level and multi-lateral negotiations. Regardless, some groupings started elaborating their cross-border ITI. The ones getting the farthest in this job were the BTC and the Ister-Granum. The former one developed the Bartók programme, including several projects in the field of culture, tourism and social innovation based on the multicultural heritage of the trilateral Banat region where more than 20 ethnic groups are living together. The Hungarian composer, Béla Bartók, famous all over the world was born in Sânnicolau Mare (one of the funding municipalities of the EGTC) and is the symbol of the mutual recognition of the people living in Eastern Europe.

In the case of the Ister-Granum, the ex-ante analysis of a cross-border enterprise-logistics zone has also been elaborated, including 14 projects being in synergetic relation with each other. The ITI was based on the complementary features of the two border regions: while in Hungary there is a developed, industrialised area with poor logistic conditions, on the Slovak side, the logistical endowments are excellent but the number of available jobs is small. The planned cross-border zone unites and integrates these complementary advantages under one common management led by the EGTC.

Taking into consideration that there is not an opportunity to realise cross-border ITIs, the projects will be implemented separately: the first one, the freight ferry connection just terminated.

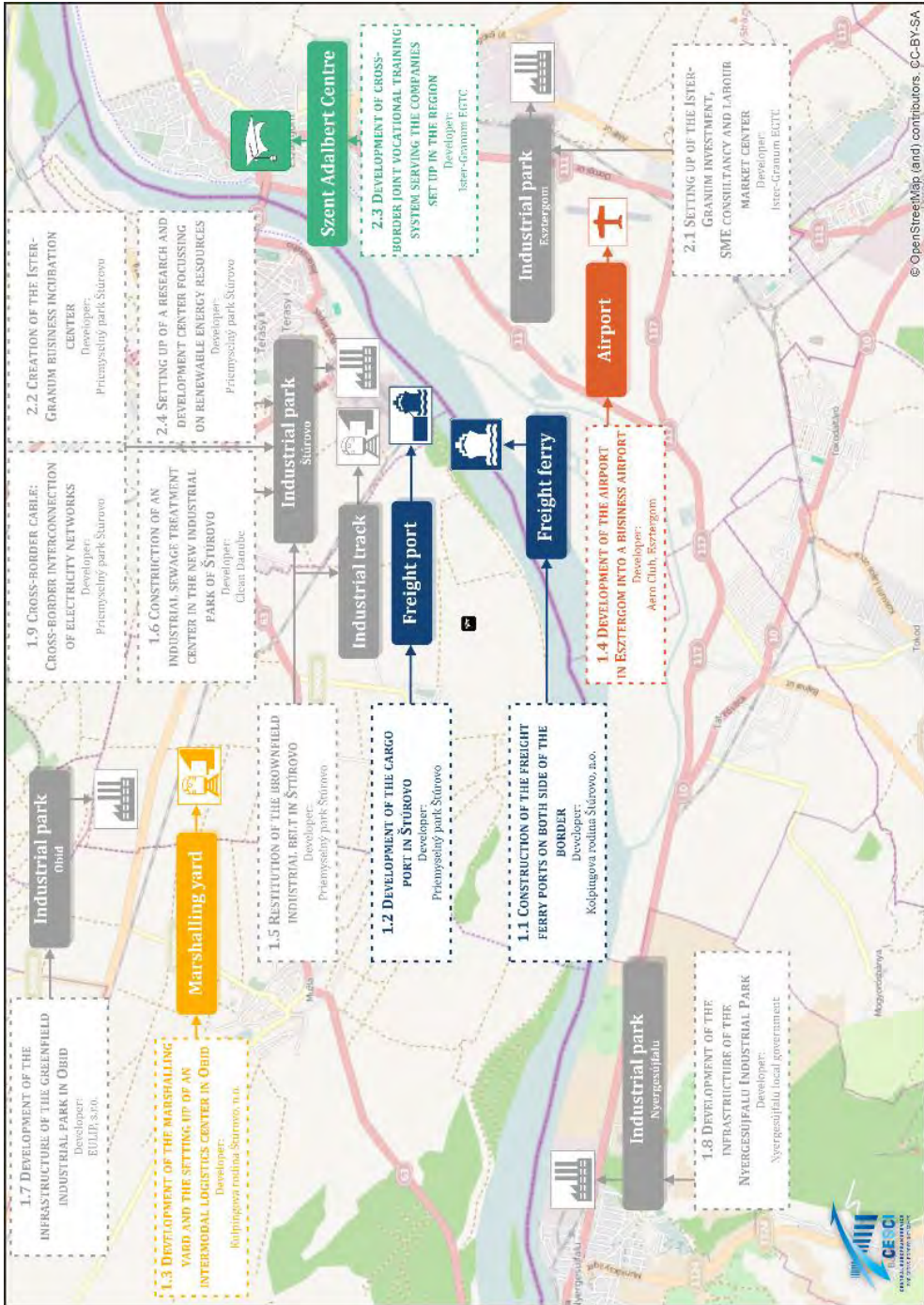
Further forms of cross-border cohesion are also known, mainly in the field of social cooperation. The Gate to Europe EGTC was awarded by the EGTC award in 2012 for its cross-border farmers' club where the Hungarian and Romanian farmers can meet and exchange experiences regularly. The Pons Danubii has set its professional committees which very actively participated in the preparation of the projects implemented by the EGTC. The Ister-Granum has successfully involved more than 300 local producers into a cross-border network.

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<sup>24</sup> See the draft version of the Partnership Agreement: Magyarország Partnerségi Megállapodása. Tervezet (2013. július 1.). Nemzetgazdasági Minisztérium, Nemzetgazdasági Tervezési Hivatal, 103–104. (manuscript)



Figure 5: The components of the planned Ister-Granum enterprise-logistics zone ITI



The Abaúj Abaújban and the BODROGKÖZI EGTCs are very strong in building close cooperation between the local leaders: they organise mayors' meetings in every month, study trips and EGTC Days (series of disseminating events) every year. The European Common Future Building EGTC (Hungary and Romania) is very successful in the cooperation of risk prevention teams, across the borders. To summarise, the groupings can undertake the responsibility of the integration of a cross-border area from social, economic and territorial point of view. This mission is very similar to that of the former Euroregions completed with the legal capacity on both sides of the border.

### 3.3.3 The grouping as an actor of cross-border programming

The Hungarian EGTCs has taken part in the **preparation of the cross-border programmes at different levels**. Although the territory of the Pannon EGTC completely covers the Hungarian part of the Hungary-Croatia programme region, it was not involved in the elaboration of the INTERREG V-A programme because, that time, it had no Croatian members (but rather Slovenian ones).

The groupings operating along the Hungarian-Romanian border were not invited to the working group of the programme and the workshops organised by the JWG. Regardless, they were informed on the procedure through their members and they made some recommendations, too.

In the case of the Slovakia-Hungary INTERREG V-A programme, the groupings actively participated in the preparation phase (they attended the programming workshops and presented their planned integrated investments to the Task Force, as well). After the institutions of the programme started their operation, the groupings are invited to delegate a representative into the Monitoring Committee (MC), with observer status. According to the rules of procedure as worked out by the Ministry of Trade and Foreign Affairs of Hungary, in each MC meeting another EGTC takes part following a geographical pattern. At the first meeting held on 30 June 2016, the westernmost grouping, the Arrabona represented the Hungarian-Slovak EGTCs and, at the next one, the easternmost, the BODROGKÖZI will play this role.

The Slovak-Hungarian INTERREG programme is a special one from another perspective, as well. According to the decision made by the Task Force, the Small Project Fund will be managed through two groupings with county level members: one in the West (the Rába-Danube-Váh is expected to be), another in the East (the

Via Carpatia). This means that two EGTCs will play an intermediary role in the implementation of the programme.

To sum up, as we can see, the groupings are present at three different levels and different forms in territorial development activities: *as something like a regional development agency*; *as the coordinators of cross-border developments of a particular border region*; or *as actors of the implementation of cross-border programmes*. We don't consider these forms of involvement from a normative aspect. Instead, these roles can complement each other and can be played well or not. In this respect, the EGTCs which have not manifested any forms of territorial development activities so far (e.g. UTTS, Kras-Bodva, Torysa, Svinka, European Border Towns EGTC) can be identified as ones not fulfilling their mission set by their funding documents<sup>25</sup>. Others have undertaken the task of managing territorial developments in border areas, for better or worse...

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<sup>25</sup> Due to the serious deficiencies related to its administration, the institution responsible for the national control over the state subsidies in Hungary (the Government Control Office, KEHI) recommended the abolishment of the UTTS EGTC. It can be the first EGTC dissolved.

## CHAPTER 4 - The Hungarian EGTCs today

The preceding chapters have given an overview of the legal development of EGTCs that operate in Hungary and of their policy environment, which enabled a startling number of these to emerge and develop. In addition, the typology of functions introduced in Chapter 3 showed the variety of roles that EGTCs have taken on themselves, primarily in relation to local and regional interventions. While the sheer number of EGTCs could be used as an indicator of success, it is not surprising that sceptical voices have asked how they actually perform, both in relation to their own goals and expectations and in relation to each other and EGTCs elsewhere in Europe.

This chapter aims at elaborating and expanding on the issue of functioning and performance. It does so by first taking a step back, looking at the starting condition for cooperation through the issue of institutional memory (section 1) and the socio-economic and geographic environment in which they operate (section 2). Both of these influence the chances an individual EGTC has to deliver in relation the expectations set by themselves and others. It then proceeds to giving an overview of what the EGTCs do and how they work (section 3), and finalise with an overall assessment (section 4).

### **4.1 Institutional memory: previous experience of institutional cross-border cooperation along the Hungarian borders (Sara SVENSSON)**

The frequent changes of state borders in Central and Eastern Europe in the 20th century made them contested frontiers heavily burdened with conflicts (Hardi 2007; van Houtum 2000; Scott 2012). This was further complicated by the ethnic cleansing after World War II through which millions of people were driven from their homes in the pursuit of a 'one people one country' principle (Eriksonas 2006). These processes are heavily noticeable in Hungary's seven borderlands, since some territory that is now Slovakia, Ukraine, Romania, Serbia, Croatia and Austria once belonged to the territory of the Kingdom of Hungary during the Austro-Hungarian dual monarchy.

To take one borderland as an example: at the end of World War I, the territory north of the Danube, which is now Slovakia, became a part of Czechoslovakia. During World War II, the borders temporarily changed again when Hungary sided with Germany,

but at the end of the war the area was again reintegrated with Czechoslovakia. In the late 1940s, forced population swaps took place (Markusse 2011, 365) that directly or indirectly affected thousands of people in what today is the Hungarian-Slovak borderland. In the decades following the war, the Hungarian minority only partly assimilated. For example, Hungarians on both sides of the border refer to the villages and towns with their original Hungarian names: for instance, the town of Štúrovo is referred to as Párkány, and the villages Zlatná na Ostrove, Sokolce and Marcelová as Csallóközarányos, Lakszakállas and Marcelháza, respectively.

During most of the Cold War, the development of public administration relations across the borders ranged from impossible to flourishing. This not only depended on whether the other country was in the East or West Block or not, but there were also differences between the East Bloc countries. Local mayors at the Hungarian-Slovak border describe this as very difficult (Svensson 2013b), whereas the Hungarian-Yugoslav border even had a Standing Committee on Urban and Area Development within the borderland (Szörényiné Kukorelli, Dancs, Hajdú, Kugler, Nagy 2000).

The end of the Cold War had contradictory consequences for minorities in borderlands. On the one hand, travelling in general, and border-crossing in particular, became easier at all borders, although to a varying degree. For instance, at the Hungarian-Slovak border, the number of border crossings increased, including the (re)construction of bridges essential to an integrating area, such as the bridge between Esztergom and Štúrovo, which had been destroyed during World War II. At the same time, it is important to note that several borders still have considerable distances between border crossings and that these are longer than they were before World War I (see elaboration on border crossing conditions at the different borders in section 4.2.) On the other hand, the political situation of minorities was affected, albeit in different ways. At the Hungarian-Slovak borderland, an important consequence of the disintegration of Czechoslovakia was the proportion of Hungarian-speakers dramatically increased in relation to that of the majority, since most of the ethnic Hungarians lived in the Slovak part. This had political ramifications in terms of Hungarian secessionism being perceived as a real threat by some Slovak politicians (Goldman 1999, 199). This, in turn, led to tensions between the Slovak and Hungarian government, which would be a recurrent issue through the 1990s and 2000s.

The relations with Romania went through similar ups and downs, whereas the relations with Serbia, Croatia and Slovenia initially were affected more by the Yugoslav Wars of the 1990s and subsequently by the varying status of these three countries in relation to the European Union (Slovenia being a member from 2004, Croatia from 2013 and Serbia having official candidate status since 2012), with the issue of Hungarian minorities (which is significant only in Serbia) being of less importance. Likewise, the small, largely assimilated, Hungarian minority in Austria was not much of a political issue, although of course the end of the Cold War meant dramatically, and improved, relations between countries and opportunities. Finally, the relations with Ukraine, where the borderland is a true peripheral from a Kiev point of view, has not changed substantially, perhaps due to an early agreement following Ukrainian independence, which confirmed the actual borders.

It is important to point out that the role of minorities and ethnicities in borderlands goes beyond the issue of Hungarian minorities in the surrounding countries. There are numerous villages in Hungary that have preserved a minority character, such as Slovak, German, Croatian, Slovene or Romanian, mostly deriving from settlement policies during the Habsburg Monarchy. At the central Hungarian-Slovak border, dozens of settlements have so-called 'minority self-governments', i.e. councils elected by self-identified ethnic minority individuals (in these cases Slovak and German) that deal with issues related to their ethnic and cultural heritage. Being German (referred to as Swabians, *svábok*) or Slovak had, however, a minor importance compared to the Hungarian minority in Slovakia. Very few Germans and Slovaks use their native tongue on a daily basis, despite the efforts at revival via the introduction in the 1990s of self-governments referred to above (Vizi 2008, 124). There are villages with Slovak heritage in other parts of Hungary as well, notably in the South-East close to the Romanian and Serbian border, but in that area Romanian-heritage villages are more visible when it comes to cross-border cooperation (one EGTC, the Common Future EGTC, has traditionally Romanian villages as the members on the Hungarian side). Another example is the Mura Region EGTC, which was initiated by a Hungarian municipality with Croatian heritage.

Even taking into account the uneven and complex figure, it is clear that there were elements of cultural-linguistic closeness that after decades of subdued possibilities to interact during the Cold War, could be expected to ease cross-border collaboration. However, the proximity is at the same time a cause of national level tensions that may inhibit cooperation at the local level.

The end of the Cold War and the fall of communism created an impetus for local and regional bodies to renew old bonds and/or forge new ones across borders. Several institutional innovations from Western Europe were taken up on the local level. The most important of these were the *Euroregions*, a common term for formalised cooperation associations between local and/or regional authorities which had existed and increased in Western Europe from the 1950s onwards, and *twin towns/partner towns*, in which official agreements of partnership are signed by non-adjacent local authorities in different countries.

A large-scale Euroregion was set up in 1993 incorporating parts of eastern Hungary, and regions in Poland, Slovakia, Ukraine and Romania. At the Austrian-Hungarian border, the Austro-Hungarian Cross-Border Regional Council was founded in 1992 (Szörényiné Kukorelli et al. 2000) with a clear Euroregional character, and the West-Pannon Euroregion also covered part of this borderland, but in addition included territories in Slovakia.

At the Hungarian-Slovak border, a number of twin town agreements were set up and some of them formed the basis for today's EGTCs, e.g. the Ister-Granum, starting out as a Euroregion and then converting into an EGTC, or the Pons-Danubii which emerged out of partner town cooperation.

Cooperation with the countries emerging from former Yugoslavia (Serbia, Croatia and Slovenia) was complicated by the wars that raged in different parts and at different time spans in the area during the 1990s, at the Hungarian-Yugoslav (today Serbia), but an early large-scale Euroregion could still be established in the Danube-Körös-Maros-Tisza Euroregion, incorporating settlements from Hungary, Romania and (then) Yugoslavia.

Several more Euroregions were added in the 2000s, with 2004 and 2007 standing out as landmarks filled with symbolic and regulatory meaning, as Hungary along with two of its neighbours, Slovenia and Slovakia, became members of the EU in the 2004 'big bang' enlargement, and Romania following three years later.

Towards the end of that decade, both the positive and negative balance of 20 years of cross-border cooperation could be seen. Scholars working at different borders pointed to an overall relatively low achievement in terms of scope of activities and outcomes. This example of the achievements of cross-border cooperation at the

Ukrainian-Hungarian border, referring to the years 1994 to 2004, is typical for this type of negative assessment.

*“Furthermore, with regard to cross-border relations it shows that co-operation at subnational levels (i.e. regions, counties and micro-regions) are still usually of symbolic and formal character, despite the fact that a decade and a half have passed since the system transformation. This circumstance is visible in the quantity, character and depth of co-operation. Within the co-operative initiatives the proportion and weight of economic and trading relations is still relatively low.” (Balcsók, Dancs, Koncz 2005, 65)*

In addition to the (to some) unsatisfactory scope and depth of projects, the legal situation in terms of project and for-profit activities in the concerned countries was unsatisfactory, and it is, therefore, not surprising that Hungarian actors were among those pushing for an EGTC (see previous section) and the second EGTC in Europe was also one in Hungary (the Ister-Granum EGTC).

Problems had also arisen in terms of scale, which mattered in different ways. While it is important to reach some ‘critical mass’ in order to develop effective plans for regional developments, there were examples of Euroregions covering very large territorial areas (e.g. Carpathian Euroregion) or with a high number of municipalities (e.g. the Ister-Granum Euroregion with more than 100 municipalities at its foundation). Their difficulties to some extent stemmed from many members in concerned countries being small and having relatively few legal competences, or extensive competencies on paper but very scarce financial resources. Euroregional initiatives containing many small local governments, therefore, had difficulties pushing above their weight.

It should also be noted that the Euroregions were badly integrated into the management of the EU funds specifically dedicated to cross-border cooperation. The Interreg programme and the European Neighbourhood Policy Instrument for Cross-border cooperation set up their own structures to plan, choose and implement funds, and the Euroregions performed below their expectations when it came to accessing those funds, and were not consulted/drawn in to the extent that could be expected.

However, it is clear that Euroregions enabled significant amounts of know-how assembly and capacity building, e.g. in the fields of human relation management and project applications, which could be later be used by EGTCs. They provided learning



spaces within a specific set-up, from which actors could bring the achieved know-how even into the new EGTCs. In many instances, the Euroregion in fact was the direct precursor of what would be an EGTC (e.g. Sajó-Rima and Ister-Granum EGTCs). Research has shown that previous experience of cooperation between local governments and regions (e.g. in the case of Abaúj Abaújban and BODROGKÖZI EGTCs) enhances the chances for well-functioning cross-border cooperation (Svensson 2013b). This means that learning acquired through, for instance, inter-municipal cooperation can be transferred and used in these settings as well. Likewise, institutional histories of cross-border cooperation in various forms can be expected to have positive effects on the institutionalisation and development of EGTCs.

The survey conducted in 2015 and 2016 with EGTC managers and Chairs revealed a broad variety in the forms and experience of the pre-history of EGTCs at the Hungarian borders. These forms could be 'Euroregions' based on different legal arrangements (memoranda of understanding or associations established in one country), twinning projects or partnerships between towns and settlements on two sides of a border, and certain members of the EGTC may have histories going back as far as the early 1990s after borders in Eastern Europe softened in the aftermath of political system transformation. Altogether, in the 2015 and 2016 surveys, 80% of the answering EGTCs indicated a pre-history of cross-border cooperation before the formation of the EGTC.

*Table 1: Institutional legacies of cross-border cooperation in the words of EGTC Directors and Chairs (CESCI-CEU Survey 2015 and 2016)*

*"Since 1994, and 15 years after that, we took part in the territorial events of each other, for instance as exhibitors or local handicrafts producers."*

*"The predecessor was founded on December 20, 2007, in connection with the Schengen border opening night. This was called <...> Development Partnership."*

*"The municipalities worked together before as the <...> Euroregion, and there were projects realized through EU funds."*

*"Before there were mainly twinning settlement projects, or separate projects carried out by project partners."*

*"The member municipalities have taken part in application and project management activities."*

One can also contest the claim that Euroregions were empty vessels, or toothless tigers. While policymaking processes in borderlands are complex and attributions of policy success are sometimes hard to prove, it is clear that the Euroregions could claim some results, for instance in the field of people-to-people cooperation and infrastructure, which lent them basic legitimacy in their respective areas. Table 2 summarises the positive and negative take-aways from the Euroregional experience.

*Table 2: The Euroregional experience of the 1990s and 2000s*

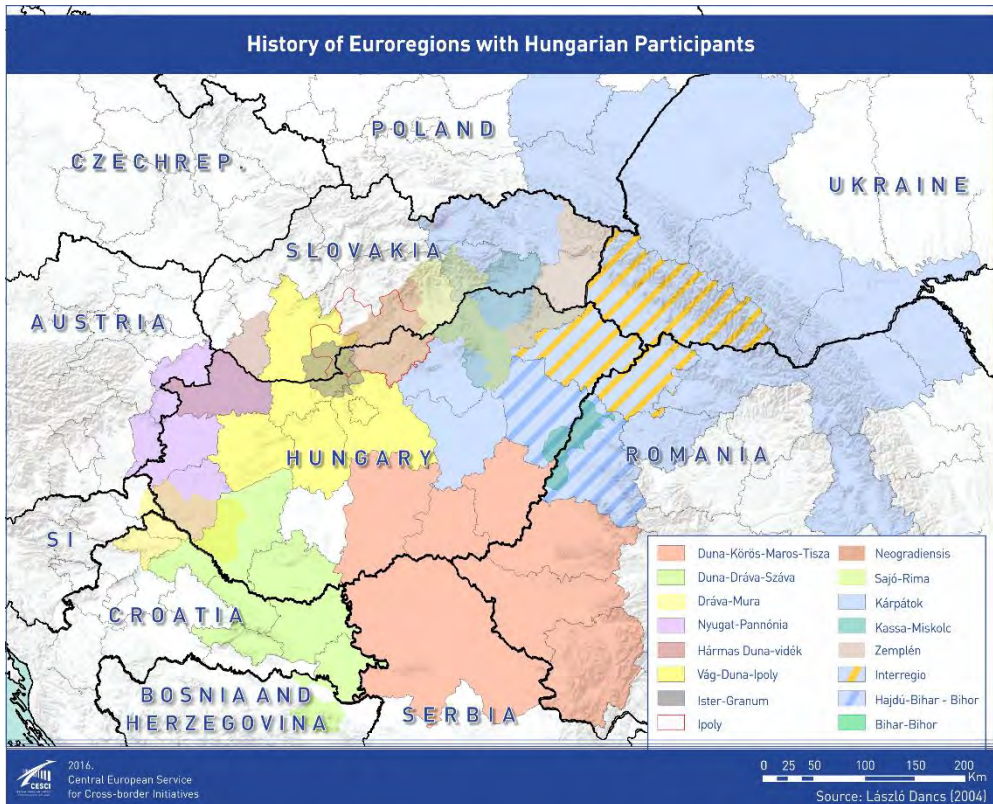
Positive	Negative
<ul style="list-style-type: none"> <li>• Increased know-how / capacity building</li> <li>• Actors building and reinforcing sense of ‘doing the right thing’ in the eyes of ‘Europe’ and, to varying degrees, local communities and national governments</li> <li>• Symbols for European integration</li> <li>• Vehicles for ethnic-based people-to-people cooperation</li> <li>• Legitimate claim to some results, especially in terms of infrastructure, e.g. reopened bridges, increased number of border crossings, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Few tangible outcomes for majority of participating municipalities</li> <li>• Little direct contribution to regional socio-economic development</li> <li>• Little integration with other governance bodies at local, regional, national and European level.</li> <li>• Little participation in the participation and implementation of European dedicated funds for cross-border cooperation (e.g. Phare, Interreg, ENPI-CBC)</li> <li>• Perceived difficulty to access European funds through the Euroregion format.</li> </ul>

Today, there are few Euroregions left operating in Hungarian borderlands. In parallel with the emergence of the EGTC, the Euroregions ceased their operation, except for the Carpathian Euroregion (low effects), the Danube-Kris-Mures-Tisa (DKMT) Euroregion and the Ipoly/Ipel Euroregion. The latter ones have managed many successful projects, of various scale and scope.

Table 3: List of Hungarian Euroregions and their EGTC successors

Year of foundation	Name of the euroregion	Participating countries	Successor EGTC	
			Partly	Fully
1993	Carpathian Euroregion	HU, PL, RO, SK, UA		
1997	Danube-Kris-Mures-Tisa Euroregion	HU, RO, RS		
1998	West-Pannon Euroregion	HU, AT		
1998	Danube-Drava-Sava Euroregion	HU, BIH, HR	Pannon EGTC	
1999	Vág-Duna-Ipoly Euroregion	HU, SK	Pontibus EGTC	
1999	Ipoly Euroregion	HU, SK		
2000	Neogradiensis Euroregion	HU, SK	Novohrad-Nógrád EGTC	
2000	Sajó-Rima Euroregion	HU, SK	Sajó-Rima EGTC	
2000	Interrégió	HU, UA	Tisza EGTC	
2000	Kassa-Miskolc Euroregion	HU, SK		
2001	Triple Danube Euroregion	HU, SK	Rába-Danube-Váh EGTC	
2001	Drava-Mura Euroregion	HU, HR,	Mura Region EGTC	
2001	Karszt Euroregion	HU, SK	Kras-Bodva EGTC	
2002	Bihar-Bihar Euroregion	HU, RO		
2002	Hajdú-Bihar-Euroregion	HU, RO		
2003	Ister-Granum Euroregion	HU, SK		Ister-Granum EGTC
2003	Duna Euroregion	HU, SK		
2004	Murania Euroregion	HU, AT, HR, SI		
2004	Zemplén Euroregion	HU, SK		

Figure 6: Euroregions in Hungary



It should be noted that transformation into an EGTC bears not only opportunities, but also risks. As mentioned, the Ister-Granum Euroregion transformed itself into an EGTC already in 2008, and registered itself with the Committee of the Regions as the second EGTC in Europe. It, therefore, received considerable international attention, including invitations to its management and political leadership to speak at practitioner conferences and seminars. The introduction of the EGTC tool was supposed to give a more secure legal position, but members also expected it to facilitate access to European funds. An unforeseen consequence of the reorganisation was that only 89 out of 102 local governments chose to remain in the EGTC (seven more left 2008-2011). It is clear that members took the moment of transformation as an opportunity to reflect on the cost and benefits of the membership. As expectations of direct returns to individual local governments in the form of external funds had been an important instrumental motivation for Ister-Granum Euroregion memberships, some found that if such expectations had not

been fulfilled it was not worth continuing to contribute even the modest membership fee and time investment required. Others saw the time around the creation of the EGTC as a 'golden time' of enthusiasm. Thus, it is clear that the Euroregions had left some actors disappointed and disillusioned, while some were optimistic for EGTCs to achieve more and others did not think that a new format would lead to real change. A lesson that can be learned from Hungarian borderlands is, therefore, that a transformation from being a Euroregion to becoming an EGTC needs considerable managerial care, and attentiveness to both members' expectation and their specific contexts. This is the more important, since the performance of EGTCs to a significant degree depends on their socio-economic environment, which means that there are different pre-conditions for how well they may perform. This is elaborated in the next section.

## **4.2 Operational conditions of Hungarian EGTCs. Assessment of socio-economic and geographic preconditions for cross-border cooperation – a benchmarking exercise (Roland HESZ and Mátyás JASCHITZ)**

### **4.2.1 Introduction and methodology**

All EGTCs (as suggested by the name 'European Groupings of Territorial Cooperation') are territorial players operating in a complex functional geographical environment, not in a vacuum. The economic and social environment of the scope of operation cannot be dissociated from the performance of the EGTCs. Their strategic and operating conditions are substantially affected by the border region's inner territorial, social and economic cohesion, and the related prospects. As a consequence of the Central European border regions' development paths, their frameworks for cooperation are fundamentally different from the Western European frameworks which has decades of experience in European integration. Hungary is a landlocked country, which borders with no fewer than seven countries, of which at least five countries are its EGTC partners (the study considers Serbia as Hungary's sixth partner because Serbian local authorities have been strategic partners of the Romanian-Hungarian BTC EGTC since its establishment, even though the laws of Serbia do not permit their full membership).

There are large differences between each of the border sections: some borders are less permeable, others are open and characterised by connecting functions. Among the six countries you can find European Union member states, a country in candidate status and a non-member states. Among the member states, you find Schengen and non-Schengen countries. These not only determine the general social-economic situation and hence the main areas of EGTC activities, but they also substantially affect the funding available for EGTCs. Moreover, the dividing and connecting functions of borders may vary within border sections; one good example for this is the Slovak-Hungarian border. The presentation of the above characteristics – even at the macro level– could be the subject of an individual study. Although we do not begin this venture due to the limit in length, our analysis contains the determining potentials and barriers to interoperability and the (co-)operating environment of certain EGTCs. On this basis, the following will be briefly presented and assessed:

- landscape features,
- features of the spatial structure,
- border regime,
- infrastructure in the border region,
- social relationships and background to cooperation,
- demography,
- labour market,
- social situation,
- economic development and sectoral characteristics,
- economic infrastructure.

This analysis was done by using the method of comparative analysis based on a cohesion-centred approach: it assesses the factors which strengthen or weaken cohesion, and which support or hinder the use of common and complementary features, the use of territorial capital. When operating conditions are favourable to strong cohesion, EGTC activities have the possibility to facilitate cooperation, interconnectivity and the process of eliminating borders.

It should be noted that a fundamental problem arose in our comparative analysis due to the typically different sources of statistical data concerning the areas located in the border region. National statistical offices operate under nation-state frameworks; significant differences are noticeable between national systems (especially on the level of local authorities). Furthermore, national systems may

follow a different methodology when collecting and processing data, and many possible variations can be identified in the creation of indicators. The comparability of data is, therefore, compromised by the fact that countries follow various data collection and publication methodology, and also by the differences in data timeliness, completeness and coherence. Settlement level statistics for the six observed border sections are drastically different and, therefore, it is not possible to conduct a comprehensive and coherent analysis of cohesion. Consequently, the reasoning in our study is appropriate to this specific situation.

#### 4.2.2 Landscape features

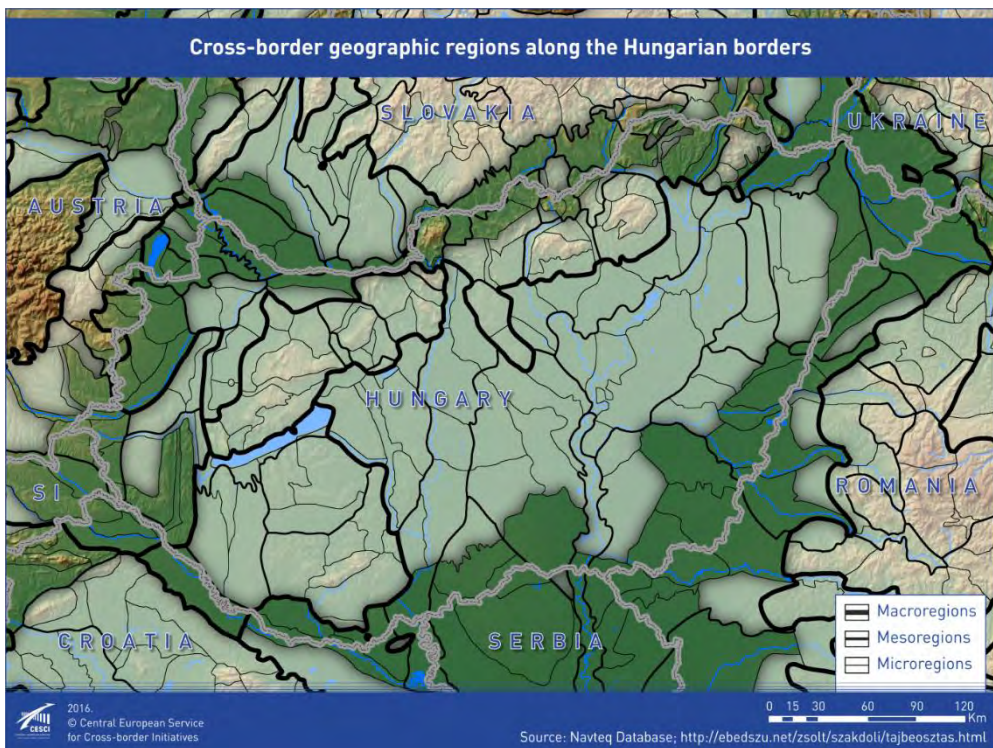
Landscape and physical geography of all regions fundamentally determine the social and economic growth and the development in settlement network. Upon describing the situation picture about territorial cohesion, special attention has to be attributed to the issues of equal interests in the use of the landscape; there are also concerns for the development potentials of those landscapes, which are organic in physical geographical terms, but are actually fragmented by state borders (Integrated planning methodology 2012). Territorial cohesion and regional cooperation could easily be based on cross-border water resources, environmentally sensitive and protected areas, or even on complementary landscapes that could provide opportunity for barter trade between different landscapes or play the role of an active contact zone (Contribution document of CESCI to the discussion paper of the Rural Development Programme 2014-2020).

*Figure 7* illustrates how state borders in the region divide a number of homogeneous natural and cultural landscapes into more or less isolated parts (CESCI's guide to involving civil society in the rural development programme 2013). With a multitude of different kinds of studies and maps, geographers have already proved that the unity of the Carpathian Basin's physical landscape is disrupted by the state borders. In reality, a number of cross-border landscapes – macroregions e.g. the Great Plain and microregions alike – form a unity (e.g. Hajdú-Moharos, Hevesi 1997; Hevesi 2003).

The territorial capital of the landscape features in the border areas became available again after the opening of borders since the environment rarely coincides with politically decided borders. The Southern Great Plain (Bácska/Bačka, Banat, Maros/Mureş Alluvial Fan), for example, is one of Europe's biggest coherent areas

and a great agricultural field. Still, its natural agricultural potential is not duly exploited due to the fact that it is divided between three countries. Similarly, the north-eastern part of Hungary has the structure of a divided mesoregion. The Eperjes-Tokaj Mountains and the south-west downhill of the Northeastern Carpathians are also fragmented because of the state borders: their exceptional features are divided between four countries, and in many cases instead of acting together, they compete with each other.

Figure 7: Cross-border geographic regions along the Hungarian borders



Furthermore, the cohesion of some EGTCs may be based on the attachment between common, cross-border micro- or mesoregions. Examples of this include some landscapes similar to the Great Plain: the Gate to Europe EGTC, the Banat–Triplex Confinium EGTC, the BODROGKÖZI EGTC, and the Tisza EGTC, which is located where mountainous and lowland areas meet. In addition to these, there is an example from the hillside region, the Novohrad – Nograd EGTC, which is rich in protected areas and geological values (Novohrad – Nógrad Geopark).



There are some factors that significantly contribute to the strengthening of regional cohesion in the Hungarian border area: on the one hand, the land management potentials related to wetlands and rivers (e.g. Danube, Tisza, Mur) passing through several countries and, on the other hand, the groupings for natural and rural development, agricultural economy and flood protection. These factors may play the most decisive role in many EGTCs (Mura region EGTC, Gate to Europe EGTC). It should be highlighted that according to the principle of homogeneity, thinking in terms of the same landscapes is only one possibility for internal cooperation among EGTCs that cover common landscapes. The principle of functional cohesion claims that an active and long-term environment (e.g. for the division of urban roles) of cooperation may develop among settlements from different landscapes.

#### **4.2.3 Features of spatial structure**

The environment of EGTCs is shaped by different types of existing and potential systems of relationships as well as cross-border cooperation examples and experiences from the past. These are all closely linked to the basic features of the region's cross-border settlement network and spatial structure.

When EGTCs consider cross-border urban agglomerations, suburbanisations (e.g. Arrabona EGTC), twin and partner cities (e.g. Ister-Granum), cross-border urban axes of cooperation (e.g. European Border Cities EGTC), and small and medium sized cities (Gate to Europe EGTC, Sajó-Rima EGTC) as integral parts of their cooperation, they represent greater regional developing power in functional geographical terms than EGTCs which lack spatial consciousness from their territorial scopes, or miss the presence of centres with cross-border spatial forming power (e.g. Svinka, Torysa, UTTS, MASH EGTC). Hence, the sustainability and functionality of the former EGTCs are already doubtful.

Consequently, EGTCs which take the attributes of the spatial structure into consideration can be successful because they have centres with equal power distribution; they establish and maintain relationships easily as they form one natural hinterland; they pay attention to the hierarchical inter-relationship between settlements; they adapt to human space and settlement structure, and thereby they become automatically incorporated into the environment which surrounds and defines them (Ocskay, Jaschitz 2010).

EGTCs on the border area of Hungary can only operate effectively from the moment of their establishment – provided there are sufficient human and financial resources – if the cooperation has a years- or decades-long history, thus giving a sound basis for further joint planning. Examples include twin and partner city groupings (e.g. European Border Cities, Pons Danubii), and Euroregion predecessors (Sajó-Rima, Ister-Granum).

By the turn of the millennium, it became evident that national settlement networks and hinterlands were less able to adapt to administrative and state borders and eventually they crossed the borders in more cases (Beluszky 2003). There are many centres with distorted hinterlands in the Hungarian border region (Kovács 1990). Due to the border changes after the First World War, these centres are either located on one or the other side of the border (Győri 2006, Hardi 2008). A result of this is the formation of regions that artificially lack cities on both sides of the border and, in some serious cases, they have come to a halt and are lagging behind or, in some less serious cases, they assisted in the establishment of new and gap filler centres.

In this regard, two central settlement groupings can be distinguished: 1. small and medium sized centres located in the border region, and characterised by having a local (e.g. Valea lui Mihai, Putnok), or small regional (e.g. Esztergom, Komárno) dimension in spatial planning. The second category comprises bigger centres located further from the borders, and these are regional (e.g. Győr, Košice, Arad, Subotica) or even stronger (Budapest, Bratislava) pull factors in their environment (Ocskay, Jaschitz 2010).

EGTCs enable certain settlements to regain their whole natural hinterlands, while centres with hinterlands that became distorted because of the rigid, separating impact of former state borders can regain parts of their hinterlands. One side of the border lacks cities, but through cooperation with the other side, they may have a share of centre functions again (e.g. Ister-Granum EGTC shares Esztergom's functions; Via Carpatia EGTC shares Košice's functions).

Cross-border urban regions are favourable to various forms of cooperation. Over the last decade, the suburbanisation of Bratislava led to the formation of a cross-border agglomeration (detailed in Hardi, Lados, Tóth 2010). From the perspective of the EGTCs, it is worth highlighting the urban areas of Vienna-Bratislava-Győr and Timișoara–Arad–Szeged–Subotica where Rába-Danube-Váh and Banat- Triplex Confinium EGTCs operate, respectively, as a (secondary) actor in spatial planning.

A number of cooperations do not focus on urban centres, but small and medium sized towns instead (e.g. Sajó–Rima EGTC, Gate to Europe EGTC). Compared to border regions rich in spatial relationships, functional relationships in the Croatian-Hungarian border area aligned with the political borders, which is not favourable for cooperation (except for the case of Pécs and Osijek).

The operating environment is the most optimal where the region is characterised by organic development and natural relationships. The most appropriate opportunity for establishing groupings that are functionally coherent is when the geographical coverage is approximately the same as the hinterland of (cross-border) centres (Ocskay, Jaschitz 2010). Furthermore, EGTCs based on this formula have the potential for providing the greatest cohesion. Some EGTCs are already greatly built on cross-border relationships (e.g. Ister–Granum EGTC with Štúrovo–Esztergom twin cities as the centre of the cooperation, Pons Danubii or Sajó–Rima EGTC covering towns near the border). By contrast, the cohesion is low if EGTCs pay little attention to actual relationships, and they attempt to form relationships between remote local governments whose functions are not interlinked (e.g. Ung–Tisza–Túr–Sajó), this also significantly decreases their viability.

#### 4.2.4 Border regime

Border-crossing is influenced by the level of openness/closeness of borders as well as their physical and mental status. The status of different border sections, whether it is an external or an internal part of the EU or the Schengen Area, has the greatest effect on physical border crossing. Slovak and Slovenian borders are the most open ones (and also the Austrian border which is not included due to its lack of EGTCs). Hungary, Slovakia and Slovenia are members of the European Union and the Schengen Area and, therefore, their borders are internal borders of the EU with the free flow of goods, services, labour and capital without border control. Open borders with more connecting functions facilitate frequent and close contacts and integration between border areas for EGTCs as well.

Physical and administrative border crossing is the most difficult at the Schengen external borders (Ukrainian, Romanian, Serbian and Croatian) (Regional Analysis of the Danube Region 2014). Even though Romania is a member state of the European Union since 2007, it is not part of the Schengen Area. While they built a number of new transitional roads during the 2007-13 budgetary cycle, Romania did not become

a Schengen member state nor did they build infrastructure for border authorities and, therefore, it cannot be used by the traffic. If they solve this problem, it will lead to better communication between smaller Romanian-Hungarian EGTCs.

Croatia's accession to the EU only removed the customs border and customs control which facilitate international trade. This is also true for Romania. Border control still hinders the free flow of people in these countries and the Hungarian-Croatian state border is still a Schengen external border. Citizens of Croatia and Hungary can, however, use their identity cards instead of passports to cross these borders. Border control, therefore, became simpler and faster than before thanks to the transitional processes in Eastern and Central Europe as well their EU accession. The migration crisis, however, has directly affected the Hungarian-Croatian and Hungarian-Serbian borders: border crossing has become more arduous because of a border fence with barbed wire.

The relatively closed Serbian-Hungarian border, similarly to the Ukrainian-Hungarian, is an external border of the EU and the Schengen Area as well. Traffic is limited at every road crossings except for the Hercegszántó–Bački Breg and the Tompa–Kelebija crossings that are considered as international. At the time of this study being drafted, there is a grouping which operates in a particular legal situation, the Banat-Triplex Confinium EGTC alongside the Hungarian-Serbian border (164 km). The current legal environment of Serbia does not yet allow local governments to be members of EGTCs and, consequently, the 8 local governments in the border region, which does not have the necessary formal legal background, received the "observer" status in the Hungarian-Romanian grouping. In this respect, positive developments are expected since the Serbian parliament ratified the Madrid Convention in early 2016.

The relatively short (137 km) Hungarian-Ukrainian border is in a difficult situation because Ukraine is not an EU or a Schengen member state. Yet, Tisza EGTC, which was the first one with operating area outside of the EU, was registered here. Hungarian citizens can enter or leave the country with their passports, while Ukrainian citizens need visas. In addition to this, while border control is strict and the time needed to cross the border is unpredictable, tens of thousands of people from Zakarpattia Oblast in western Ukraine received Hungarian passports in the past years which facilitated border crossing for them (similar developments took place in Serbia.) Over the decade after Hungary's EU accession (2004), traffic fell by a third,

and was further decreased by the conflict in eastern Ukraine. Overall, it is obvious that this border section of Hungary is the most closed.

The Hungarian system of relationships have greatly transformed after the turn of the millennium. Its bilateral relationships have significantly developed with other neighbouring Schengen countries. Hungary's relationship with other countries, however, was characterised by stagnation or deterioration. After the 2004 enlargement process, cross-border vehicle traffic increased from 36.5 million to almost 63 million by 2013. In a decade, while traffic to Slovenia increased 2.7 times and traffic to Slovakia increased 2.35 times, traffic to Romania and Croatia decreased, traffic to Ukraine fell sharply and traffic to Serbia was stagnating. The volume of foreign trade with countries outside the EU increased 1.5 times between 2004 and 2012, but trade with other EU member countries increased 2 times (Kuttor, Ocskay 2015).

Apart from administrative interoperability, mental barriers in connection with border crossing are also important to discuss. Spatial consciousness has positively changed mostly within the EU and along Schengen borders. That is not altogether true for the Croatian border area, however, for the reason that there are two regions with a differently developed mentality. These regions communicate less frequently with each other, on both social and community levels, than with the other border sections. As daily contacts and flows have developed in the Slovak border region, the willingness to cooperate and get to know each other became significantly better. There were developments in all border sections, where there are strong family or friend relations due to relocations or temporal migration (because of employment, education, tourism). It is common in the Ukrainian, central-eastern Romanian and western Serbian border areas. Mentally, the most closed area is the Dráva Area to Croatia and the southern Romanian border.

#### **4.2.5 Infrastructure in the border region**

The directions and intensity of cross-border cooperation is highly influenced by the development level of infrastructure, which is essential for many spatial flows and contacts. Partly resulting from infrastructure, borders may divide alienated border regions or connect integrated, gradually cooperating border regions. Economic and "people to people" contacts of groupings require a certain level of connectedness among border regions, including the provision of quality and quantity characteristics

of the necessary infrastructure. If cohesion is undermined by congestion or a lack of contacts, for example, the environment of cooperation will be narrow in terms of the territory and area of activities.

On the basis of the above, it is not surprising that many regional actors consider the creation and diversification of physical contact as a basic condition. In general, all cross-border EGTCs see the lack or congestion of infrastructure as a barrier. Rivers significantly limit the opportunities of contact due to the small number of bridges, which often includes a weight limit. Rivers in the Slovak border region include the Danube and Ipoly; Tisza also runs along the Ukrainian border region, Maros along the Romanian border region; Dráva and Mura along the Croatian border region. The possibilities to cross the Slovak-Hungarian borders are also limited. There are only three road bridges (Vámoszabadi–Medvedöv, Komárom–Komárno, Esztergom–Štúrovo) located at 50-55 km from each other. Furthermore, there is one rail bridge (Komárom–Komárno) without passenger traffic, and a passenger shipping service (Lábatlan-Kravany nad Dunajom). The 3.5 tonnes weight limit at the Mária Valéria Bridge in Esztergom means that freight transport is restricted between Komárom (with a 20 tonne weight limit) and Šahy. The building and opening (in autumn 2016) of a freight ferry port in the Ister-Granum EGTC region helped the situation of Esztergom–Štúrovo. In comparison, the 450-km long German-French border has border-crossing points at every 4 km despite the fact that the Rhine River is a natural border between the two countries.

It is an interesting particularity that the number of border-crossing points is the smallest where the number of groupings is the biggest (Arrabona, Rába–Danube–Váh, Pons Danubii, Ister–Granum, Pontibus EGTCs) (Functional analysis and evaluation of the cross-border road infrastructure development planned in the Hungarian-Slovak border region 2015). Border crossings in this region are of particular importance. The establishment of the Ister-Granum EGTC, for example, had close links to the reopening of the Mária Valéria Bridge. The Bridge joins Esztergom and Štúrovo, and its reopening was a prerequisite for greater territorial cooperation. The establishment of Pons Danubii EGTC – as the meaning of its Latin name also suggests – was based on the cooperation between Komárom and Komárno at the Erzsébet Bridge.

There is a lack of contact points at the Hungarian-Slovak-Ukrainian tri-border area due to the fact that there is only one road bridge on the Tisza River. What is more,

this bridge is located between Hungary and Ukraine and, therefore, the connection between Hungary and Slovakia – two EU member countries – is hindered by Ukrainian border control. Since no bridge was built on Tisza River, transport between Slovakia and Hungary is only possible through a bypass.

Along the 50 km-long section of river border on Maros River in the Southern Romanian-Hungarian border area, only one border-crossing can be found, the Kiszombor–Cenad. This region could, therefore, benefit from the building of a new bridge near Magyarcsanád, where there was a Maros Bridge in the past. (Preparatory study on the building of Szent-Gellért Bridge between Magyarcsanád and Cenad 2015).

There are only two bridges along the river border of Dráva connecting Croatia and Hungary, hence the border crossing density is only 62 km. In regional development, the most important aim of the Mura Region EGTC is to build a bridge that could allow social and economic flows and better communication in the region. As a leftover from the Yugoslav Wars, land mine clearing is still not finished (it can still take 10 more years) and it is a clear barrier to developing relationships.

The mountains of the Karst region are topographical barriers in the Eastern part of the Slovak-Hungarian border region (e.g. for Karst-Bódva, Torysa, Svinka, Via Carpatia EGTCs). By contrast, there are mostly plains in other border sections meaning that these borders do not coincide with barriers of physical geography.

There are perfect lowland areas along the eastern and southern borderline. Still, there is a need for more border-crossing points closer to cities (e.g. Satu Mare, Oradea, Sânnicolau Mare, Osijek) especially to provide better access to urban functions and also better territorial opportunities for cross-border suburbanisation processes.

Another particularity is the fact that members of a number of EGTCs lack adequate border-crossing opportunities in their central parts (e.g. Arrabona, Gate to Europe, Mura Region EGTCs).

Table 4: Road crossing-points along the observed border sections, 2016

Country	Number of road crossings	Length of the border region	Average distance between road crossings	Density of road crossings (pcs/100 km)
Slovakia	32	667	21	5
Ukraine	5	137	27	4
Romania	13	437	34	3
Serbia	7	164	23	4
Croatia	7	345	49	2
Slovenia	12	102	9	12

The non-harmonised location of border-crossings and the already mentioned relatively or absolutely low level of road crossing density influence the success of EGTCs: they make territorial cohesion weaker and they also adversely affect the conditions for the flow of factors. When observing the border crossing's infrastructure and its parameters of space (average distance between border-crossings, density of border crossings) at different border sections, it may be stated that the most favourable conditions can be found at the Slovenian and the Slovak border sections. In Slovakia, however, the density of border-crossings is only high in the eastern parts but the parameters of roads in these parts only rarely allow heavy goods traffic. The Croatian border section has the worst indicators (due to physical geography), and the Romanian ones are not better either. The Serbian and Ukrainian border areas are characterised by communication problems not so much because of the border-crossings' spatial location, but mainly because of the above mentioned administrative barriers.

Apart from the spatial location of border-crossings, another important cohesive aspect of infrastructure is the different linear infrastructures, especially the quality and location of express and primary network elements.

Generally, the main focus of developments in Western European regions is not on the concentration of network elements, but on the increase of capacity (e.g. cross-border tram services, rail connections, ship services etc.). By contrast, settlements in Eastern European border regions sometimes find it difficult to provide even a basic infrastructure. Consequently, Eastern European EGTCs operate in a less favourable



network infrastructural environment than the majority of their Western counterparts.

In the Hungarian-Slovak border region, North-Southern contacts are underdeveloped if compared with West-Eastern network elements because these were more determining in both countries' history. One of the original aims of Via Carpatia EGTC on the Slovak-Hungarian border was to establish a new north to south TEN-T corridor as well as enhancing the cooperation intensity which would strengthen cohesion and have other positive effects as well (The function of the Via Carpatia Corridor in the social and economic development of the Via Carpatia EGTC area 2015).

The Romanian situation is also unfavourable but the reason behind it is different: the dominant network elements mainly run from north to south on the eastern side of the border, while they run from east to west on the Hungarian side. This resulted in structural and functional incompatibility between the road networks of the two neighbouring countries (it should be noted, however, that this could also be the basis of a successful cooperation based on complementary advantages).

The structure of the Croatian road network is also differently organised: while east-western and north-southern directions are favoured on the Hungarian side, roads close to Dráva River and northwest-southeastern directions are used more often in Croatia.

Besides road infrastructure, shipping and port infrastructure is also very specific in the border region. Shipping services have the potential to play a more important role in the future of the Serbian-Croatian-Hungarian border region in the Danube area. It should be noted, however, that inland ports are different from each other (e.g. from the perspective of TEN-T, the ports of Baja, Mohács and Osijek belong to the overall network, while Vukovar belongs to the core network) [Frameworks of cooperation of the towns in the „Danube-Pannonian” cross-border region (Baja-Mohács-Osijek-Beli Manaštir-Sombor-Apatin) and resource map for the parties' development ideas 2015].

On the whole, it can be stated that the development of EGTC's inner links in the Hungarian border area is essential for achieving a greater level of cohesion.

#### 4.2.6 Social relationships and background to cooperation

EGTCs are a relatively novel and innovative form of societal and institutional links and, therefore, their success and capacities are not independent from the culture of cooperation in the given border region. As borders are also discursive products, those border regions will be the most easily permeable for EGTCs where cross-border cooperation has been associated with positive values for a long time. Provided the prevailing mindset values cross-border, long-term, strategic and institutionalised cooperation and considers these as good practice, it will be easier for EGTCs to use and develop their specific social characteristics (common cultural heritage, multilingualism).

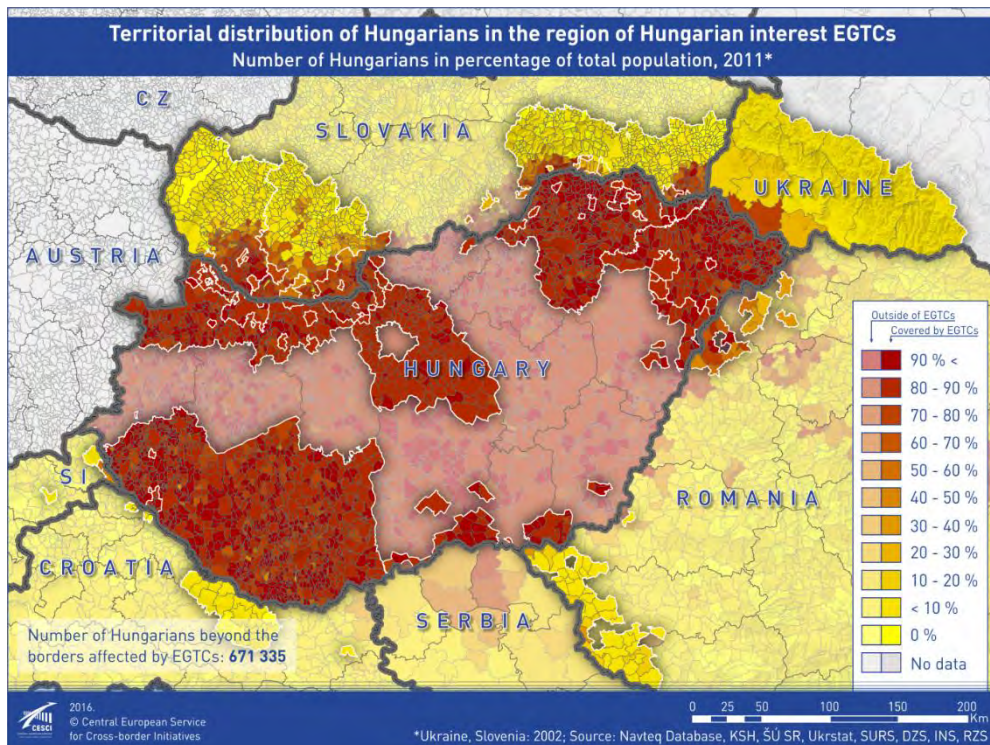
On the whole, it is true that the emergence of social relationships along the Hungarian borders was mostly due to the processes in connection with the change of regimes in the early 1990s. It was also the time when borders were dismantled after decades of being hermetically sealed (including an Iron Curtain separating the former world systems). Different borders still have different levels of knowledge about the other side: neighbouring areas/societies often appear as “white spots” on the mental map of local societies and there are some negative preconceptions due to the lack of personal experiences. If EGTC members from the border region are close to each other not only in terms of space but also in terms of an “inner” cultural space, cooperation will be easier, smoother and less dependent on the general political climate.

The existence of a large Hungarian minority, a large proportion of people with dual language knowledge and identity, creates a principal bond between the EGTC members. This bond is of key importance for inner cohesion. Ethnic Hungarians living in neighbouring countries make up 20% of Hungarians living in the Carpathian Basin (Kocsis, Bottlik, Tátrai 2006). Hungarian ethnic minorities, mostly living in border areas, represent approximately 1,820,000 people without counting the people living in Székely Land in Romania.

The operational area of EGTCs in border regions is largely the same as those multinational and culturally non-homogeneous regions where the state-creating nation and the official language still coexist with other identities and cultural traditions. A most exceptional border region is Vojvodina because of its specific public law status and, in terms of culture, it is one of the most diverse region in Europe. It is indicated by the fact the despite processes of homogenisation, the

province which is populated by the state-creating Serbian people (67% in 2011) has six official languages: Serbian, Hungarian, Croatian, Slovak, Rusyn and Romanian. Apart from the Northern districts of the province (populated by 13% ethnic Hungarians in relative majority by 43.6% in North Bačka District-nad, and by 47.4% in North Banat District), there is a significant number of Hungarian communities in Slovakia (8.5%), in the historical region of Transylvania and Partium regions (19%) and also in Ukranian Zakarpattia Oblast (12%). Hungarian communities form a majority in Dunajská Streda district (75%) and Komárno district (64%) in Southern Slovakia. The proportion of ethnic Hungarians is high (41% in Rimavská Sobota district, 35% in Galanta district, 34% in Nové Zámky district, 31% in Šaladistrict, 31% in Rožňava district) despite the fact that they are a minority in these border districts. Ukraine (Berehove district: 76%; Užhorod district: 33%, Vynohradiv district: 25%) and the Romanian part of the Hungarian-Romanian border region (Satu Mare County: 35.5%; Bihor country: 25%) all have a significant number of ethnic Hungarians (Kocsis, Tátrai 2015).

Figure 8: Territorial distribution of Hungarians within the scope of EGTCs in the border region



The Slovenian government considers the small number of ethnic Hungarians (6,000 people) as an indigenous national minority. The state provides various minority rights for them: Hungarian is an official language in towns where big proportions of Hungarians live (Lendava, Dobrovnik, Moravske Toplice, Hodoš, Šalovci).

There are also ethnic minorities on the Hungarian side of the borders from each of its neighbouring countries. These groups play an important role in spreading intercultural knowledge due to their dual language knowledge and identity.

Slovak people on the Hungarian side of Ister-Granum EGTC form an autochthonous population. Their proportion is high in some settlements: In 2011, 45.7% of Piliscsév's population and 42% of Pilisszentkereszt's population claimed to belong to the Slovak ethnic minority. The biggest number of the Rusyn population lives in Borsod-Abaúj-Zemplén County on the Hungarian side of Via Carpatia EGTC (their proportion is 18% in Komlóska town and there is an elementary school for Rusyn children). The seat of the European Common Future Building EGTC is in Pusztatltaka, where 22% of the population claims to be ethnic Romanians. The number and proportion of Serbs is very low except for Lóráv in Pest County where Serbs are the majority. Croatian communities around Nagykanizsa played a significant role in the establishment of Mura Region EGTC. Its seat, Tótszerdahely has an absolute majority (53%) of ethnic Croatians (Development strategy of Mura Region EGTC). Furthermore, ethnic Croatians in the border region are becoming more and more Hungarian. They can be significant in the strengthening of cross-border cooperation because of their common language knowledge, traditions and cultural heritage. EGTCs only embrace a small number of ethnic Slovenians in Hungary. Most of them live in Szombathely and Budapest.

It is important to stress that the ones living on the Hungarian side do not generally know the language of the neighbouring country which also has a different grammar, not Hungarian. Hungarians abroad who speak the language of their host country are, therefore, important for the operation of Hungarian EGTCs because the use of the Hungarian language facilitates communication. This is especially true for groupings near the Slovak borders. Language barriers are a big problem in the cooperation with Croatia (ethnic Croatians living in Hungary may play a catalyst role here), but understanding each other's language is a problem in the southern Romanian-Hungarian border region as well.

EGTCs with Hungarian participation can operate the most effectively if the region of their scope has a years or decades-long history of initiatives concerning reinforcing social links (e.g. Euroregion initiatives: Sajó–Rima EGTC, Tisza EGTC). Groupings that pay particular attention to cultural diversity and the protection of minorities (e.g. Banat-Triplex Confinium, Mura Region EGTC) may also help strengthen the social cohesion in their regions.

Diversity and the promotion of dual language knowledge may be transformed into benefits for cooperation and integration not only for the protection and exhibition of cultural heritage. Interethnic relationships indirectly influence the atmosphere of cooperation, the prospects for development and the cohesion of the whole border region. It is, therefore, important to support “people to people” projects aiming at bringing together cultures and promoting mutual knowledge. EGTC as a form of cooperation may be a step forward in the realisation of these plans.

#### 4.2.7 Demography

The demographic situation of an EGTC fundamentally affects the institutional network which reflects settlement functions, and also the specificities of the labour market and the economic structure. The different levels of power to retain population in different regions greatly influence the directions of future developments. Examples include the provision of more job opportunities and the improvement of the settlements’ natural environment. The demographic picture is mainly influenced by different kinds of migration. The tendency of getting younger, ageing, inward and outward migration raises problems that cross the borders.

Settlements in urban areas or in western border regions have the greatest power to retain population because they have a dynamic economy and wide demand for labour. As a new phenomenon in settlement geography, these settlements may be parts of cross-border urban regions or agglomerations. The expansion of Bratislava’s functional area of city is a specific case of suburbanisation in the Hungarian border region (Hardi, Hajdú, Mezei 2009). Due to relocation and emigration, the population is growing and the age-structure is becoming younger, for instance, in the agglomeration of Bratislava and Győr. Furthermore, the proximity of these cities resulted in significant growth of the population in some settlements within Arrabona EGTC between the censuses of 2001 and 2011: the population of Vámoszabadi grew by 50%, Velké Dvorníky’s by 30.9%, and Horný Bar’s by more than 10%.

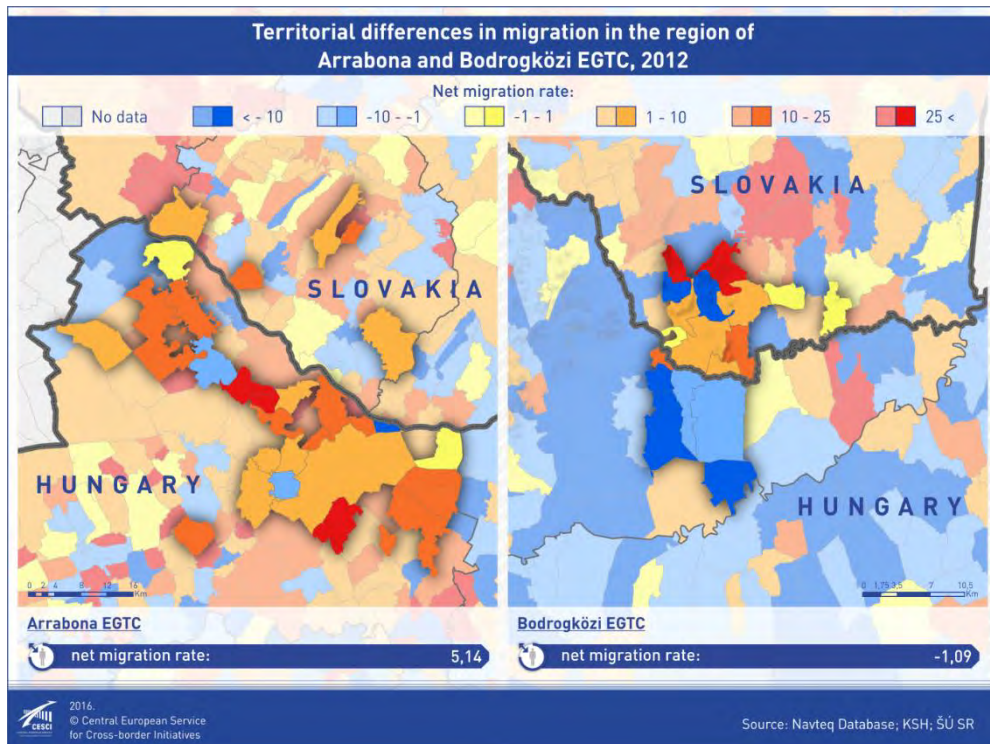
Arrabona EGTC is characterised by the immigration of ethnic Slovaks, suburbanisation of urban Győr, growth of population due to the general migration from East to West, as well as an improving age structure. A positive migration balance is registered in the previously mentioned centres and also in Western settlement, close to Austria. Out of the 29 member settlements of Arrabona EGTC, 20 had a migration asset generally around 10-20 thousandths. The improvement of the age structure is reflected by the fact that only 9 out of the 29 settlements have a larger number of people over 65 years old than the number of people younger than 15 years old (Development strategy of Arrabona EGTC 2014). There is an increasing number of emigrating people in the cross-border hinterland of not only Bratislava, but also Košice, Satu Mare and Oradea. They use Hungarian services and products and, in general, they commute every day. Furthermore, they often face integration challenges in their host society (partly because of the different legislation and the lack of language knowledge).

The east-northeast border region of Hungary has been a typical example of an area of emigration for a long time. It is largely due to the combination of low wages, few jobs for people with higher education and an underdeveloped human infrastructure. The humanitarian and military crisis in the Ukrainian side forces younger and skilled people to emigrate even if they mean the future of the region. A high level of migration and emigration in the north-eastern and the eastern border region is supported by the fact that the net migration rates per 1,000 persons in Nógrád, Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg County have been below -1, and even below -5 for years. The rates are unfavourable in the neighbouring Banská Bystrica and Košice, as well as in Zakarpattia Oblast and Satu Mare County.

It is true for the majority of EGTCs in the Hungarian border region that their mobility is relatively low and their lack of spatial mobility also hinders social mobility. Only the surroundings of capitals and bigger cities as well as the north-western borderline are characterised by positive migration balance. The eastern region's accessibility is difficult, its settlement structure is made up of villages and hamlets, and it is traditionally an area of emigration. While eastern regions recorded serious emigration losses, bigger cities still have the power to retain their population. Szeged is a good example for this because, unlike neighbouring districts, the domestic migration margin for 1,000 inhabitants is positive (2.5), another example could be one of the members of European Border Cities EGTC, Nyíregyháza, where the margin is -0.5, which is still higher than in other districts outside the provincial capital.

The attractive force of the north-western borderline is illustrated by the fact that Győr-Moson-Sopron County is the number one migration destination in Hungary (the migration balance is 10.84). The following figure presents the extreme values and shows that there are significant differences between the rates of a western (Arrabona) and an eastern (BODROGKÖZI) EGTC; the former is characterised by migration surplus, the latter is characterised by decline and emigration.

Figure 9: Territorial differences in migration in the region of Arrabona and BODROGKÖZI EGTC

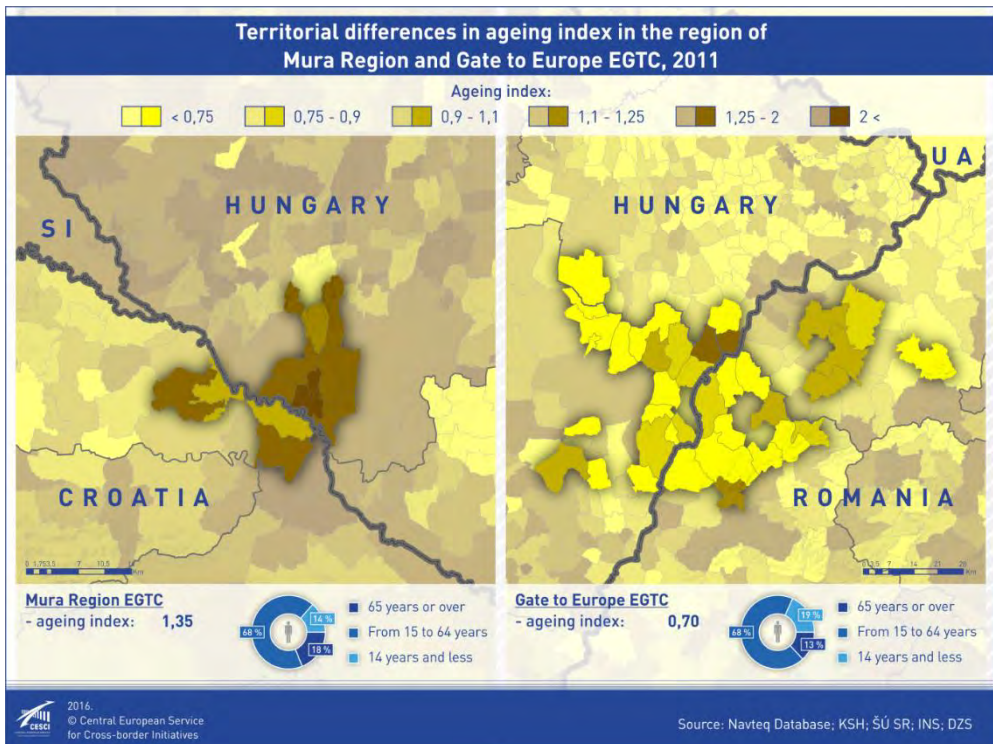


General experience shows that for regions where families live on very low incomes it is an additional difficulty to increase the dependency rate. This means, on the one hand, the generally younger society's pressure on the social system (e.g. school meals, childcare in kindergarten). On the other hand, there is a different burden on the supply system that is the ageing wealthier sectors of society. They exist simultaneously.



The most unfavourable age structure is typical where there is a lack of groups with high fertility and where emigration is substantial. Most of the Hungarian border regions are characterised by unfavourable age structure mainly due to the low level of human reproduction and the emigration of younger generations. The surroundings of urban centres such as the Nyíregyháza, Užhorod, Szeged, Novi Sad, Pécs and Osijek have concentrated power to retain population.

Figure 10: Territorial differences in the ageing index in the region of Mura Region and Gate to Europe EGTC (2011)



Some Hungarian EGTCs are characterised by ageing processes as well as an unfavourable economic situation (e.g. Mura Region, BODROGKÖZI, MASH EGTCs). Some other EGTCs are characterised by both ageing and getting younger despite unfavourable economic situation (e.g. Abaúj-Abaújban EGTC). Last but not least, there are EGTCs with an unfavourable economic situation and lack of a centre; still, their age structure is younger (e.g. Tisza, Gate to Europe EGTC). Two examples are presented to illustrate the large differences between EGTCs: Mura Region and Gate to Europe EGTC. As can be seen in the figure below, Mura Region has a high ageing

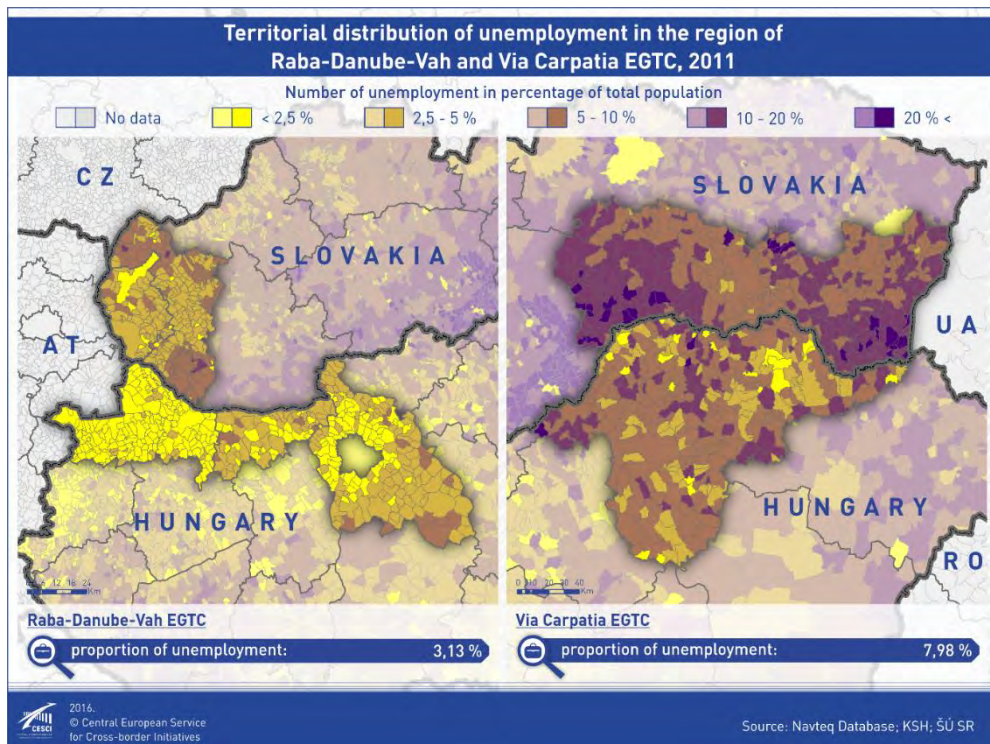


index (1.35), while the region of Gate to Europe has a low ageing index (0.7). This factor will unquestionably play a fundamental role in the operation, development directions and perspectives of the two groupings.

#### 4.2.8 Labour market

The labour market is one of the fields which is mostly influenced by borders that divide national economies. State borders divide states and create regional labour markets with different wage levels, employment and training structures, supply and demand conditions, currencies, and language knowledge etc. These differences can both help (e.g. differences in average incomes) and hinder (e.g. language barriers) cross-border employment. (Free) Flow of labour has a significant impact on the welfare of local communities, and also on the sustainability and efficiency of economy.

Figure 11: Territorial distribution of unemployment in the region of Raba-Danube-Vah and Via Carpatia EGTC (2011)



There are practically no NUTS level 3 territorial units (counties) alongside the Hungarian borders where the unemployment rate would be the same as its cross-border counterpart.<sup>26</sup> Similarly to economic development, labour market data becomes worse from west to east, from the Hungarian part of the Austro-Hungarian border region towards the Ukrainian border region. Exceptions are only the surroundings of bigger employment and economic centres (e.g. Debrecen, Szeged). The inequality between east and west is further illustrated by the fact that while the region of Arrabona EGTC is characterised by a low level of unemployment, this level is very high in the region of Sajó-Rima or BODROGKÖZI EGTC. Moreover, anomalies in the labour market are structurally different. The figure above presents the territorial inequalities in their regions. It shows that while the unemployment rate mostly remains below 5% in the region of Rába-Danube-Váh EGTC, this rate exceeds 10% in many places within the region of Via Carpatia EGTC. The demand for work is high along the Western borderline, and it caused chronic labour shortages. The involvement of new labour is the most difficult in labour intensive jobs. The level of graduate unemployment is relatively high in these regions even in capital regions; it is a unique problem (Hungary–Slovakia Border Region Regional Background Analysis 2014). By contrast, the majority of potential employees are low-skilled, long-term unemployed and often have no marketable qualifications in the Northern, Eastern and Southern border areas. At the same time, however, these regions also need to face an increase in the overall labour shortage due to the attractiveness of domestic and Western European labour markets.

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<sup>26</sup> From a methodological point of view, the situational picture of the labour market is in need of some additional comments. The low level of unemployment in some regions, especially in Ukraine or in Romania, may be misleading since due to the lack of other employment, there is false-employment, and there are self-sustaining farms and primary producers who are not present in the supply system. The low level of unemployment in the Banat-Triplex Confinium EGTC with Romanian participation is largely due to the capacities from the processing industry which moved there because of the lower level of wages (Development strategy and action plan of Banat-Triplex Confinium EGTC 2014). In reality, however, the level of unemployment is high on both sides of the Ukrainian-Hungarian border. The facts are distorted because of the agricultural population: they make up 67% of total population without any other job opportunities. Another misleading element is the result of the Hungarian public employment. Employment rates are relatively positive because public employment is widespread in economically less active regions not because of the high number of market-based job opportunities.

In many cases, the background to the high level of agricultural employment in large parts of border regions is false-employment due to the lack of other, higher value-added economic activities. The low level of employment, below the national average, is a serious problem in the whole region and it further aggravates economic underdevelopment. The worsening demographic situation is also indirectly caused by the lack of job opportunities since employment is one of the main reasons for the emigration of working age people. (Development strategy of Gate to Europe EGTC 2014; Development strategy of Sajó-Rima EGTC 2015; Development strategy of the Mura Region EGTC 2016).

Apart from inequalities in unemployment and employment, there are deviations in labour flows as well. Before the existing commuting and migration-related movements could be discussed, it should be clarified that inequalities in employment conditions do not imply the beginning of large-scale commuting. There are also barriers to commuting. The two most common barriers are a lack of language knowledge and difference in wages and currencies. These hinder employment migration even in regions where every other condition would be in favour of it.

Low level of labour migration from Hungary to the other side of the border is due to the lack of Slovak (in the case of Via Carpatia EGTC), or Croatian language knowledge (in the case of Mura Region EGTC). In some cases, there are no employment centres with wider hinterlands that could induce significant labour mobility (e.g. Svinka EGTC, Ung–Tisza–Túr–Sajó EGTC, large parts of Pannon EGTC). Cross-border commuting is not favoured in any border sections of Tisza EGTC because border control is strict, time-consuming and unpredictable along the external border of the Schengen Area.

The population of the Slovak-Hungarian border region has been at the forefront of cross-border commuting over the past decade. In Hungary, the surroundings of Győr, Komárom and Esztergom hired a large number of employees before the economic and financial crisis. The number of Slovak citizens with a work permit in Hungary increased twelvefold between 2001 and 2004 (Bartal, Hardi 2005). The number of employed people with Slovak citizenship was almost 20,000 in 2006-2007 (Gál 2009). Cross-border movements were mainly influenced by transnational automotive and electronic companies (Nokia in Komárom in the region of Pons Danubii EGTC, Suzuki in Esztergom where the seat of Ister-Granum EGTC can be found, Phillips and Audi in Győr within Arrabona EGTC etc.). Nokia in Komárom employed 680 Slovak employees out of their total 1,829 employees before it was closed in 2014. The number of daily

commuters from Slovakia to Győr was estimated to be 1,500 in the first half of the decade (Hardi, Nárai 2005). Slovakia, however, outstripped Hungary by better economic development and an increase in the wage levels. Consequently, the previous commuting dropped by about a half. Labour movement from Slovakia to Hungary remained intense within Ister-Granum EGTC, where Suzuki in Esztergom still employs 2,000 employees with Slovak citizenship. Based on the consumer price index of EU 27, the gross average income (EUR 1,320) in Győr-Moson Sopron County was on average EUR 400 per month less than in Bratislava district in 2012 (Development strategy of Arrabona EGTC 2014). According to the data collected by the Hungarian Central Statistical Office and the Slovak Slovstat, the net average income in Győr-Moson-Sopron County was EUR 506, while it was EUR 831 in Trnava district and it was even higher in Bratislava (about EUR 1,150) – what is more, they use the euro as their currency.

At present, the highest level of labour migration in the Hungarian border region is in the western part of the Slovak-Hungarian border section. Commuting mostly affects the eastern peripheral areas of Arrabona and Rába-Danube-Váh EGTC. These labour movements between Slovakia to Hungary have increased in the past few years (the direction from Hungary to Slovakia as well) primarily because the agglomeration of Bratislava extends to Hungary. Furthermore, these migratory movements are characterised by employment in the trading or processing industry. It is a telling indicator about the jobs available in the Slovak capital and its surroundings that more than a third of commuting employees have high-level of education (Hungarian Central Statistical Office: Cross Border Commuting 2011).

In 2011, there were 2,385 Hungarian citizens working in Slovakia. More than half of them (1,201 persons) came from Győr-Moson-Sopron County, which neighbours Bratislava and includes the Hungarian part of Arrabona EGTC. Furthermore, it is also the most western member of Rába-Danube-Váh EGTC.<sup>27</sup> The majority of people commuting from the border regions of Hungary – with the exception of Győr – to Bratislava and its surrounding areas are ethnic Slovaks. It is evidenced by the fact the

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<sup>27</sup> Rajka, Mosonmagyaróvár, Győr, Bezenye, Dunakiliti and Hegyeshalom stand out on settlement level; Győr, Mosonmagyaróvár and Dunakiliti are also members of Arrabona EGTC. Commuters in these settlements are 56.2, 36, 10.7, 32, 39.1, and 33.8% of the total number of cross-border commuters (settlements close to the Austrian border increase the data because of the employment in Austria).

80% of commuters between Győr-Moson-Sopron County and Slovakia spoke the Slovak language (Hungarian Central Statistical Office: Cross Border Commuting 2011).

There are similar processes of labour migration towards Slovakia – in the immediate neighbourhood of Abaúj-Abaújban EGTC and also in the area of Via Carpatia EGTC, around Košice. Labour flows already started to increase in some settlements in the Hungarian part of the Slovak-Hungarian border region. It does not only affect people who emigrate from Košice, but a growing number of people who speak Hungarian<sup>28</sup>). Cross-border labour flows along the southern Serbian borderline mostly consists of Hungarian-speaking people from Vojvodina, from settlements in the border region. Their number is, however, being reduced by relocations to Hungary. The wider area of Banat-Triplex Confinium EGTC (including Szeged and the Southern part of Csongrád County) is characterised by circulation, which means a repetitive movement between the home and the workplace. This way, people do not give up their home in Vojvodina or their new workplace in Hungary.

Along the Eastern border region, seasonal, physical, agricultural and construction jobs are commonly filled in Hungary. Agricultural and seasonal workers mainly act as foreign workers: they only temporarily come to Hungary. The most common type of Romanian workers in the Hungarian labour market are (relatively) unskilled or semi-skilled men (Németh, Csité, Jakobi 2009). The same is true for the area of Gate to Europe EGTC. On the territory of Tisza EGTC, people fill agricultural jobs (they are often seasonal workers). Furthermore, a growing number of people from Zakarpattia Oblast work in the Hungarian education and health sector (such as students, teachers, doctors etc.). Their proportion is growing but their daily commuting is hindered by strict border controls. Commuting is induced by large differences in wages, even though Szabolcs-Szatmár-Bereg County provides one of the lowest average wages in Hungary. Cross-border commuting in this Eastern border section is again connected to hinterlands of big cities (the Romanian member of European Border Cities EGTC, Satu Mare and Oradea) In connection with commuting to Satu Mare, the following settlements stand out: Gacsály in Hungary (commuters to

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<sup>28</sup> Tornyosnémeti is affected by suburbanisation: 29.5% of its commuters work in Slovakia, while this number is 27.6% in Hidvégdárdó which is a residence mostly for Hungarian employees.

Romania are 31.3% of total commuters), Komlódtótfalu (30%), Csengersima (28.4%) and Vállaj (23.5%).

It is a general tendency that mostly skilled workers leave the Eastern areas with weak economies. Besides moving, weekly or monthly commuting is also frequent towards Western Hungary where demand for labour is higher, and also towards countries in Central and Western Europe where the average wage level is higher.

In the case of Croatia and Serbia, long-haul commuting towards Western Europe is traceable to Yugoslavian times. Emigration and permanent commuting of local human resources (e.g. from Mura Region EGTC to Western Europe, from Sajó-Rima EGTC to the region of Rába-Danube-Váh EGTC) further decreases the number of people who remain. The volume of cross-border commuting within area of the EGTC on a local level is thus substantially restricted. What is more, long-haul commuting endangers fundamental social and economic cohesion in certain regions.

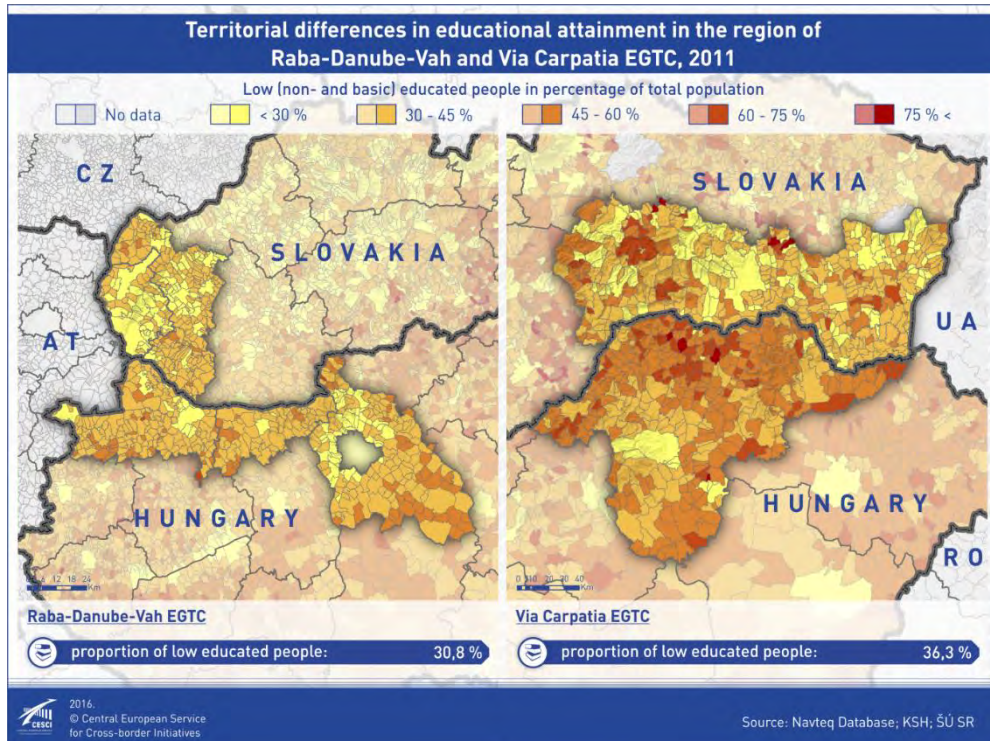
#### 4.2.9 Social situation

Unfavourable social situations are a common characteristic of the majority of EGTCs along the Hungarian borderline, it is primarily indicated by the great number of people living below the poverty line. The high rate of deprived population is strongly connected to the underdeveloped local economy as well as the low educational levels. It is increasingly difficult to handle social problems such as child famine in inherently complicated border regions where human and financial resources are scarce. The greatest challenge for local governments in EGTCs is (Sajó-Rima, Abaúj-Abaújban, BODROGKÖZI, Gate to Europe, etc.) therefore to ease this significant social burden in some way. These problems largely restrict their operation since a significant amount of both human and financial capacities must be preserved. On the other hand, however, it can also become a possibility through integrated management and the handling of cross-border issues and services.

As suggested before, the level of educational attainment strongly correlates with the income situation and the social state of individuals and families. Higher education leads to higher wages and more stable employment opportunities. The next figure presents the great division between EGTCs in eastern and western regions. The proportion of low skilled people mostly remains below 45% in the region of Rába-Danube-Váh EGTC. By contrast, in most of the settlements within the scope of Via Carpatia EGTC, half of the population do not have an education or have only received

primary education. In addition to this, settlements with 60% of low-skilled people are not unusual either. Exceptions are only in the bigger cities (here: Košice, Miskolc). Consequently, it is not surprising that social mobility and, for example, the chance to escape poverty is more restricted in the Eastern border region.

Figure 12: Territorial differences in educational attainment in the eastern and the western part of the Slovak-Hungarian border region (2011)



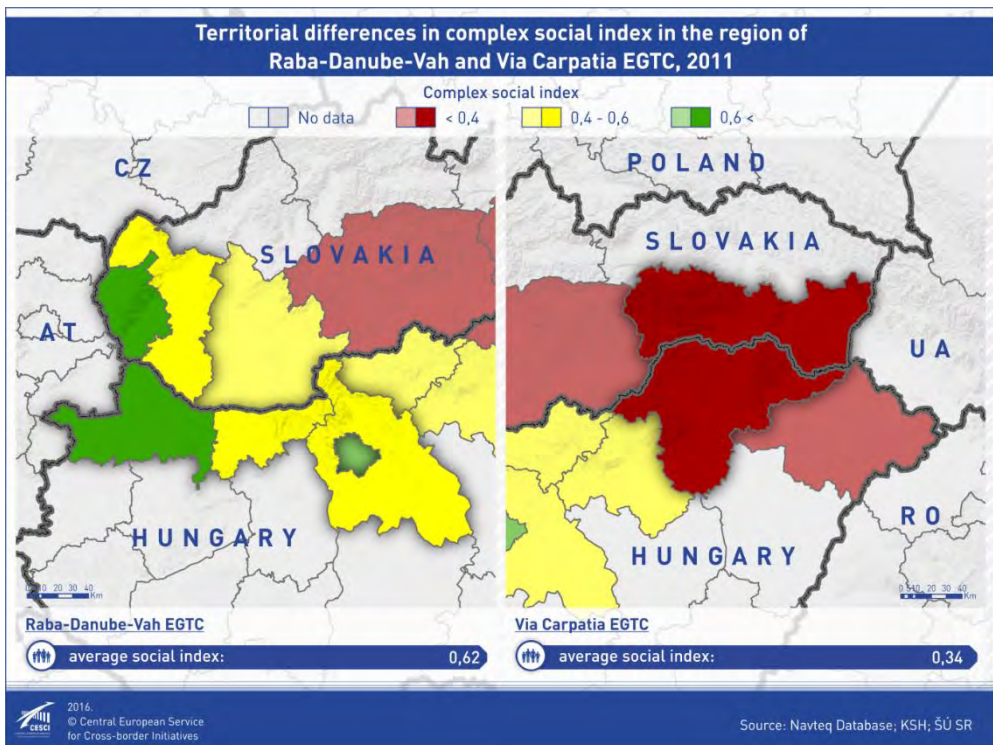
As far as the general social situation is concerned – similarly to the economic performance – there is a west-eastern slope in Hungary. EGTCs in the western part of the country, where the social situation is more favourable, do not need to concentrate as much on the catching-up of local population as on the integration of people arriving from the generally poorer, East-Western regions (e.g. Arrabona EGTC).

Along the Hungarian border, the eastern Slovak, the Ukrainian and partly the Romanian border sections are parts of the Central European region where a high proportion of Roma people live. This region needs complex social programmes in



order to strengthen their social cohesion. A huge part of the least favoured regions in Slovakia and Hungary are concentrated in the central-eastern districts, close to the border. This is illustrated by the map below. Social relations can be mapped by a NUTS level 3 complex index calculated from the time series data of the dependency rate and unemployment rate, outward migration and working-age population compared in time, the average gross income and life expectancy at birth (Hungary–Slovakia Border Region Regional Background Analysis 2014). Complex social index in western and capital regions (Bratislava Region: 0.76; Győr-Moson-Sopron County: 0.64) is very positive, but it is very low in regions within Via Carpatia EGTC. The difficult social situation of Sajó-Rima, BODROGKÖZI, Abaúj-Abaújban, Tisza and other regional EGTCs is clearly indicated by their complex social index which remains below 0.4 in Borsod-Abaúj-Zemplén County (0.36), in Banská Bystrica Region (0.34), in Szabolcs-Szatmár-Bereg County (0.33), and also in Košice Region (0.31).

Figure 13: Territorial differences in complex social index in the eastern and the western part of the Slovak-Hungarian border (2011)



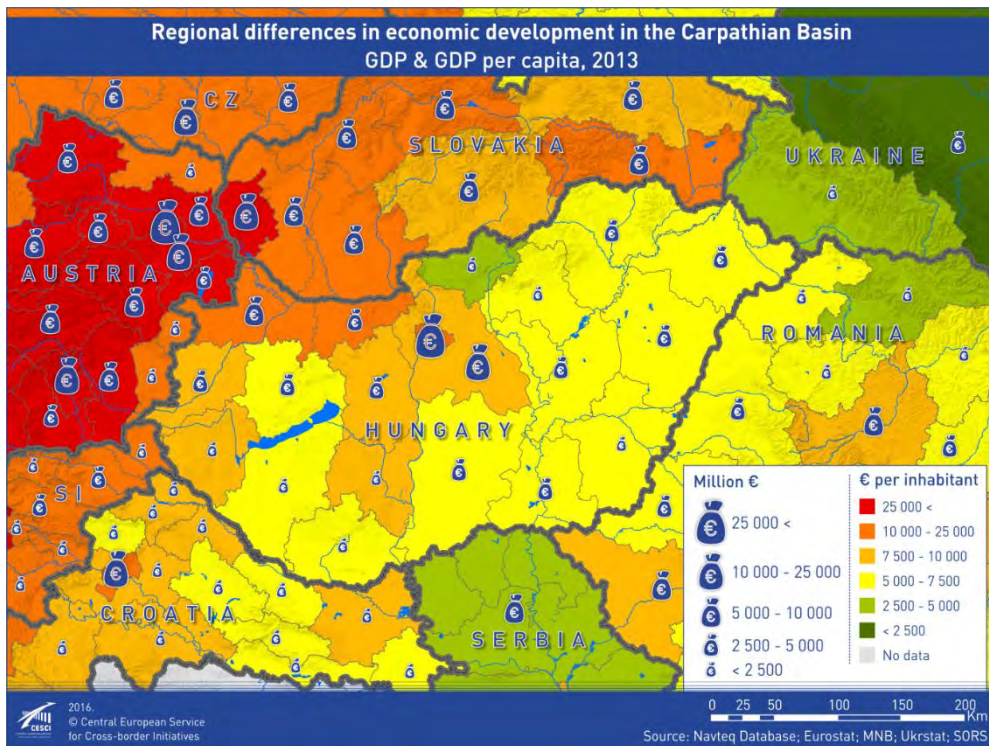


The population is distinctly poor in the Croatian-Hungarian border region because of its relative isolation. One example is the inner hillside region in Eastern Slavonia in Croatia where the Yugoslav civil war also took place. Another example in Hungary is the Ormánság and the region below it until River Dráva. These are located in the southern, south-western parts of the border region.

Economic development cannot be separated from social intervention in Tisza EGTC which is in the least favourable situation. It is mainly located in the North-East and includes Ukrainian parts as well. It is also not surprising that Abaúj-Abaújban and BODROGKÖZI EGTC both primarily focus on creating job opportunities. Additional attention is paid to the strengthening of social solidarity within the strategy of BTC and Gate to Europe EGTC.

#### 4.2.10 Economic development and sectoral characteristics

Figure 14: Regional differences in economic development along the Hungarian borders



The functioning of different EGTCs is fundamentally determined by factors that strengthen or weaken economic cohesion. Economic performance is also linked to the divisive or connecting nature of borders in economic terms. Borders are specific elements of space: by separating national economies, different settling factors and development levels (e.g. different average wages, economic areas, sizes of companies, volume of added value, regulators) can be found on the two sides of the border. It is therefore important to recognise synergies and make good use of common and complementary features for establishing cross-border cooperation.

As shown in *Figure 14*, EGTCs along the Hungarian borders have different levels of economic development. The western Slovak-Hungarian border region is a dynamic peripheral area, but there are many lagging, stagnating and underdeveloped areas in the north-eastern and the southern border regions. Without taking into account Nordburgenland in Austria, Bratislava district is the most developed in the whole border region (specific GDP: 33,700 €/person), it is followed by Trnava district (14,900 €/person) along the northwestern border, then comes Győr-Moson-Sopron County (12,100 €/person) and Nitra district (11,900 €/person). The GDP per capita in underdeveloped regions may be lower by one order of magnitude compared to more developed counterparts: Zakarpattia Oblast is in the worst situation (3,692 €/person), it is followed by Nógrád County (4,400 €/person), Vojvodina district (4,881€/person), Satu Mare County (5,200 €/person), Szabolcs-Szatmár-Bereg and Bihor counties (5,500 €/person) on the basis of data from 2013.

The north-western border region along with the capital regions largely take away foreign direct investments that are of central importance for economic development. Foreign direct investments are enabled by the economic structure which has been diversified and innovation-centred since the change of regime. In Hungary, companies with foreign operation are characterised by unequally distributed capital investments. The Central-Hungarian region which includes Budapest and Pest County attracted 66.8% of investments and Győr-Moson-Sopron County in West-Hungary attracted 11% of investments. These two regions attracted a lot more investments than the other 17 countries (Hungarian Central Statistical Office: Foreign capital in the regions 2012).

Western regions have a high level of R&D and innovation. Furthermore, the service sector plays an important role in the employment and value production: in Bratislava County, R&D expenditure is almost 1% of the GDP, in Győr-Moson-Sopron, it is 0.8%

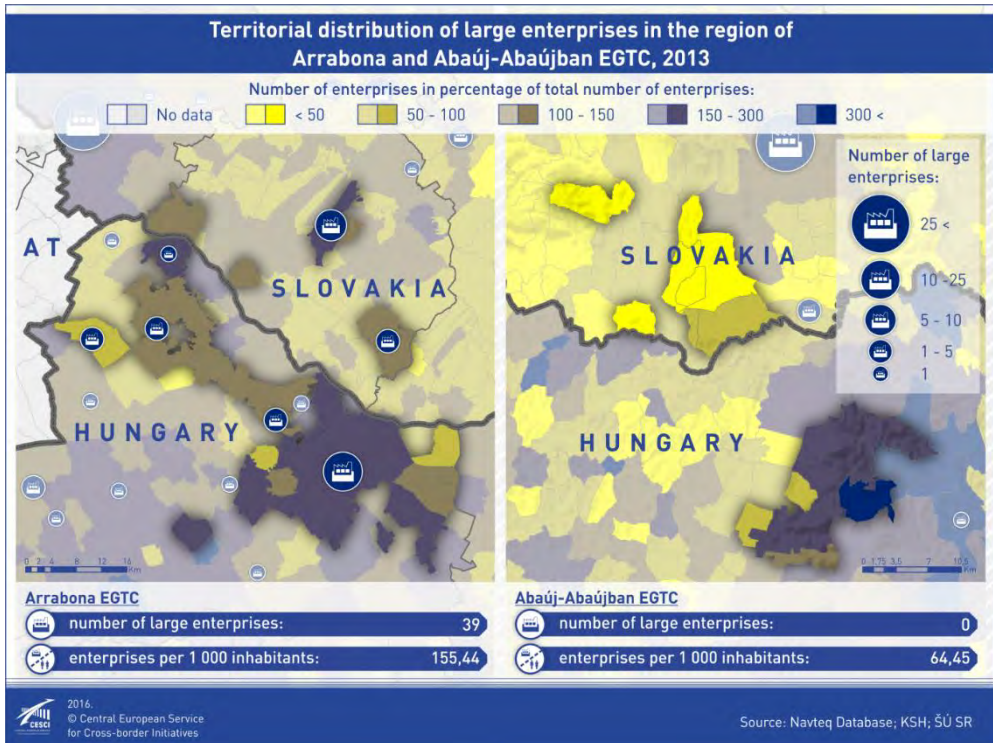
as opposed to more Eastern Slovak-Hungarian regions, where it is mostly 0.4% or below (Hungary–Slovakia Border Region Regional Background Analysis 2014). The main role in GDP production is played by electronic, machinery and other manufacturing sectors that are high value-added. Employment rate among working age people (15-64) in 2012 is especially prominent in financial and insurance activities; real estate; professional, scientific and technical activities; administrative and support service activities in Bratislava district (25.1%) and Budapest (20.3%). The rate of these high value-added tertiary activities is lower along the Eastern and Southern borders: it is below 8% (e.g. Satu Mare 2%, Bihor 3.4%, Arad 4.5%, Szabolcs-Szatmár-Bereg and Békés 4.9%, Bács-Kiskun 5.1%, Virovitica-Podravina County 4.5%).

Western border region attracted an advanced vehicle industry as well. EGTCs such as RDV and Arrabona EGTC can be listed among regions with rapid development. As opposed to this, growth potential is lower especially in the Ukrainian and the Eastern Slovak border sections (e.g. Tisza EGTC, Novohrad-Nógrád EGTC), but also in the Croatian-Hungarian and Serbian-Hungarian border sections. These differences in development levels clearly show that the worst performers are the Ukrainian and Serbian regions which are not yet part of the European integration. Closer economic integration could therefore offer more potential. Furthermore, these peripheral areas often face structural problems as well; except for a few economic centres, these are mainly rural areas (e.g. Gate to Europe EGTC, Banat-Triplex Confinium) or areas of industrial crisis (e.g. Novohrad-Nógrád EGTC, Sajó-Rima EGTC). This is particularly true for EGTCs that are smaller, often rural, and have small settlements, where, in many cases, there are no large enterprises and where there is false self-employment and a weak SME sector that is more prevailing (e.g. eastern Slovak-Hungarian EGTCs, Mura Region EGTC, Gate to Europe EGTC). Eastern, lowland areas in the border region have a strong agricultural nature. It is indicated by the high employment rate of agriculture, fishery and forestry: it is above 20% almost everywhere: 40.4% in Satu Mare County in Romania, 26.9% in Bihor County, 21.5% in Arad County, 20.5% in Timiș County, 20.4% in its Hungarian neighbour, in Békés County. By contrast, agriculture, fishery and forestry are below 7% along the North-Western borderline.

Based on *Figure 15*, we can compare one EGTC from the western border region with one EGTC from the eastern border region, and see that the difference in density of venture can even be double. This has crucial importance in economic activity. While there are enterprises in Arrabona EGTC even in settlements with 1,000 inhabitants,

there are none in Abaúj-Abaújban EGTC. Economic value production is concentrated in the nearby city, Košice (in the middle and upper part of the figure).

Figure 15: Territorial distribution of large enterprises in the region of Arrabona and Abaúj-Abaújban EGTC (2013)



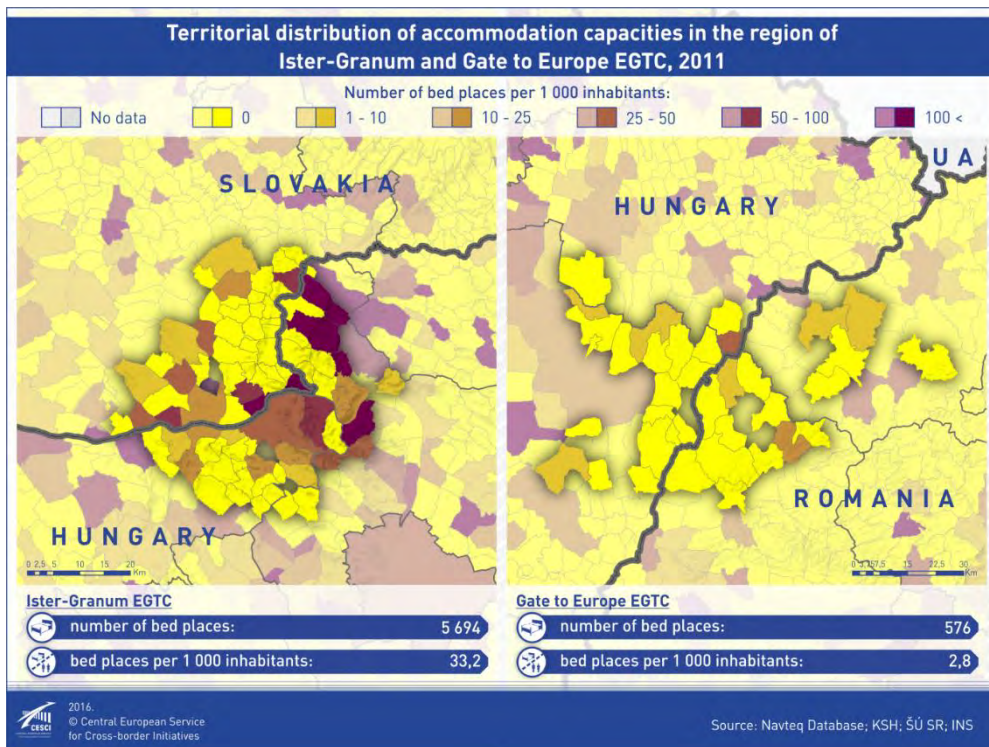
EGTCs in the Hungarian Great Plain have prominent agricultural and food-sector potential as well as a long tradition of agriculture even at European level. It is problematic, however, to organise the production, storage, processing, and marketing of products. Hence, it is not unexpected to find agricultural logistics and cooperation of producers on top of the priority list of EGTCs in lowland areas (e.g. Development strategy and action plan of Banat-Triplex Confinium EGTC 2014; Development strategy of Gate to Europe EGTC 2014; Development strategy of Sajó-Rima EGTC 2016).

Overall, different forms of tourism are of paramount importance within the service sector in the Hungarian border region. Different EGTCs are characterised by different touristic potential and different levels of deployment. One of the main activities of



Novohrad-Nógrád EGTC is to establish a cross-border ecotourism region, based on the characteristics of the world’s first geopark with UNESCO-award. Tourism has a more complementary role in other EGTCs and capacities are moderately deployed (even if there are plans for tourism development in the strategy of all EGTCs). As can be seen on *Figure 16*, there is up to a tenfold difference in the tourism potential, and the number of bed places which shows its utilisation, between two groupings – Ister-Granum and Gate to Europe EGTC – with different economic scope.

*Figure 16: Territorial distribution of accommodation capacities in the region of Ister-Granum EGTC and Gate to Europe EGTC (2011)*



#### 4.2.11 Economic infrastructure

All border sections would be suitable for establishing cross-border industrial and logistics zones (Contribution paper of CESCI to the Integrated Transport Development Operational Programme 2014-2020 2013). The establishment of an intermodal industrial and logistics zone in the Serbian-Croatian-Hungarian border region would be possible by integrating the region of Subotica, Tompa, Kelebia as

well as Szeged and Makó, and by an expansion towards Arad, Timișoara (Development strategy and action plan of Banat-Triplex Confinium EGTC 2014).

The road infrastructure of the Slovenian-Croatian-Hungarian border area has regional logistic significance because Croatian, Hungarian and Slovenian road-networks are interconnected in its direct neighbourhood thus connecting Eastern-Europe with Adriatic ports throughout the Mediterranean Corridor (Development strategy of Mura Region EGTC 2016).

The transshipping area of Čierna nad Tisou, Chop and Záhony are of strategic importance in the Ukrainian-Hungarian-Slovak tri-border area (Regional Analysis of the Danube Region 2014). The establishment of an intermodal industrial and logistics zone is backed by many factors: the necessity of transshipping between standard and broad track-gauges; it could provide better accessibility to Eastern-European and Asian export and import markets; there are comparative and synergistic characteristics (e.g. different wage levels and economic regulation, onsite advantages) due to the location in the Ukrainian-Hungarian-Slovak tri-border area as well as traditional transit advantages for certain goods (e.g. ores, food products, bulk cargo). Furthermore, it would enable greater participation in trans- and paneuropean transport networks. It should also be added, however, that the existence of these capacities does not mean that they are already harmonised. What is more, it is far from their possible level of harmonisation because of the existing parallelisms and competition in many places. In this respect, Tisza EGTC could play the role of the catalyst in the future.

Ister-Granum EGTC has listed the establishment of a cross-border enterprise-logistics zone and logistics zone among its development priorities for years. It is primarily based on the complementarity of the industrial capacities of the Hungarian side and the logistical capacities of the Slovak side. The grouping compiled an ex-ante justification in connection with the zone (Ex-ante justification of the Ister-Granum Enterprise-Logistics Zone integrated territorial investment 2014). Its realisation, however, is hindered by operative programmes. Consequently, it can only be realised as separate projects.

The development strategy of Pannon EGTC includes two cross-border logistical development plans: one is in connection with the previously mentioned Hungarian-Slovenian-Croatian tri-border area and the other is based on the cooperation between Pécs, Mohács and Osijek.

#### 4.2.12 Benchmark

The aspects discussed in the previous subchapters were evaluated in the form of a table. Due to the lack of uniform and comparable indicators, we used scales. In the process of rating, we relied on the expertise in judgement and local knowledge of our colleagues' as well as their planning experience with EGTCs. We added the scores ranging from 1 to 5, and the resulting number was the point we used to compare EGTCs by different aspects. The higher the score of an EGTC is, the better is their operating environment. It is important to emphasise that these scores only make up an approximate picture (still better than incomparable, incomplete statistics) of the operating environment of different EGTCs. The matrix table we created is mostly useful for comparing framework conditions for EGTCs in an objective, quantified way - as dimensions.

It should be stressed that despite the fact that we aimed at providing an opportunity where evaluation could be as objective as possible, there still may be subjective elements in the scaling which we used due to lack of comparable statistic about the 7 countries concerned. Consequently, instead of evaluating the points, we should emphasise that this table is not a ranking list about the performance of the EGTCs. It shows where we can find more, or less favourable operating conditions. More importantly, the analysis helped us to outline the tendencies that characterise the Hungarian borders and border regions thus providing various operating atmospheres for EGTCs with Hungarian participation.

In addition to the abovementioned, attention should be drawn to time factors as well. Points in the table reflect the situation as of 2016. In the upcoming years, changes may happen in the case of any of the EGTCs, and these changes will affect the points as well.

Name of the EGTC	landscape features	features of spatial structure	border regime	infrastructure in the border region	social relationships & background to cooperation	demography	labour market	social situation	economic development and sectoral characteristics	economic infrastructure	total
<b>Arrabona</b>	5	5	5	3	4	4	5	5	5	5	46
<b>Ister-Granum</b>	5	5	5	3	5	3	4	4	4	4	42
<b>Pons Danubii</b>	4	5	5	4	5	3	4	4	4	4	42
<b>Rába-Danube-Váh</b>	5	4	5	3	4	3	4	4	4	5	41
<b>Novohrad-Nógrád</b>	5	4	5	4	4	3	2	3	3	2	35
<b>Via Carpatia</b>	5	4	5	4	3	2	3	2	3	3	34
<b>Gate to Europe</b>	5	3	4	3	4	3	3	3	2	2	32
<b>Pontibus</b>	2	2	5	2	2	3	4	4	4	4	32
<b>Banat-Triplex Confinium</b>	5	4	2	2	3	3	3	3	3	4	32
<b>European Border Cities</b>	2	4	4	3	4	2	3	3	3	3	31
<b>Mura</b>	4	3	3	2	4	1	2	4	3	3	29
<b>Sajó-Rima</b>	5	4	5	3	4	1	1	2	2	1	28
<b>BODROGKÖZI</b>	5	3	5	3	5	1	2	2	1	1	28
<b>Pannon</b>	3	3	3	2	2	3	3	3	3	3	28
<b>Abauj-Abaujban</b>	4	3	5	3	5	1	2	2	1	1	27
<b>MASH</b>	3	1	5	3	2	2	2	4	2	1	25
<b>European Common Future Building</b>	3	2	4	3	2	2	2	3	2	1	24
<b>Karszt-Bódva</b>	4	2	5	2	2	1	1	2	2	1	22
<b>Tisza</b>	4	4	1	2	3	2	2	1	1	2	22
<b>Ung-Tisza-Túr-Sajó</b>	3	1	5	2	1	2	1	2	1	1	19
<b>Torysa</b>	3	2	5	2	1	1	1	2	1	1	19
<b>Svínka</b>	3	2	5	2	1	1	1	2	1	1	19

Table 5: Benchmark of the Hungarian EGTCs



### *Landscape features*

As for landscape features, higher scores were achieved by those groupings, which pay particular attention to features of cross-border landscapes. Furthermore, they make efforts to promote territorial cooperation among meso- micro-, or even smaller regions. Cohesion is stronger in EGTCs along the western part of the Slovak-Hungarian border region (Arrabona, Ister-Granum, Rába-Danube-Váh, Novohrad-Nógrád); it is only strong at some points in Pontibus. Via Carpatia EGTC and BODROGKÖZI EGTC, along the eastern Slovak border region, are exceptions to average Slovak-Hungarian EGTCs that are characterised by a relatively low level of landscape cohesion. As suggested by its name, the latter aims at connecting settlements from the cross-border microregion of Bodrogköz (Medzibodrožie). Both Gate to Europe and Banat-Triplex Confinium EGTC, which have significant potential in cross-border agricultural and rural development, received 5 points. In comparison with the previous EGTCs, the following ones received relatively low points: Pannon, MASH, European Common Future Building, Torysa, Svinka, Ung-Tisza-Túr-Sajó, and European Border Cities. These EGTCs do not rely so much on landscape homogeneity (e.g. European Border Cities), and their current scope and stakeholders do not provide sufficient efficient help in related developments. These EGTCs are mostly located along the eastern Slovak, southern Romanian, and the Croatian and Slovenian borders.

### *Features of spatial structure*

Features of spatial structure reflect remarkable cohesion in Arrabona, Ister-Granum, and Pons Danubii EGTC. EGTCs in the most favourable positions are the ones that work on the development of social and territorial cohesion in a common functional, hinterland thus creating a “living” space: Pons Danubii, which integrated the Komárom-Komárnó city-pair; Ister-Granum with the hinterland of Esztergom in its centre; and Arrabona EGTC, inclusive of the cross-border urban region of Győr and Bratislava. The cohesion of EGTCs whose functions are not interlinked and when they connect local governments located far from each other is relatively low hence their scores are lower as well (Karszt-Bódva, European Common Future Building, Torysa, Svinka, MASH, Ung-Tisza-Túr-Sajó). These are mainly located in the northeastern border region.

### *Border regime*

In our comparative matrix, the highest scores in border permeability were achieved by EGTCs in the Slovak-Hungarian border region because it is the most open border and it is an internal EU and Schengen border with numerous interactions. The Slovenian border is also one of the most permeable ones, and this positively impacts the situation of EGTCs (especially MASH EGTC) close to Slovenia. This group is followed by EGTCs from the Romanian border region (e.g. European Common Future Building) with 4 points. Their border is an EU border, but it is not part of the Schengen Area, which has negative effects on social and economic relationships. Mura, along the Croatian border, and Pannon EGTC received 3 points because they are not part of the Schengen Area, there is a border fence due to the migration crisis and there are societies with few contacts with each other. Banat-Triplex Confinium received 2 points and therefore it is the last but one. Reasons behind it include the fact that Serbia is not an EU-member country, the border fence was built along the Serbian border, and the Romanian and the Serbian borders are both external borders of the Schengen Area. The least permeable border region is the Ukrainian one. Tisza EGTC in the region has to face the strictest border regime, which significantly hinders regular contacts.

### *Infrastructure in the border region*

As far as the infrastructure in the border region is concerned, three EGTCs are in a favourable, but not a perfectly ideal, situation: Via Carpatia, which has not less than 15 road border-crossings; Pons Danubii, which provides cross-border connection by a bridge in Komárom; and Novohrad–Nógrád EGTC, which shows only a moderate need for new border-crossings. The majority of EGTCs received the same amount of medium (3 points) or low (2 points) scores. Except for Banat-Triplex Confinium in the Serbian-Romanian-Hungarian tri-border area, groupings along the Romanian border, Gate to Europe and European Common Future Building EGTC, received 3 points, similarly to the majority of EGTCs along the western Slovak borderline (Arrabona, Rába-Danube-Váh, Ister-Granum), where there are only a few border-crossings due to the relatively small number of bridges on the Danube and Ipoly Rivers. EGTCs with 2 points are located in the eastern Slovak, the Ukrainian, the Serbian, and the Croatian border region. In these cases, cooperation is hindered by barriers of physical geography: the relief of the North Hungarian Mountains in the North, Maros in the Romanian border region, and Mura and Dráva in the Croatian border region.

Pontibus, Karszt-Bódva, Torysa, Svinka, Ung-Tisza-Túr-Sajó, Mura, Pannon, Banat-Triplex Confinium and Tisza EGTCs are characterised by a high demand for the establishment of an interconnected network in their spatial system so as to enhance cooperation and increase the number and capacity of border-crossings.

#### *Social relationships and background to cooperation*

Ister–Granum, Pons Danubii, Abaúj-Abaújban and BODROGKÖZI EGTC received the highest scores for social relationships and cooperation. These groupings are based on years-long regional cooperation not ad hoc endeavours. Groupings with points above average were the ones where, in general, there is significant common experience in cooperation, or it is currently emerging as a result of their activities, or where the region the EGTC is filled with twin city and/or social and interethnic relationships. Consequently, high points were awarded to Mura, Sajó–Rima, Gate to Europe, European Border Cities, a Rába–Danube–Váh, Arrabona and Novohrad–Nógrád EGTC. By contrast, EGTCs with little or no common historical background, which do not exploit fully the potential of social relationships, and only have moderate success in developing cohesion in their groupings as well as in their territory (MASH, European Common Future Building, Karszt-Bódva, Pannon, Torysa, Svinka, Ung-Tisza-Túr-Sajó) were given lower scores.

#### *Demography*

In terms of demography, most of the EGTCs are in an average or worse situation. Demography – besides economic infrastructure – is typical where EGTCs with Hungarian participation perform weakly (it is indicated by the fact that no EGTC received 5 points, while 1 point was given to many of them). During benchmarking, EGTCs received medium or relatively high scores if demography was characterised by a relatively lower level of emigration, ageing, or fertility. These EGTCs are mainly from the Eastwest and have a town or a city on its territory (e.g. Arrabona, Pontibus, Banat–Triplex Confinium, Gate to Europe EGTC). The majority of EGTCs, where demographic erosion and growing dependency rates are typical, can be found in the eastern Slovak, the Croatian and the Slovenian border region. Furthermore, small settlements are also prevailing, for example, in Torysa, Svinka, Mura, BODROGKÖZI EGTC.

### *Labour market*

Primarily Arrabona, Ister-Granum, Pons Danubii, Rába-Danube-Váh, and Pontibus EGTCs have favourable labour market conditions: unemployment is not excessive, employment structure is diverse, there are strong employment centres, and cross-border migration is a rather common practise in their region. Labour market conditions are average for almost every EGTCs along the Romanian border (European Border Cities, Gate to Europe, Banat–Triplex Confinium) and also for Via Capratia and Pannon EGTC.<sup>29</sup> Smaller-sized groupings along the Slovak-Hungarian border as well as EGTCs with Ukrainian, south Romanian, Croatian and Slovenian stakeholders are characterised by unfavourable labour market conditions: they lack big employers and employment centres, unemployment is medium or high, employment in agriculture as well as false employment is frequent, white-collar employment is not in the centre of cross-border commuting.

### *Social situation*

Arrabona, Rába-Danube-Váh, Ister-Granum, Pons Danubii, and Pontibuse EGTC are in the most favourable social situation together with Mura and MASH EGTC, which received fewer points for the previous aspects. By contrast, EGTCs along the eastern and the southern borders must face a significantly worse social situation. EGTCs along the Romanian border (Gate to Europe, Banat–Triplex Confinium, European Common Future Building and European Border Cities), as well as Novohrad–Nógrád and Pannon EGTC are characterised by average-medium social situation. Education is of key importance for the social situation of a region. Disadvantaged regions, however, find social mobility difficult, because of non-marketable professions and the high number of people with very low-level educational qualifications. Consequently, extreme poverty, high rate of deprived population, and rural ghettos are general problems. These EGTCs suffer from lower income per capita or household as well as lower life expectancy at birth and fewer healthy life years, and also worse habitable conditions.

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<sup>29</sup> In cases when the EGTC do not have a significant employment centre, but there are settlements in its immediate vicinity, which hence positively impacts the EGTC member settlements (see e.g. Gate to Europe, Banat–Triplex Confinium EGTC), we considered their situation as medium or favourable.

### *Economic development and sectoral characteristics*

The most developed and diverse economic environment is provided by proximity to Western-European markets, accessibility and qualified workforce in Arrabona, Ister-Granum, Pons Danubii, Rába-Danube-Váh, and Pontibus EGTC. Open economies are characterised by strong cohesion, active service and R&D sector as well as high value-added activities. If compared to the dynamic northwestern border regions, BODROGKÖZI, Abaúj-Abaújban, Ung-Tisza-Túr-Sajó, Torysa, Svinka and Tisza EGTCs have lower economic development and are also part of lagging-stagnating regions. Groupings with two points are, in general, characterised by active primary sector (e.g. Gate to Europe, European Common Future Building EGTC) as well as monofunctional, depressive (e.g. Sajó-Rima) regions. They lack centres and large companies which could be the engine of economy, the volume of foreign capital investment is low, and the SME-sector is weak.

### *Economic infrastructure*

EGTCs on the western Slovak-Hungarian border are in the most favourable situation as far as economic infrastructure is concerned (e.g. Ister-Granum EGTC, which is planning to form a cross-border enterprise-logistics zone) and also Banat-Triplex Confinium. The situation of smaller-sized EGTCs is significantly worse, especially the ones located along the eastern-northeastern borders (e.g. European Common Future Building, Torysa EGTC). Export-oriented transnational companies profit from the favourable terrain along the western Slovak border, as well as the relatively cheap, but skilled workforce, and they build more and more greenfield industrial parks in the past 20 years. The eastern part of Hungary, by contrast, lacks similar economic infrastructures, they are less attractive and there are huge differences in terms of size, profit, service, etc. Furthermore, the simple designation of zones is not enough for effective regional development.

Based on the **total** points, we can say that each of the first five EGTCs is located along the western part of the Slovak-Hungarian border. The first four received outstanding points, over 40 points: Arrabona: 46, Pons Danubii and Ister-Granum: 42-42, Rába-Danube-Váh: 41, and the fifth Novohrad-Nógrád: 35. In comparison, the majority of EGTCs along the eastern part of the Slovak-Hungarian border belong to groupings which operate in an unfavourable situation (except for Via Carpatia on the 6<sup>th</sup> place with 34 points). Moreover, the three EGTCs with the least favourable operating

environment (Ung-Tisza-Túr-Sajó, Torysa and Svinka EGTC with 19-19 points) are all located in this region. The Slovak border section is characterised by a dual pattern: if compared to the western part of the Slovak border, Tisza EGTC (22 points) provides links to Ukraine in an extremely bad situation. Along the Romanian border, most of the grouping are in an average situation (except for European Common Future Building EGTC), and scored between 25 and 29, (Gate to Europe and Banat-Triplex Confinium: 32-32, European Border Cities: 31). The situation is very similar in Serbia, Croatia, and Slovenia (Banat-Triplex Confinium 32 points; Mura 29 points; Pannon 28 points; MASH 25 points). EGTCs with the worst operating conditions received points under 25: except for European Common Future Building EGTC with 24 points, these are located along the borders of Eastern-Slovakia and Ukraine (Karszt-Bódva and Tisza: 22-22, Ung-Tisza-Túr-Sajó, Torysa and Svinka EGTC: 19-19 points).

### **4.3 General evaluation of the operation of the Hungarian EGTCs (Sara SVENSSON – Gyula OCSKAY)**

#### **4.3.1 Objectives, motivations and fields of activities**

Most of the EGTCs in Hungarian borderlands are multi-purpose entities and their founding documents usually express overarching aims in similar terms, e.g. “harmonic territorial development”, and “strengthening of social and territorial cohesion” (e.g. Banat-Triplex Confinium), “support for cross-border cooperation” and “economic and social cohesion” (Novohrad – Nógrád EGTC, Sajó-Rima EGTC), or “design of cross-border territorial development activities” (Ister-Granum EGTC), and list a number of areas within which they can potentially be active.

Incentives for cross-border cooperation draw on both normative and instrumental grounds. When asked about their motivations for engaging in cross-border cooperation via *Euroregions*, the two most common explanations given by member municipalities in a study on the Hungarian-Slovak borderland (Medve-Bálint, Svensson 2012a; 2012b; 2013; Svensson 2013a) related to the availability of grants (instrumental motivation) and support for ethnic (Hungarian) based cooperation (normative motivation). A question is whether motivations behind setting up an EGTC differs in that the EGTC regulation and supporting infrastructure is more directly linked to economic and regional development. Based on the CESCO-CEU 2015 and 2016 surveys to managers and chairs, the answer would be that access to EU funds

as well as ethnic/culture based cooperation still constitute the most important motivation, scoring higher than, for instance, ‘solving common policy problems’ or ‘promoting European values’. Another survey limited to the Hungarian-Slovak border also highlighted the emphasis on ‘grant hunting’ among current EGTCs (Törzsök, Majoros 2015, 16) and that ethnic-based cooperation constituted a very important motivation factor for 42 member municipalities, second only to tourism development (Ibid. 58). More research among both EGTC management and membership at all Hungarian borderlands would be needed, since knowledge about member motivations and expectations is important for the sake of developing long-term legitimacy and democratic standing within borderland governance.

Initial declarations and founding documents usually list a number of policy areas which they aim to cover, but when it comes to setting priorities among these the significance attributed to different activities in the CESCI CEU 2015 survey clearly show that economic development, infrastructure and employment issues stand in the forefront. Policy areas and types of activities engaged in before in many ways set the road for activities after EGTC formation. In terms of the significance attributed to different activity areas, economic development, infrastructure and employment issues, including tourism. This is in line with overall European EGTC activities, where ‘transport’ and ‘tourism’, followed by ‘culture’ and ‘education and training for youth’ are indicated as areas of most interest to EGTCs (CoR EGTC Monitoring Report 2015, 129).

This prioritisation and attributed importance is also relatively well matched with the activities that are actually carried out. Most EGTCs claimed to have current activities/projects in the area of *economic and territorial development, infrastructure, culture and environment*, and some of them pursue activities related to the *labour market* (including commuting) and *education*. The policy field that stands out as missing in relation to its attributed importance is health, and several respondents wanted to add tourism as a separate policy activity. One respondent also referred to the importance given to lifelong/adult learning in EU funding, and argued for that as another separate important policy area.

What stands out is the extent to which health cooperation seems to have been unrealised in the region. EGTCs dominated by small municipalities have difficulties with the complex policy and legal environment in this area, and often refer to that as something more appropriate for direct cooperation between larger towns. For

instance, mayors interviewed within the Ister-Granum EGTC (see Svensson 2016) stated that *“Health – that is for Esztergom [the biggest city in Ister-Granum, located at the border] (Mayor, Hungary)”, ‘Health would be important, but the laws create problems, it is not irrelevant what laws you have in each country.’ (Mayor, Slovakia), ‘This is definitely not an area, because in Hungary you have different laws than here, but you can say that we do exchange information. We talk about the social sector, and care in homes for the elderly which is relevant for the [local government].’ (Mayor, Slovakia)*<sup>30</sup>

#### 4.3.2 Organisational structure and governance

The 2015 Committee of Regions Monitoring Report characterised EGTCs in Eastern Europe as generally ‘Small Local’ to ‘Medium Local’, meaning that they focus on local government membership with 2-20 or 21-100 member municipalities. EGTCs based on regions (NUTS III level, or counties) also exist, whereas EGTCs with mixed or national-level actor domination is not typical for the region (CoR EGTC Monitoring Report 2015, 121). In addition, it can be added that many municipalities are small and resource-poor.

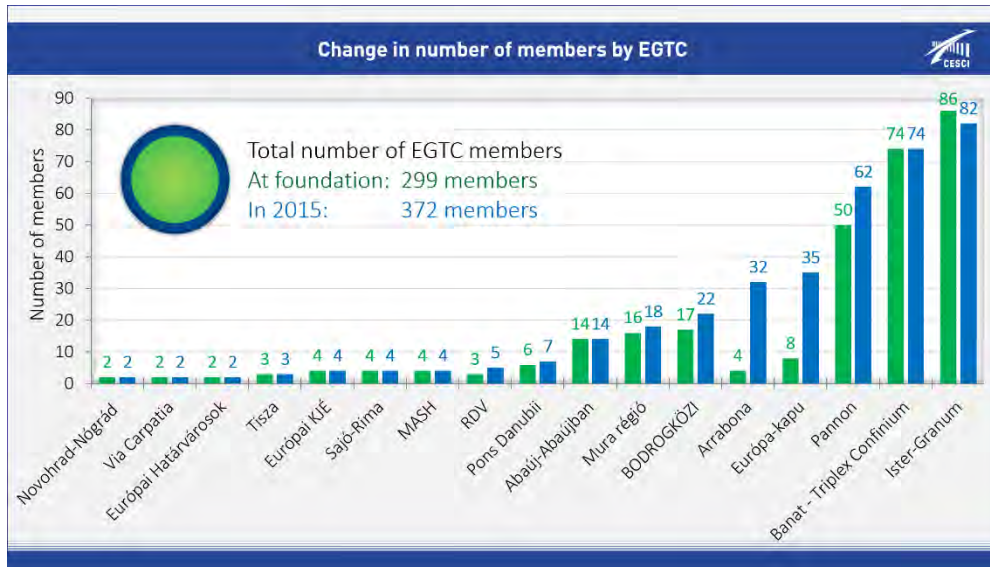
There are five EGTCs composed partly or fully by regional municipalities. The Tisza EGTC and the Pannon EGTC involve both local and regional municipalities. Even more, in the latter case the state level is also included through the University of Pécs and the Danube Drava National Park. However, looking at the results of the groupings, success seems to depend rather on the financial and human capacities of the particular members than on the territorial level the members are representing of.

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<sup>30</sup> As described in a previous chapter, the competences of health care are owned mostly by the state in Hungary which narrows the room for manoeuvring for local municipalities in this field.



Figure 17: EGTCs and their members



The EGTC Regulation does not prescribe much in relation to the internal organisation of the EGTC, and on membership representation only that it should have an Assembly consisting of representatives of the members (Article 10, EC 1082/2006). In practice, many EGTCs have chosen to continue a similar pattern of representation as in the cross-border institutions that often preceded them. In the case of local government membership the Assembly consists of the highest political representatives of local governments (mayors), in the case of regional membership the highest political representatives or someone delegated by them. If the national level is represented, it is less clear as to who or what unity is to be its representative. Hence, the members of the EGTC usually consist of similar actors, typically a set of local governments and/or regions.

The organisations in Hungarian borderlands follow general EGTC guidelines on structure. In most cases, they have separate Chair or Chairs (usually a Mayor) and Manager/Director (usually a person hired for this purpose), but if the budget does not allow for hiring staff, these positions are merged. How the work is divided between these two positions varies and probably to some extent depends on personal characteristics. Generally, Chairs are expected to give the general directions and Directors to carry them out, but there are examples where there is space for Directors to promote certain agendas. For instance, in the CESCI CEU survey several

EGTCs stated that the responsibility for preparing general assembly meetings, including shaping the agenda, fell on the manager, whereas others indicated that this was joint work.

The general assembly (GA), comprising all participating municipalities and usually attended by mayors and vice-mayors from smaller settlements, and dedicated persons from the (few) larger participating towns, usually play less of a role. They meet 1-3 times a year, and, as can be expected, rarely lead to reversals in terms of strategies or decisions. One out of five asked EGTC Directors/Chairs surveyed in 2016 could give a concrete example of when a debate in the General Assembly had led to a, for him/her, unexpected result. At the same time, the Director, the Board or the Chair can rarely decide on important issues without (at least posterior) approval of the GA. E.g. the decision on the budget and the approval of the annual financial report falls always under the competence of the General Assembly.

The Supervisory Boards, responsible for the legal and financial control over the EGTC's operation, usually consist of 3-4 members and meet once a year, or even less, and do not seem to play any significant role in the life of the EGTCs.

Institutional innovation related to governance is rare. Some, such as Gate to Europe, have an informal civil society group fulfilling an advisory function, but this is an exception rather than the rule, and it is still uncommon for EGTCs to have the kind of long-term functioning working groups for specific policy areas that have often been essential for the success of well-established cross-border cooperation initiatives in Western or Northern Europe.

There is scarce research on how members of EGTC interact outside the framework of the EGTC institutions. Preliminary research indicates that contacts and communications between municipalities and regions across the border may be limited in frequency and scope (see Svensson 2015; Svensson, Nordlund 2015), but this needs to be investigated further.

Table 6: Number of EGTC employees at the time of foundation, and in 2014 and 2015 respectively.

The name of the EGTC	Foundation	2014	2015
BODROGKÖZI	0	0	0
Európai KJÉ	0	0	0
Abaúj-Abaújban	1	0	0
Pannon	0	1	1
Sajó-Rima	0	1	2
Banat - Triplex Confinium	2	2	3
RDV	2	2	2
Via Carpatia	1	3	3
Novohrad-Nógrád	0	4	2
Ister-Granum	1	4	3
Pons Danubii	2	5	4
Arrabona	3	5	7
Európa-kapu	3	5	3
Európai Határvárosok	0	0	6
Mura régió	0	0	0
Tisza	2	0	2
MASH	1	0	1
<b>Total*</b>	<b>18</b>	<b>32</b>	<b>39</b>

\*Data missing for non-included EGTCs.

According to those who have hired recently, the two most important skills looked for are ‘professionalism’ and ‘language knowledge’. The nature of the *professionalism* would need to be explored in further interviews, but can be assumed to have to do with previous work in complex organisational settings at the intersection of national public administration, civil society organisations and international involvement, where concrete experience of grant applications and management would be an advantage. Concretely, managers and chairs of the organisations talk about ‘professional degrees’ (i.e. a higher education degree from the broader areas of social science including law, planning, public administration and economy). Some bigger EGTCs can afford to open positions that would specialise in a specific policy area, but mostly generalists are looked for.

In terms of *languages*, English is a must, and even if many EGTCs could operate using Hungarian on a daily basis, knowledge of the other language/s in the cooperating area enhances both organisational efficacy and legitimacy. Other softer characteristics and skills that are desired are *industriousness and commitment (the persons should want to work!)*, *communicational skills, flexibility, positive attitude*, good organisational skills, and determination. In the 2015/2016 survey, one EGTC mentioned a *driving licence* as a concrete required qualification.

The variation in the number of staff is significant, ranging from 0 (BODROGKÖZI, European CFB, Abaúj, Mura) to 7 (Arrabona). However, these numbers do not reveal the full story when it comes to work devoted to EGTC development. Some organisations without the capacity to hire their own staff rely on working time supplied by its member institutions (e.g. local or regional governments). While this can be seen as a drawback, there are also benefits of this approach, since it ensures links with other local administrative arms and may in some circumstances ensure efficient use of resources. There is no data on how much work is carried out in this way; queried EGTCs gave numbers ranging from 100%, down to 50%, 10% and 0%.

Table 7: Desired skills for EGTC employees (CESCI-CEU Survey 2015 and 2016)

*“We expect professional experience of project management or project assistance and a higher education. English has to be at least mid-level, and Serbian or Romanian knowledge is a plus.”*

*“For the EGTC, the most important is the professional knowledge or experience in the different areas. We also give preference to such applicants with which the EGTC has good professional interaction before, or who has excellent skills in the relevant areas.”*

*“Higher education degree, knowledge of Hungarian, Slovak and English, good communication and planning skills, knowledge of the local area and regional development, experience of writing grant applications.”*

*“High educational qualifications, language knowledge (obligatory to know Hungarian and English, and recommended Romanian or Serbian). Professional references and experiences.”*

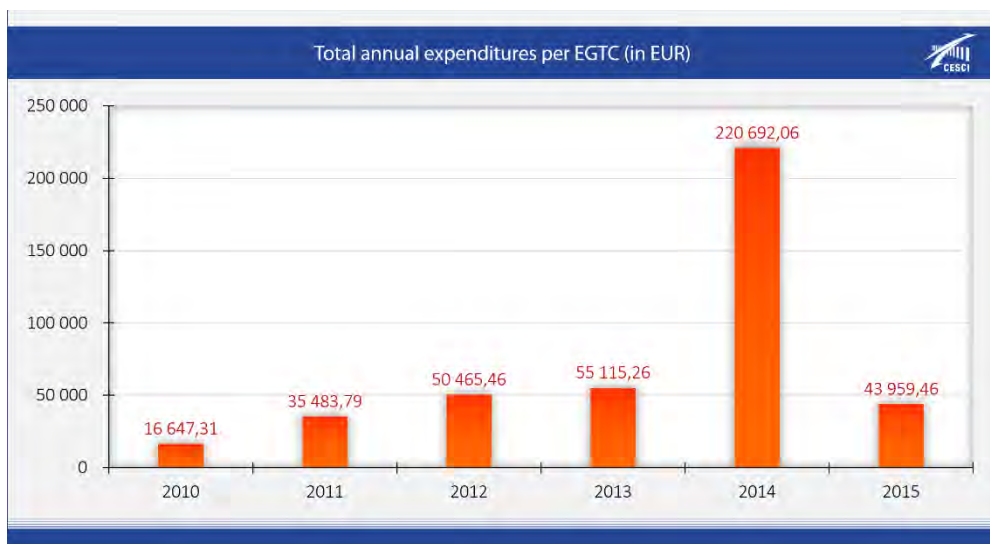
*“For the selection of employees the important issues are relevant professional competence, knowledge of cross-border development and grant opportunities.”*

### 4.3.3 Finances

Compared to their Western counterparts, the annual budget of the Hungarian EGTCs can be said to be really modest. According to the data available in the EGTC Monitoring Report from the year of 2015 (CoR EGTC Monitoring Report, 2015), 33 EGTCs offered information on their annual budget – apart from the cross-border EGTCs with Hungarian participation examined in this volume.

In 2015, the average value of the annual budget of these 33 EGTCs dropped to EUR 1,012,745 which figure exceeded 23-fold (!) the average annual expenditures of the Hungarian EGTCs. If we set aside the exceptional cases like the Cerdanya Hospital (with an annual budget of EUR 20 M), the ESPON EGTC (1 197 260 EUR) and the Grande Région programming EGTC (EUR 519,227), the average is still more than EUR 390,000 which is 9 times more than the Hungarian average. The Hungarian figure approached the EU standard in 2014 only, when several groupings finalised their projects at the end of the previous budgetary period. At the same time, this phenomenon also underlines the fundamental dependency of the EGTCs of project financing.

Figure 18: Total annual average expenditures of the Hungarian EGTCs (2010-2015)



The incomes of the groupings come from

- members' contribution,
- state subvention,
- projects,
- business activities.

Each of these sources of income are elaborated below.

#### 4.3.3.1 Members' contribution

In most cases, the membership fee is really symbolic. The highest rate is applied by the Pons Danubii where all the seven local municipalities pay EUR 0.5 per inhabitant (approx. EUR 60,000 per year, in total). Similarly, at several EGTCs, the membership fee is defined in line with the population of the member municipalities but the amount is much lower than in the previous case.

Taking into account the moderate number of population, and the uncertain attitude of the members, their contribution is not sufficient even for the daily operation of the groupings. The highest amount of money can be detected at the Arrabona EGTC (EUR 24,336 in 2015), the major part paid by the seat city, Győr (with 130,000 inhabitants).

*Table 8: Examples of annual membership fee per inhabitants in some Hungarian EGTCs*

<b>The name of the EGTC</b>	<b>Annual membership fee per inhabitant</b>
Arrabona EGTC	0,097 EUR
Gate to Europe EGTC	0,161 EUR
Ister-Granum EGTC	0,065 EUR
Novohrad-Nógrád EGTC	0,0032 EUR
Pannon EGTC	0,0032 EUR

Other EGTCs follow a different approach: the members contribute by the same amount of money to the operation costs (equal contribution).

Table 9: Examples of annual contribution per members in some Hungarian EGTCs

The name of the EGTC	Annual contribution per member
Abaúj Abaújban EGTC	81 EUR
European Common Future Development EGTC	323 EUR
Rába-Danube-Váh EGTC	3 500 EUR
Sajó-Rima EGTC	1 000 EUR
Via Carpatia EGTC	20 000 EUR

#### 4.3.3.2 State subvention

As it was mentioned earlier, the Hungarian government launched an EGTC grant in 2011 which gives support for the establishment and the daily operation of the groupings which have their seats in Hungary and of the institutions the foreign EGTCs have set up in the territory of Hungary. This approach makes possible to finance the operational costs of the Limited Public Benefit Companies of the Pons Danubii and the Via Carpatia EGTCs (as well as, the Strategic Centre of the CETC EGTC) functioning on the Hungarian side.

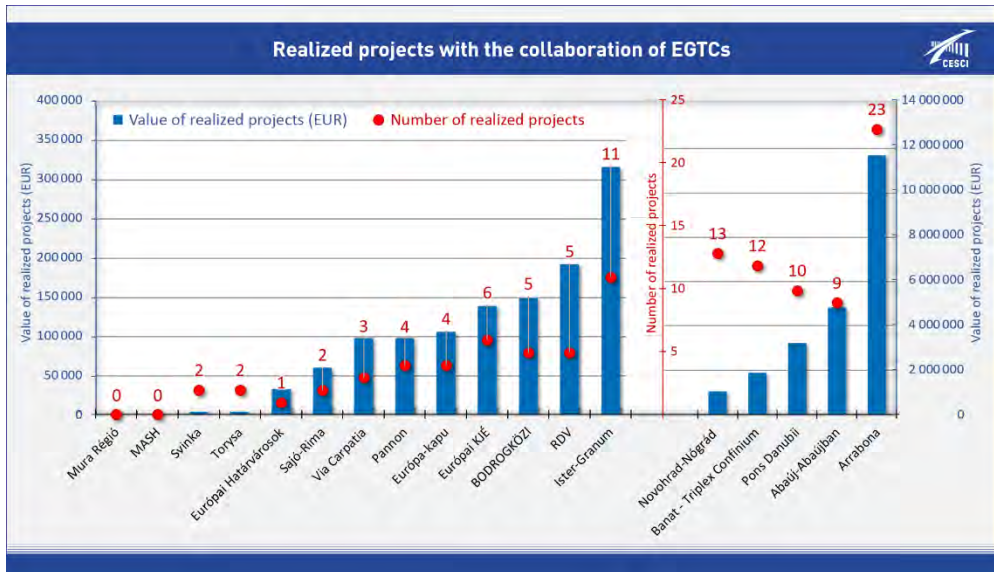
As far as we could see, the average amount of the grant per EGTC has decreased from the level of EUR 25,183 in 2011 to the level of EUR 17,827 in 2016 since while the total amount have not increased, the number of the groupings have (see the Chapter 3.1). The rules of the grant allow covering the personal, administration, travel and accommodation costs, purchases and rental fees and other external services of the groupings.

While the sum is not very big, together with members' contribution it provides with a kind of guarantee for secure operation.

### 4.3.3.3 Projects

Regardless of the fact that the majority of the EGTCs have been set up during the closing phase of the previous budgetary period when the funds were already exhausted, the Hungarian groupings could manage 112 projects in all together with a cumulated value of 24 million euros until 2015.

Figure 19: Project activities of the Hungarian EGTCs between 2008 and 2015



The largest number of projects (23 in total) was managed by the Arrabona EGTC with a high total value (close to 12 million euros). The grouping operates in one of the most developed Central European regions and it manages projects at the request of its members as a kind of a regional development agency (see the Chapter 3.3.1). It is the reason why this large amount of money does not occur in the annual budget of the EGTC. The projects were funded by different funds, such as EAFRD, ESF, CF and ERDF.

The Abaúj Abaújban EGTC can render similar success with 9 projects and a total value of 5 million euros. Even more, the grouping including small and poor local municipalities operates in one of the less developed regions along the Slovak border, which provides with an added value to these figures. While the projects realised in the territory of the Arrabona EGTC include also larger investments (like side-track construction within the Industrial Park of Győr), the Abaúj Abaújban EGTC managed



projects with a tourist or enterprise development purpose mainly. But these projects financed from the Hungary-Slovakia ETC Programme resulted in investments in more than 10 settlements, sometimes with a value of more than EUR 100,000<sup>31</sup>.

The Novohrad-Nógrád EGTC managing the first UNESCO-labelled cross-border geopark in the world implemented among others a flagship project financed by the Hungarian Regional Operational Programme. The total value of the project dropped to EUR 200,000 EUR and it included two larger construction components: the coordination centre and the visitor centre of the geopark have been opened. The EGTC was successful at the call of the Visegrad Fund, too.

The biggest project of the Pons Danubii financed by the Slovakia-Hungary ETC programme aimed at constructing a cycle road between Komárom (HU) and Kolárovo (SK). The works of the new, 18 km long infrastructure cost EUR 2 million in total. Apart from this, the EGTC was successful in the HUSK calls with a cross-border media project and an employment project proposal. The grouping managed the development of the industrial parks of Hurbanovo (SK) and Komárom (HU), as a subcontractor. In recent years, the Pons Danubii also realised a Europe for Citizens project.

The Ister-Granum managed several projects with lower budget. Similarly to the Pons Danubii, this grouping also implemented own projects mainly, the major topic of which was the development of a regional local product market. The activities were funded by the Hungarian Rural Development Programme (LEADER), the Visegrad Fund and a Hungarian rural development fund. As a result, more than 300 local producers are listed in the data base of the grouping now, and it has an own local product label covering the territory of the EGTC. The grouping was also successful in applying for the calls of the Hungary-Slovakia ETC programme but (due to personal changes) it could not realise its awarded tourist destination development project.

The Banat Triplex Confinium EGTC applied with success for the call of Hungary-Romania ETC programme in order to elaborate the integrated strategy of the grouping; realised a project with the support of the Hungary-Serbia IPA programme facilitating the cooperation and knowledge transfer of the SMEs in the region; and,

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<sup>31</sup> Let us draw attention again to the fact that the projects of the Abaúj Abaújban and the BODROGKÖZI EGTC are managed not by the groupings themselves but rather an external consultant (the VITEA Foundation).

within the framework of a third project financed again by the HU-RO ETC Programme, a series of cultural events were realised.

These 6 groupings have implemented 70% of the projects realised by the all Hungarian EGTCs, in total. At the same time, there are EGTCs (e.g. Mura Region and MASH) which had no chance to participate in calls until the end of 2015 – due to their young age. Others, like UTTS and Kras-Bodva have not applied for calls with success and do not manifest any proof of their willingness to apply.

It is worth mentioning that the Small Project Fund of the Slovakia-Hungary INTERREG V-A programme will also include technical assistance costs which ensure that two EGTCs can step forward not only professionally but also financially.

#### **4.3.3.4 Business activities**

According to the national provisions, the groupings have the right to do businesses subject to not endangering their public purposes. The mark of the higher level of this type of activities is the VAT number. The organisations the annual business incomes of which exceed the amount of HUF 6 million (approx. EUR 20,000) are obliged to pay value added tax. At the moment, two EGTCs have a VAT number: the Arrabona and the Ister-Granum. According to the annual reports, total incomes from business activities of the former one reached EUR 198,715 in 2015, while EUR 23,920 at the latter one.

Business activities are related to the regional development agency role of these groupings. The management does not realise EGTC projects, exceptionally, but they provide also project development and project management services for their members. More and more groupings (e.g. Via Carpatia, BTC, Pons Danubii) endeavour to complement their financial resources in this way.

To sum up, the Hungarian EGTCs operate in more modest financial conditions than their Western counterparts. However, it is mainly because of this deficiency that they try to find complementary solutions to ensure their financial stability. It is hard to estimate at the end of the previous and at the beginning of the new budgetary period (the calls of which are just opened in 2016) which of the EGTCs will be viable and successful. However, at the moment we can identify six of them at least, which may have a promising future.

#### 4.3.4 External relations

When trying to assess the impact of EGTCs, it is important to see how they locate themselves within broader policy networks. To what extent have they appropriated space for themselves in the often complex governance systems of the borderlands, including actors at different territorial levels and with different political roles? This can be investigated as an issue of lobbying and advocacy work (4.3.4.1.), but also, given the EU origin of the EGTC format, as an issue of fitting into the existing EU frameworks for distributing resources (4.3.4.2.).

##### 4.3.4.1 Lobbying and advocacy work

There are multiple ways in which EGTCs can approach decision makers within their policy network to advance their interests. Table 12 is not exhaustive, but constitutes a good start for further analysis. It contains four channels for exerting influence and four methods of persuasion.<sup>32</sup> These are similar to mechanisms used for a number of other non-traditional regional bodies that have been created in Europe over the past decades and that are often discussed under the label ‘new regionalism’. For instance, in 1998 Keating noted that the “interdependence of tiers of government and the limitation on the powers of regions means that relations with other levels of government are crucial” (Keating 1998). For this purpose, he identified four mechanisms of relating different levels of government: institutional, bureaucratic, partisan and person links (ibid.).

*Table 10: How EGTCs can access and influence other policy actors*

<b>Channels for exerting influence</b>	<ol style="list-style-type: none"> <li><b>1. Multiple positions of member representatives</b></li> <li><b>2. Within-party contacts to people in power</b></li> <li><b>3. Indirect representation via other organizations</b></li> <li><b>4. Partnerships with non-state actors</b></li> </ol>
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<sup>32</sup> This section draws on an analytical framework on EGTC as policy actors published in Sara Svensson. (2014): Crossborder regions in policy networks: the EGTC as a tool of interest representation. In: Engl, A., Zwilling, C. (eds.): *Functional and More? New Potential for the European Grouping of Territorial Cooperation*. EURAC Research, Bolzano, pp. 83-97.

<b>Modes of persuasion</b>	<ol style="list-style-type: none"><li>1. Commissioning reports on the issue to be raised</li><li>2. <b>Arranging seminars or conferences dedicated to the issue to be raised</b></li><li>3. <b>Sending delegations to decision-makers</b></li><li>4. Writing statements/resolutions in the name of the EGTC</li></ol>
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*\* Activities carried out by EGTCs in Hungarian borderlands highlighted in bold.*

Each of these methods and the extent to which Hungarian EGTCs utilise this are elaborated hereunder.

### Channels for exerting influence

*Multiple positions of member representatives.* In the EGTC assembly, the members represent the interests of their local governments/regions, but can also be expected to promote the EGTC and its causes to their constituencies. This is important, because approval of local governments will often be necessary. However, assembly members are likely to have other functions as well. For instance, the chair of the EGTC may also be mayor of an important town, serve on the board of a regional development forum specialised in infrastructure, take part in a Leader LAG for distributing European Union rural development funds, etc. As noted by Keating, such a person, “situated at the intersection of diverse networks, is able to operate in several systems at the same time and to muster resources from various sources in order to influence policy” (Keating 1998, 126). The functions of the top leadership, in particular, may be of crucial importance in giving the EGTC access to decision-makers. While this also works the other way around (sometimes the EGTC may be the best arena to promote causes that are considered strategically important for another political body), a strategic-thinking EGTC would be sure to map its members’ engagements, and utilise them when there is a need.

Hungarian borderlands: The EGTCs use this mode relatively extensively. The majority of the management bodies have a regular contact with the EGTC members through professional meetings, project development workshops or online newsletters/circular letters.

*Within-party contacts to people in power.* Ultimately, EGTCs are political institutions embedded in systems where political parties play key roles. If there is a pluralistic political arena in the two (or more) countries involved, the EGTC is likely to have at

least some members represented by persons with direct links to people in power at the national level. Use of these links to bargain for advantages (e.g. funding for infrastructure) can be seen as political clientelism or pork barrel politics, which are often not seen as desired features of a democracy. However, measured use of existing contacts is something that most EGTCs can and perhaps should do in a multi-level governance system where the political decisions that matter in the cross-border region are usually made in forums where the EGTC as such does not have a direct vote.

Hungarian borderlands: Almost all EGTCs have direct contacts with different-level decision-makers, mainly deputies to the regional or national parliaments. In some cases, these deputies became state-secretaries or even ministers which, provisionally, gives a higher reputation to these organisations.

*Indirect representation via other organisations.* The EGTC can join other organisations that in turn advance common interest. This may be towards both the national and European levels. Regional organisations may exist that specialise in a specific aspect of a regional or cross-regional policymaking. At the European level, the voice of EGTCs is heard via the Committee of the Regions (CoR), which is the locus of EGTC activity in Europe. EGTCs are obliged to inform the CoR of their existence (Art. 5, EC 1082/2006), and are invited to communicate their opinions through seminars, conferences and evaluations. Problems related to the EGTC tool, as well as general policy issues related to cross-border cooperation, are forwarded to relevant institutions of the EU by the CoR. In addition, the EGTC Platform coordinated by the CoR gives an excellent opportunity to exchange experiences, make contacts with other EGTCs and start cooperation with them. There are EGTCs which are members of the Association of European Border Regions (AEBR), which seeks to perform a similar role in terms of raising the visibility of specific issues.

Hungarian borderlands: In the case of Hungarian EGTCs, CESCI is delegated to the AEBR with a view to representing their own objectives. Several groupings attend regularly and contribute to the professional events organised by the CoR.

*Partnerships with non-state actors.* The EGTC regulation does not envisage non-public organisations being members of an EGTC (Article 3, 1082/2006 EC). However, EGTCs can still include civil society organisations, e.g. business organisations, in their work. Such partnerships with non-state actors can facilitate idea generation and

project implementation, but these non-state actors can also be powerful allies in lobbying.

Hungarian borderlands: As it was already mentioned, the Gate to Europe EGTC has set up an advisory platform of civil actors. The Ister-Granum EGTC generated the establishment process of the Ister-Granum Civil Parliament which does not exist anymore. It would have had an advisory role within a cross-border regional development council involving also the regional chambers and the largest companies from the border area. Personal changes in the leadership of the EGTC prevented the grouping from developing this innovative solution.

It is a common practice that Hungarian EGTCs involve either permanently or provisionally the representatives of different sectors into their work, e.g. if there is a project with infrastructure, health or energy development purposes, the relevant experts are invited into the project development committees. BTC EGTC organised a series of project development workshops (14 in total) in 2015 and 2016 in order to prepare the joint projects to submit to the new calls. Similar activities were carried out by the RDV and the Ister-Granum EGTCs, as well, involving sector-specific experts of the region.

### Modes of persuasion

*Commissioning reports.* An important part of EGTC interest representation is to point at solutions, not only problems. That is why commissioned reports are often useful, as systematic and scientific analysis of policy alternatives constitute cornerstones in the 'evidence-based policy' that has become a global catchword in policy circles. However, at the same time the EGTC should be wary to not make studies and reports their sole activity, or members might worry that their contributions are being 'wasted' to 'useless' reports.

Hungarian borderlands: This way of persuasion is not performed by the EGTCs but rather by CESCO which coordinated for years the work of the EGTC workshop. (At the moment, the Ministry of Foreign Affairs and Trade undertakes this role.) The reports and recommendations developed by CESCO are often commented, completed by the EGTCs before being delivered to the authorities.

*Arranging seminars or conferences.* A frequent way to draw attention to an issue is to arrange seminars and conferences dedicated to the policy issues to be raised. If well done, such events can bring together policymakers and stakeholders to facilitate

the message of the EGTC. As in the mode above, the drawback is again the potentially high cost that needs to be justified to members of the EGTC.

Hungarian borderlands: It is the most common and most popular way of persuasion applied by the Hungarian groupings. Ister-Granum EGTC has been lobbying for long time for a North-South transcontinental transport corridor across the territory of the grouping. They regularly organise conferences on this issue. Similarly, the Via Carpatia EGTC which also inserted the name of the easternmost planned corridor of the EU into its own name, gathers interested parties regularly in order to strengthen the political support of the idea. The RDV EGTC focuses on the topics being in relationship with the Danube, the Danube basin and the EUSDR.

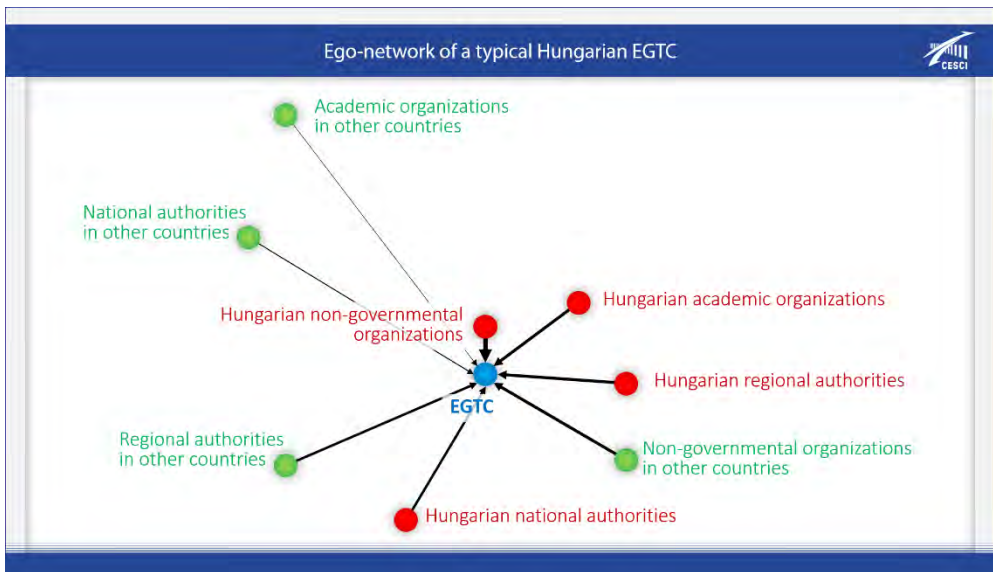
The BODROGKÖZI and the Abaúj-Abaújbán EGTCs organise every year the EGTC days within the territory of the two groupings, with the participation of decision makers in order to popularise their activities and the spirit of cooperation. BTC EGTC then concentrates on the cooperation of SMEs and institutions within the region when organising different professional events.

*Sending delegations to decision makers.* Sending a group of people from the EGTC to the capital to meet with Ministers or Ministry representatives can be done to point to a specific issue. In ideal circumstances, a messenger such as an EGTC, representing the political will of two countries interlocking in a region, will carry extra political weight and will, therefore, be heard more than a delegation from a single-country region. In cases of strained relationships between member states of an EGTC, this approach may be less beneficial. It can raise suspicions of secessionist ambitions, and the EGTC might, therefore, want to 'fly under the radar' and use domestically composed delegations instead.

Hungarian borderlands: EGTCs used to lobby at the ministerial level for their own initiatives and projects. At the same time, the representatives of different ministries are regularly invited to the EGTC workshops where they can meet the ideas and plans of the groupings and they can channel these ideas and plans to a more EU-compatible direction. It has to be added, that almost exceptionally, Hungarian decision makers used to be the guest of these workshops. This means that the majority of the Hungarian EGTCs have no direct contacts with the ministries of neighbouring countries. There are exceptions (e.g. the Via Carpatia in Slovakia, the Gate to Europe and the European Common Future Building EGTCs in Romania or the Mura Region EGTC in Croatia) but it is not the rule.

*Writing statements/resolutions in the name of the EGTC.* Working in a similar way as delegations, writing statements or resolutions may be an important method of forwarding the interests of the EGTC. The scope of such activities is less dependent on financial resources than the arranging of events, but nevertheless relies on the size and capacities of the secretariat. As aforementioned, this kind of interest representation is rather performed by CESCO, not the EGTCs. However, sometimes, in concrete issues, EGTCs also form their statements directly, if they have a territory-specific aim.

Figure 20: Ego-network of a typical Hungarian EGTC



As is clear from several of the elaborations above, Hungarian actors constitute the core of the EGTC networks. This is in line with their own self-assessment. In the CESCO CEU 2015 survey, EGTCs were asked to describe the intensity of contacts with other types of actors, and as can be seen in *Figure 20*, they most frequently interact with non-governmental or governmental actors in Hungary.



Table 11: EGTCs on network-building and lobbying

*“The EGTC still counts as a new legal form both in Hungary and in Slovakia. So to make this more known we try to take part in much planning, so as to strengthen the position of the EGTC.”*

*“We have given information to both traffic/infrastructure ministers about road border crossings.”*

*“We held a cross-border conference on labour issues so that our partners could get to know each other better.”*

*“At the moment we talk about a local government festival, which is about the territorial civil culture and their groups, but we also have weekly contacts about <a professional conference> that comes up in September and which needs contacts with authorities and businesses.”*

*“We use to invite businesses to meetings once, or maximum twice, a year, and we give them information about application possibilities within the frame of the agricultural cluster. The civil organizations we also invite 1-2 a year to talk about applications, and we help with applications for the National Cooperation Fund or for Europe for Citizens programme. We give consultancy to the local governments in the region and other institutions about our development programmes, we try to find partners and support them. With university institutions, like for instance the <...> University, we consult about two things: integrated agricultural projects that we want their professional opinion on and we look for institutions taking interns.”*

*“The realization of the EGTC strategy, and professional action group started to function in the recent time. For this we are set to include the member municipalities, so they realize that we are there for them, and that our aim is to build on the joint aims of the member municipalities, to do cross-border projects.”*

#### **4.3.4.2 Involvement in the formation of the cross-border programmes for 2014-2020 and expectations of outcomes**

An important issue is how the involvement of EGTCs in the 2014-2020 budgetary period of the European Union’s structural funds is expected to increase as opposed to the 2007-2013 period. This is partly due to simply more EGTCs being available and partly due to active reformulations in policy documents and policy activity from the European Commission to encourage member states to make use of EGTCs. The CESCI CEU 2015 and 2016 survey focused on the involvement in the funds specifically

targeting cross-border cooperation, but several respondents pointed out the importance of going beyond those.

The currently existing EGTCs were all formed in different phases of the 2007-2013 funding period, which meant that they did not have the possibility to be involved in programme planning, even though some actors may have experience from having been involved in previous cross-border cooperation initiatives. However, the 2014-2020 is the first funding period in which EGTCs have had a real chance to be involved in early planning work and preparation for regional development funds, including those earmarked for cross-border cooperation. One Interreg V-A Programme is developed for each EU internal border, which gave potential for Hungarian EGTCs to participate in four of these. (The only border lacking an EGTC is the Hungarian-Austrian border; Serbia is participating in IPA programme and Ukraine in the ENI programme.) This seems to have worked especially well at the Hungarian-Slovak border, which also has the highest number of EGTCs. Respondents in the 2015 and 2016 surveys consistently reported that they had been invited to relevant meetings and were given opportunities to provide input. However, there were also indications that the inclusion of EGTC is not equally natural at all borders. A few responses indicated that they had to be proactive to get access to the venues where the programme structure and funding were discussed.

When it comes to evaluating the actual impact the participation of the EGTCs has, this is more difficult to assess, and cannot be fully established based on this survey. However, one organisational achievement can be attributed to EGTC action with a high degree of confidence, the decision by the Hungarian-Slovak programme to make it possible for EGTCs to directly manage the Small Project Fund, to which eligible applicants within the target area can apply directly for project funding.

*Table 12: EGTC Managers and Chairs on their participation in planning for 2014-2020 cross-border cooperation programme*

*“We always were at their disposal for things related to the visions and plans and development direction for the EGTC 2014-2020. We had opportunity to mark our concrete development plans, and what resources are available for these, respectively, what kind of ‘resource harvesting’ we see as realistic. Within the technical framework of the ETC we also received opportunity to give concrete recommendations, and how to bring those forward. They give space for important meetings.”*

*“The programme writers invited us to all forums, and they articulated our opinions. Our suggestion became concrete when it comes to the SKHU Small Project Fund.”*

*“Our organization keeps a tab on the societal dialogues and regularly take part in them. We write down our opinions, and we make them public at professional conferences and forums. Unfortunately, we could not achieve that they included the EGTCs directly in the planning.”*

*“The EGTC didn’t get any invitation for the meetings, only the member municipalities. We went to every possible meeting, we were there as local government partner! For the OP Draft we sent several opinion pieces, our most direct request was that the EGTC should be under each Priority Axis as an eligible applicant possible partner. We also prepared a ‘Flagship project’, because there was a possibility in the Romanian-Hungarian ETC Programme for the counties to mark strategic projects, however, unfortunately this became only reserve-listed”.*

*“During the planning period the EGTC, which is officially a Slovene-Hungarian partner, did not get any invitation or direct speaking in the period of planning the Slovenian-Hungarian programme.”*

*“In the domestic programming we regularly took part in different programme planning societal dialogue meetings, and we also gave our opinion at different professional forums. Therefore we are sorry that they did not really include the EGTCs in the territorial planning.”*

Asked about their expectations for the remaining time of the 2014-2020 period, three themes can be discerned among EGTC responses. The first is to simply having a say in the process, and that an increased role in the process will in itself foster integration in the cross-border areas. Here, the emphasis is also on other operational programmes than just the cross-border one, which is important to get access to more funds as well as funds for more diverse purposes. The second revolves around particular wishes the EGTCs hope to realise in the current period. Since detailed strategic plans have been prepared, several EGTCs also easily can quantify their goals. The third concerns expectations connected to improved procedures.

Table 13: Expectation on remaining time in the 2014-2020 funding period

<p><b>Increased recognition</b></p>	<p><i>“We expect the role of the EGTC to be strengthened. Since &lt;name of EGTC&gt; strategy contain such activities that develop the inner integration between the partners and make the EGTC possible as a tool. This leads to integrated development, which leads to two peoples of the neighbours becoming closer and that it is easier to understand each other.”</i></p> <p><i>“We think that EGTCs should be drawn in more into development, but that the EU doesn’t support these institutions enough. We expect a separate frame for EGTCs.”</i></p> <p><i>“We hope that we will be able to apply for not only CBC programmes but other OPs too!”</i></p> <p><i>“We further think since the ETC and the EU doesn’t support the EGTCs enough, we have to lobby towards the EU so that they allow a separate funding framework for EGTCs.”</i></p> <p><i>“We hope that in comparison with 2007-2013 the EGTCs will have a much bigger role in 2014-2020, both in the CBC programs and in the domestic ones.”</i></p>
<p><b>Support for concrete projects</b></p>	<p><i>“The EGTC expects the appropriate application calls for the projects that it has handed in. Especially regardng &lt;our proposed&gt; biking road, a bridge, flood prevention, energy efficiency and tourism.”</i></p> <p><i>“My expectations are that regions that lag behind get support for economy, infrastructure, environment, energy, culture.”</i></p> <p><i>“During the preparatory phase we prepared 8 specified projects. We hope that we will be able to realize a big part of those.”</i></p> <p><i>“The strategy contains 28 projects to be realized in 2014-2020”</i></p>
<p><b>Improved procedures</b></p>	<p><i>“We expect that when they assess the applications they should give priority to projects that develop a concrete area and strengthen other projects.”</i></p> <p><i>“We also expect that sum to make the pre-financing easier (let’s say 30-50%).”</i></p> <p><i>“We also expect calls that are out timely, and with long enough time frames for carrying out the projects.”</i></p>

To conclude, there are numerous possibilities for Hungarian EGTCs to cultivate the kind of external links they need to situate themselves as key actors for their respective cross-border territories, and EGTCs expect from themselves and from others that they should receive ‘a seat at the table’. The extent to which has actually happened varies, and there is definitely room for more assertive behaviour of the EGTCs.

#### **4.4 Overall Assessment: Results and Deficiencies**

Numerous efforts have been made within the academic literature and the ‘support industry’ that has grown up around cross-border cooperation to evaluate and compare results. This is hampered not only by the lack of comparable statistics emphasised in section 4.2, but also between the tendency to either narrowly focus on policy outputs (projects, budgets, staff) or futile efforts to causally link EGTC efforts to larger socio-economic developments. Moreover, EGTCs functioning as ‘integrating tools’ or ‘regional development agencies’ contribute to the success of others, which is again not easy to measure. Since the people populating EGTC are often also active in other forums that make the decisions necessary to advance territorial development, it is impossible to disentangle the causal mechanisms at play.

In this volume, we have, therefore, taken the stance that one can meaningfully quantify and rank the initial pre-conditions within which EGTCs operate, but we do not try to rate the work of individual EGTCs. However, approaching the ten-year-anniversary of the EGTC possibility in Hungary, some aggregated assessments can be made.

Chapter 3 outlined two different typologies that can be used to group EGTCs in the Hungarian borderlands. The first (Törzsök, Majoros 2015) built on the dimensions of ‘development & policy development’ and ‘fiscal autonomy’ to create a 2x2 typology of ‘grant hunters, grant intermediaries, entrepreneurs and public service providers’. The second (CESCI, this volume) distinguished between EGTCs functioning as ‘regional development agencies’, ‘integrating tools’ and ‘actors of cross-border programming’. The first contained a normative dimension, assuming that it is better to be a “public service provider” than a “grant-hunter”, and lamented that so many of the current EGTCs (at the Hungarian-Slovak border) need to be placed within the

latter rather than the former category. The second typology aimed at avoiding such a normatively loaded typology, and instead emphasised that what way an EGTC develops is up to the ambitions and arising opportunities of those involved. However, within each of the three outlined types, the EGTC could obviously do more or less, and it is clear that the Hungarian EGTCs there are found in a broad spectrum.

Another way of approaching the issue of the aggregated impact of EGTC is to highlight their democratic dimension. EGTCs are networks in which democratically elected representatives of territorial bodies come together in an arena, which derives legitimacy from the basis of these representatives, thereby creating a new cross-border democratic governance space. Priorities are set, funds are spent, and claims are made on behalf of the population within those areas. Through knowing each other, and through craving out a 'branch name' for the EGTC in question, such legitimacy can be strengthened. While many EGTCs are still little known both among policy actors and the citizens, the first decade of the regulation and its usage in the Hungarian borderlands has taken these bodies beyond their predecessors (Euroregions, twin city arrangements) in becoming better known and with the support of policy actors having a better claim to such legitimacy. On the other hand, this legitimacy is still very far from making them the natural 'go-to' in the myriad issues that concern borderlands, and it will take consistent work both on the side of EGTCs and all their members, as well as from other policy actors to promote that. Challenges ahead lie in, for instance, the overlapping territories of EGTCs that we see at the Hungarian-Slovak border, for example. Who can speak for what citizens and when? Closely related to the legitimacy is also the issue of citizen accountability, which so far have received little attention, either in Central and Eastern Europe or elsewhere. What real chances do citizens have to scrutinise their EGTCs and where to turn with complaints? This might seem farfetched for EGTCs whose main concern is to make citizens notice and care about them, but it is likely to be of increasing importance. As that happens, it will be important for notions of legitimacy to be developed and reinforced that are not only output-oriented, but also process-oriented, in the sense that it is judged upon the extent to which the EGTCs endorse, create and participate in cross-border governance spaces that are run in transparent and democratic ways.

Another challenge ahead might come from unexpected questioning of the very foundational values upon which the EGTCs rest. While there have always been some resistance from some actors in Central and Eastern Europe to the inherent value of

socially connected and economically functional cross-border regions, the idea has still held widespread support and in Western Europe this support has been even greater. In the aftermath of how the 2015 migration was dealt with, the once ‘vanished’ borders of the within-Schengen area have re-appeared in many places around Europe, and also in some of the Hungarian borderlands. It remains to be seen what lasting affects there will be of this (in the 2016 CESCI CEU survey to EGTCs, all respondents denied any impact of the migration crisis on their daily affairs).

Some deficits of the current collection of EGTCs have already been mentioned or alluded to in this and previous chapters. Questions have arisen regarding the extent to which they are dependent on resources coming outside their own territories, and by that it is meant the project-nature funding from European Union money and the basic funding/maintenance support given by the Hungarian government. Some small EGTCs currently entirely lack activities and do not seem viable in the long-term. The collective output of EGTCs in terms of number of projects, financial scope of these projects and the number of people involved would seem small not only compared to long-term established Western cross-border activities, but to almost any other public activity with which you compare it. The high number of EGTCs in Hungarian borderlands might by some be heralded as the success of the instrument, but others can justifiably claim that the number is too high in the light of these facts. Moreover, the EGTCs are unevenly distributed among different borders and among different parts of the same borders, with territorial overlapping offering some scope for imagination in terms of inventive governance but also potential for unwieldy governance. The picture that emerges is, therefore, one that is multifaceted and to some extent open for interpretation by individual assessors depending on their own values and wishes in this respect.

A more useful way of finishing this book may therefore instead be what can be learned from the overall work of these Hungarian EGTCs, which constitute about a third of all currently registered EGTCs in Europe. What can, for instance, Euroregions elsewhere learn that have not yet taken the step to transform into an EGTC? What is the lesson for individual municipalities or regions who are thinking of setting up something new? What can policymakers who want to support these initiatives, for various reasons, take from the sizable experience which has amassed in this part of the world?

Here, some different recommendations can be derived:

**Recommendations to:**

- **Existing EGTCs:**
  - Networking among existing EGTCs to learn from each other is important for boosting the project outcome and scope of activities.
  
- **Euroregions:**
  - The trust of the member municipalities must be earned through information and convincing arguments for why the EGTC status adds value.
  - Transformations need careful preparation and attention.
  - Mapping of pre-conditions for successful cooperation helps both to avoid unrealistic expectations and to shape the agenda regarding what areas can change and which cannot.
  
- **Municipalities and regions:**
  - Participation in an EGTC needs well-based decision on behalf of the local authorities. Not always an EGTC is the proper solution for local problems. The set-up of an EGTC requires a high level of commitment and mutual trust on behalf of all members and the operation of an EGTC needs the financial contribution of the partners. The EGTC is not a plaster for all sores and it does not solve every problem, at once. Exaggerated expectations can easily lead to disappointment, as it happened to some of the Hungarian EGTCs.
  - Membership in an EGTC should be taken as any other serious obligation. EGTCs where members do not attend meetings or provide feedback will turn into technical vehicles for a few actors that cannot ensure the legitimacy necessary for long-term organisational survival.
  - Membership in an EGTC can, of course, be seen in cost-benefit terms. What does membership in an extra organisation cost besides the monetary fee and what does one get out of it?



- **National policymakers:**

- Both the legislative and policy environments need to be supportive of EGTC creation and their activities.
- In countries with similarly fragmented and financially weak local and regional governments, secure funding for basic operations is essential. Without the support from the Hungarian government, it is unlikely that the EGTCs would have developed to the point where they are today.
- Attention to transposition and the implementation of EGTC legislation is important, but it is not enough. Further harmonisation of legislation is needed with a view to overcoming cross-border obstacles and facilitating the groupings in fulfilling their mission of creating a new, shared space, across the borders.

## CHAPTER 5 - Bibliography

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## Cross-Border Review. Yearbook of the European Institute (2015)

The editor-in-chief was James W. Scott (Professor of Regional and Border Studies, University of Eastern Finland), and the editor was Márton Pete (researcher, European Institute of cross-border studies).

The 'Cross-Border Review 2015' is the second edition of the yearbook published by CESC European Institute of Cross-border Studies in 2015. The basic research object of the yearbook this time again is the phenomenon of borders and the cross-border cooperation and interaction between neighbours. The 'Cross-Border Review 2015' is primarily recommended for the academic community, for students of geography and political sciences, and for those readers who are interested in questions of politics, regional policy, borders, fences, de-boundarization, mental mapping, border permeability and cross-border-cooperation and interaction.

Available on the following link:

<http://institute.cesci-net.eu/en/crossborder-review-2015>



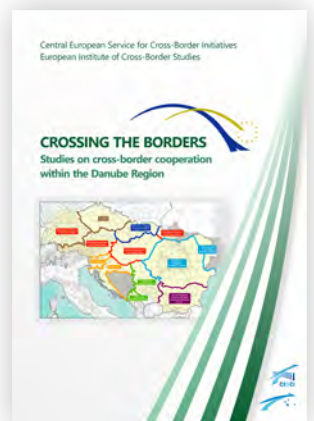
## Crossing the borders. Studies on cross-border cooperation within the Danube Region (2016)

The editor was Péter Balogh. The volume is the result of a cooperation between 25 researchers and support from the Hungarian Ministry of Public Administration and Justice.

This volume is targeted at policy experts and the scientific community alike. A comparison of fourteen vast case studies of border regions is a relatively rare opportunity for scholarly experts, and as such forms an added value in itself. The volume is structured in two parts. The first one begins with an introductory chapter explaining the methodological foundations of the research. It is followed by a general presentation of the Danube region. The two subsequent chapters deal more specifically with the border regions in the area and their cross-border cooperation. The second part contains fourteen case studies, each of which forming a chapter of its own. The final chapter is a comparative analysis of the case studies, recognising patterns behind the apparently varying intensity of the cross-border regions.

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## Joint Spatial Planning in Komárno and Komárom (2016)

Lilla Krisztina Szilágyi

CESC scholar Lilla Krisztina Szilágyi's study presents an admirable initiative from the Slovak-Hungarian border region. A joint spatial planning document was set up by the Slovak Komárno and Hungarian Komárom. Introduction of the situation in the relevant urban area is followed by a presentation of the exemplary cooperation and an overview of the joint development document. In the study, the main challenges of the joint development plan's realisation are reviewed, and resolution proposals are put forward by the author, using examples of existing best practices.

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The printing of the publication was supported by the Prime Minister's Office of Hungary.



PRIME MINISTER'S OFFICE  
HUNGARY

**Published by**

Central European Service for Cross-border Initiatives (CESCI)  
H-1067 Budapest, Teréz krt. 13.



**Edited by**

Sara Svensson (Central European University, Budapest) and  
Gyula Ocskay (CESCI Budapest Observatory of Borders)

ISBN 978-963-12-6855-3  
2016



[www.cesci-net.eu](http://www.cesci-net.eu)