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**Cross-Border Cooperation Between
Spain and Portugal: A case Study of
the Southern Regions**

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1. Cross-border Cooperation in Europe: the strategic importance of the European Union Interreg Programme

One tends to forget that the European integration process has as its primary aim the establishment of a competitive single European market. All the European regional policies are geared to improve the economic performance of the regions. Such policies are based on the principle of social and economic cohesion across the European Union. This aim is regarded as quite crucial for the creation of the single European market as an even playing field (Belloni, 1994), which means that the softening up the internal borders between member-states becomes an important priority. Such softening up can only happen through a long process of integration and adjustment towards a higher level of economic competitiveness, from which cross-border regions can profit. The creation of cross-border networks in the economy, transport, energy and other areas, including culture and sport, is a *sine qua non* for the smooth running of the internal market. As long as the 'border' is in the heads of the national and regional policy-makers, there is a danger that the nationally segmented and compartmentalized national economies will continue to dominate the logics of the single European market. The strategic importance of cross-border cooperation in Europe cannot be emphasized enough. It is there that the single European market has to succeed in order to be accessible to these more remote areas. For decades, if not centuries, countries tended to neglect their border regions, which in the end led to underdevelopment across the European Union, with the border regions between Poland and Germany being a good example in this respect. Nevertheless, the INTERREG programme of the European Union is changing this fate by allowing the border regions to create a joint strategy of development. The so-called Pro-Europa Viadrina Euro-Region is allowing also for the rebuilding of trust between two countries with a very troublesome past. Although there are still problems in the cooperation between the two countries, particularly in the maintenance of two separate regional Euro offices, the Euroregion was able to establish the *Collegium Polonicum* attached to the

Viadrina University (Grix and Knowles, 2002). One of the consequences of the structural funds is that Poland is now a decentralised country with elected regions (Agh, 2003: 118).

The Portuguese-Spanish cooperation has increased considerably since both countries began to implement the European Union structural funds. Both countries had a troublesome relationship which only in the 1980s began to be replaced by more trust. It seems that this distrust was instrumentalized quite successfully over centuries by the Portuguese political elites, particularly after the end of the Spanish unification of both monarchies between 1580 and 1640. It seems that the resistance for cooperation was stronger among the Portuguese than the Spaniards, who have a more relaxed relationship about its neighbour.

INTERREG was an important incentive for cooperation between the two countries, since it has helped to overcome what António Covas (1997: 175) called the stigma of “double periphery” (*dupla periferia*) inside the respective countries and the countries in relation to the more countries of the EU.

Although all border regions on the Spanish-Portuguese border are still underdeveloped in relation to other regions in the two countries, there has been considerable improvement in terms of infrastructures, entrepreneurial cooperation and socio-economic integration in the past two decades. Although the impact on those regions remains still under-researched, one can assume that the level of isolation has been considerably reduced. In spite of this verdict, there is a lot to be done, until these regions are able to have competitive location factors. Probably, one of the most difficult problems is the fact that these regions are characterised by a low level of social capital, the term developed by Robert Putnam, Robert Leonardi and Raffaella Nanetti (1993) using the Italian case.

The reforms of the 1980s under the leadership of the Delors' European Commission upgraded substantially the funds allocated to European regional policy. In particular, the reform of 1988 allowed for the emergence of a major new policy area. Several aspects were introduced, which gave more credibility

for this policy. First of all, it moved from a single project culture which was dominated by the respective member-state to a European-wide programming culture over several years which envisaged a stronger partnership between the European Commission, the national governments and the regional authorities. This partnership principle was paired with the principle of subsidiarity, which clearly forced the European Commission to define the most appropriate level for decision-making and implementation. The structural funds allowed for the emergence of the regions as a unit in its own right. Indeed, there was a general strategy of the European Union to ally with the regions, in order to soften up its relationship with the member-states (Tömmel, 1998). The growing mobilisation of the regions at supranational level was an important factor in transforming the two-level game which comprised the supranational and national levels into a multi-level game consisting at least of the supranational, national and regional level, in some cases the local level. Although the member-states remained the main gatekeepers and decision-makers in relation to the structural funds, the relationship between the levels was more porous and less rigid at the end of the 1990s. The complexity of the structural funds required a more flexible cooperation between the different levels.

Based on these experiences, Gary Marks developed the heuristic construct of multi-level governance. The structural funds were central to his theoretical heuristic thinking. He writes as follows:

Structural policy in the EC does not fit along a continuum running from continued national state predominance in the emergence of the Eurostate. Instead, it appears to be a two-sided process, involving decentralization of the new powers at the supranational level. If we encompass the experience of structural policy in our notion of the future European polity, it can be viewed as the leading edge of a system of *multilevel governance* in which supranational, national, regional, and local governments are enmeshed in territorially overarching policy networks. Instead of a *centripetal* process where decision-making is progressively centralized in Community institutions, in structural policy we see a centrifugal process in which decision-making is spun away from member-states in two directions: up to supranational institutions, and down to

diverse units of subnational government; instead of the unambiguous allocation of decision-making responsibility between national and supranational governments, we see the institutionalization of *contested spheres* of influence across *several tiers* of government (Marks, 1993: 401; see, also Morata, 2004)

The institutionalization of sub-state influence through the establishment of the Committee of the Regions and Local Authorities (CoR) was a way of controlling the multiple crack strategy of the regions which had its climax in the 1980s (Marks et al. 1996; Badiello, 2004; Bindi Calussi, 1999). This strategy is aimed at targeting several supranational and national institutions in order to achieve best results for a particular region in a particular policy field. The CoR became a control mechanism with merely advisory powers, so that the regional input became more structured and aggregated for the policy-making process (Ramón, 2004).

Meanwhile the European Commission is coordinating the implementation of the third round of structural funds and is already in the process of preparing, deciding and negotiating the fourth round of the structural funds. There was a process of learning and accumulation of knowledge throughout the nineties and the early years of the new millennium. One particular problem was the design of the structural funds along national priorities, instead of European priorities. It was particularly investment in integration between countries for the purpose of the construction of the single European market that was needed to overcome this state-centric approach.

The development of the INTERREG was created with the support and strong input of the Association of European Border Regions (AEBR) which clearly had a strong interest in making aware of the internal border of the European Union (Sodupe, 1998). The INTERREG came into action in the 1990s and has now completed its third round. A fourth round of INTERREG will be implemented between 2007 and 2013 and will cover a larger area and be used also for the external policies of the European Union such as the European

Neighbour Policy (ENP) (Cugusi and Stocchiero, 2006). Its main aim is to prepare border regions for “Europe without borders”. INTERREG is accompanied by other programmes such as REGEN which envisages the development of transport and energy networks between the regions and naturally RECITE for the establishment of networks between developed and underdeveloped regions.

All these programmes are informed by the European Spatial Development Perspective (ESDP) developed throughout the 1990s (Faludi, Zonnefeld and Waterhout, 2000) and finally adopted at the Berlin European Council of 1999. The ESDP aims at:

1. Economic and Social Cohesion;
2. Sustainable development;
3. Balanced competitiveness in the European Union. (European Commission, 1999)

The overall rationale of cross-border cooperation is naturally further informed by creating competitive regions, which are able to prevent further asymmetries and disparities within the European territory. In comparison with the United States, the gap between the less and more developed regions in the European Union is much larger. Such gap has risen after the enlargement to the central and eastern countries and the Mediterranean islands in 2004.

INTERREG aims strategically to create sustainable networks between border regions, so that regional economies become interdependent and integrated. The horizontal programmes INTERACT allows for transfer of knowledge, but also accumulation of knowledge after several rounds of the INTERREG programme. ESPON (European Spatial Programming Observatory) is a further device to monitor such integration and even development.

According to a European Commission information brochure (2002a: 7), cross-border cooperation allows for a multiplier effect, which in the long term will be sustainable:

Cooperation without frontiers is a difficult and rarely spontaneous process. For a long time, the authorities and structures concerned, at different levels of government and power, were not used to working together. Even when the mutual prejudices inherited from the past are done away with, there still remain major obstacles that need to be overcome. These have to do with differences in political institutions, administrative systems and procedures, legal structures and provisions, technical and environmental standards. In addition to these, of course, are differences in language and culture as well as physical obstacles like mountains, rivers and the sea.(...) One of the most important aspects of cooperation without frontiers is the 'multiplier effect' that it produced, the energies that it mobilised and the experience gained from it. Some 10 years after Interreg's implementation, the overall success of cooperation is obvious. However, difficulties remain in defining common strategies and achieving practical coordination, particularly with regard to legal or financial aspects. Thus the main challenge today is that of setting up genuinely common and integrated structures of cooperation to manage programmes that have been developed and implemented together.

According to data from the European Commission (2002b: 39) in 2001, 39.1 percent of all EU15 territory were border regions. Out of this 27.4 percent were internal borders and 11.7 percent external borders. Moreover, 2.9 percent of the latter are now internal borders with the new member-states, while only 8.8 percent are with other countries outside the EU. In 2001, 17.8 percent lived in internal border of the EU15, 2.8 percent in external borders with the present new members and 4.3 percent with other countries. The 2004 central and eastern enlargement has created new external borders, but also a larger population living in internal border regions. This shows that at least one fifth of the EU lives in such border regions and therefore they are quite crucial in order to make the SEM work.

Since the second round of INTERREG there are three variants of the programme. The first variant (INTERREG A), and the most important one is cross-border cooperation, had an allocation of 67 percent in INTERREG III. The second is transnational Cooperation (INTERREG B) to which 27 percent of the funding was allocated and third one is interregional cooperation

(INTERREG C) with 6 percent of allocations. Such an approach wants to make sure that there is a multi-layered integration of the regions through different actions. In the case of Portugal and Spain, out of the 13 INTERREG B programmes only two are of relevance, the southwest Europe and the western Mediterranean. The latter covers particularly the eastern and southern part of Spain and the southern part of Portugal. The former programme includes regions of southern France and the whole of Portugal and Spain. In relation to the four programmes of the INTERREG C Portugal and Spain are included in the 'South' strand.

In sum, Portugal and Spain are among the great beneficiaries of the INTERREG programme. Before we look more concretely at the cases of Alentejo-Centro-Extremadura and Algarve-AlentejoAndalucia, it is important to sketch the main patterns of relations between the two countries.

2. The Emergence of Portuguese-Spanish Cooperation

The history of relations between the two countries has been quite problematic until the 1970s. The strongest sentiments were uttered by the Portuguese who recalled in their history curriculum the struggle for independence against the Spaniards. Such a general national feeling became stronger after the unification of the two Kingdoms between 1580 and 1640, because the Portuguese King Sebastian had died in a battle in northern Africa. The authoritarian regime of Salazar instrumentalized these general sentiments of the population to keep the country united and unitary. The lack of regionalist tendencies was and is a major characteristic in Portugal. Throughout the nineteenth and twentieth centuries the border regions were neglected by the successive Portuguese governments. The pattern of settlement has been dominated by the coastal line far away from the Portuguese-Spanish border. In the history curriculum, Portuguese were idealised in the fight against the Spaniards. A change of perception began to happen after both countries moved towards democracy in the 1970s. Due to their application to the European Community in 1977, their fate became intertwined. The Portuguese accession to the European

Community became highly dependent on the progress made by the negotiations with the Spanish delegation. When both joined in 1986, it became clear that the way forward was to strengthen the cooperation between the two countries. Issues such as the sharing of common water resources, energy and transport networks forced the two countries to intensify their cooperation and search for common solutions. Such intensification of cooperation and negotiation can be seen in water resources. According to Rosa Moreira da Silva, the Spanish National Hydrological Plan (*Plano Nacional Hidrológico Español-PNHE*) has always strong implications for Portugal. In this sense, one could witness a growing cooperation in this area between the two governments. According to her it is only after the transition to democracy that there was a stronger dialogue between the two governments (Moreira da Silva, 1996). One of the reasons for these tensions in the use of common resources is the fact that most rivers are born in Spain and the Portuguese authorities are concerned about the quality and quantity of water that arrives in Portugal. This becomes quite relevant in relation to the building of dams in Portugal (Seabra, 2000).

Although the former dictators Salazar and Franco signed an Iberian pact of non-aggression and mutual defence after the Spanish Civil War in 1939 (Medeiros Ferreira, 1987), both countries started only proper relations in 1983 with the creation of the Iberian summits where the two governments discuss issues of contention between the two countries. Meanwhile, the two countries celebrated their twentieth-first summit in Evora in November 2005. According to the then Portuguese Minister of Foreign Affairs Diogo Freitas do Amaral, relations between the two countries are excellent: there is a growing coordination and concertation in relation to economic issues, particularly the Lisbon Agenda; Portugal and Spain have a high level of cooperation and concertation in foreign policy, which means that there is a more efficient Iberian block working at European level (Freitas do Amaral, 17 November 2005). Economically, there were growing levels of investment by Spanish firms, particularly in the Portuguese banking sector, which was asymmetrically matched by Portuguese firms in Spain (Corkill, 1999).

Quite interesting is the fact that during the 8 of November 1998 referendum on regionalization the Spanish question popped up again. One of the arguments was that it was necessary to keep Portugal as a unitary state in order to prevent that some regions may decide to have closer relationships with Spain or other regions in Spain. One poster portrayed the proposed regionalization as the fragmentation of unitary Portugal in nine independent regions. The borders would run between the individual regions, but not in relation to neighbouring Spain (Rodrigues Lopes, 2001)¹. In the end, two thirds of voters decided against, while one third was for it. Slightly less than 50 percent voted in the referendum, which meant that the result was not valid. Nevertheless, this was a major blow for the intended decentralization of policy making structures by the Socialist government under prime-minister Antonio Guterres. Divisions on the issues can be found in most parties, although the Communist and Socialist parties are more supportive than the right-centre parties CDS-PP and the Socialdemocratic party (*Partido Social Democrata-PSD*)². Quite interesting is the fact that Alentejo was the only region where a majority of the population supported regionalisation.

In this context, the INTERREG programme has been an important catalyst to overcome the situation of a 'double periphery' along the Portuguese-Spanish border. Cross-border migratory movements were already an existing reality, before the INTERREG programme was beginning to be implemented. In spite of the differences between the countries, the regions on the Spanish-Portuguese border have lots of characteristics in common. Apart from the fact, that most of them are experiencing a considerable decrease of the populations, they have also a very weak economic structure. INTERREG was an important factor to change mentalities along border, and to see their socioeconomic space as part of a larger whole. One of the most important aspects in this respect was the need to inculcate the culture of project partnership. All this entailed

¹ In my view, one has to acknowledge that the so called civic movement against regionalization was based on a campaign of misinformation and prejudices.

² On regionalization see Magone, (2004a), and Gallagher (1999).

learning processes that are still ongoing and far from complete. Before we discuss the impact of INTERREG on the border regions of both countries, it is important to give a brief review of the main problems of the regions concerned.

3. The southern regions of the Iberian Peninsula: the legacy of underdevelopment

In this paper we are interested in looking at the southern regions of the Iberian Peninsula and their cross-border cooperation. This means our focus will be the Alentejo-Centro-Extremadura and the Algarve-Alentejo-Andalusia cooperation partnerships. According to Maria João Seabra, the border between Portugal and Spain (including Galicia and Minho) is 1,242 kilometres and is the largest in the European Union (Seabra, 2000: 196). Other countries may have larger borders, but normally not just one country, but several.

All these cross-border regions are characterised by a low GDP per capita in comparison with the EU average and have also high levels of unemployment. These two indicators point to a legacy of underdevelopment which has been so far difficult to overcome. Most of the regions are predominantly agrarian, with the exception of Algarve which is quite dominated by the services industry due to tourism. A major problem for all these regions is the fact that they all are losing population to more prosperous regions within the corresponding countries in other European countries.

**TABLE 1. UNEMPLOYMENT IN THE SOUTHERN REGIONS
OF PORTUGAL AND SPAIN (2003-2004)**

	TOTAL		FEMALE		YOUTH(15-24 YRS)	
	2003	2004	2003	2004	2003	2004
EU 25	9.2	9.2	10.1	10.1	18.5	18.6
PORTUGAL	6.3	6.7	7.2	7.6	14.5	15.3
Alentejo	8.2	8.8	10.7	11.5	22.2	22.1
Algarve	6.1	5.5	7.5	6.2	-	-
SPAIN	11.5	11	16	15	22.7	22
Extremadura	17.4	17.2	25.3	27.3	25.1	27.8
Andalusia	18.6	17.1	26.3	24.2	30.2	27.6

Source: Eurostat (2005)

In terms of regional gross domestic product, most of these southern regions are below the threshold of 75 percent of the EU average, apart from Algarve. In Spain, these southern regions contrast heavily with the northern richer regions. Alentejo and Extremadura are among the laggard regions of their respective countries (Magone, 2004b: 125-127), but with the enlargement they are richer than many of the central and eastern European regions.

The present negotiations for the allocation of structural funds 2007-2013 had to introduce the category of statistical effect to include certain regions that now have a GDP per capita that are higher than the threshold of 75 percent. This is the case of Algarve which now has reached about 80 percent of the EU GDP average.

These regions are peripheral for different reasons. In the case of the Portuguese regions is the fact, that the level of educational attainment is quite low. Indeed, Portuguese regions are at the bottom of the list on educational attainment. In particular, Algarve has quite a low level of attainment in tertiary education. This contrasts heavily with many regions in Brabant (Wallonia), the southern regions of the United Kingdom, London and Scotland. Spain is in a better position than Portugal, but there are still big asymmetries between the Basque country and Castilla La Mancha which tend to perpetuate the divisions within the country. This applies also for the secondary sector, where both countries have problems, but where they are more chronic in Portugal.

**TABLE 2: REGIONAL GDP PER CAPITA IN SOUTHERN REGIONS OF
PORTUGAL AND SPAIN (2000-2002)**

	GDP PER CAPITA PPS(2002)	GDP PER CAPITA PPS(2002) EU-25(=100)	GDP PER CAPITA PPS 2000-2002 EU-25(=100)	
EU 25	21 172	100	20 459	100
PORTUGAL	16 243	76.7	15 767	77.1
Alentejo	14 080	66.5	13 455	65.8
Algarve	17 166	81.1	16 388	80.1
SPAIN	20 020	94.6	19 009	92.9
Extremadura	13 024	61.5	12 288	60.1
Andalusia	15 010	70.9	14 162	69.2

Source: Eurostat, news release, 129/2005, 13 October 2005

This has implications for the regional economies based on low wages. They contrast heavily with other countries such as Germany, the Scandinavian countries and the Benelux countries. Particularly, Portugal continues to have a low wage economy in both Alentejo and Algarve, but also in the rest of the country. In Spain, Extremadura is quite salient in terms of a low wage economy. Andalusia produces slightly higher wages in comparison to Alentejo, Algarve and Extremadura. All four regions have a low level of investment in businesses and they are more labour intensive, than high technology industries. This contrasts heavily with Germany and Scandinavia, particularly Sweden and Finland (Eurostat, 2005b). Nevertheless, in a ranking of total research and development expenditure in the three top regions of each country, Andalusia is listed as a distant third after Madrid and Catalonia in 2002. This has to be regarded as positive. In contrast, none of the regions studied here figure in the first places of the Portuguese ranking (Eurostat, 2005b: 87).

Moreover in comparison to other regions within their own countries, these regions have a deficit in terms of transport. Decades of neglect of the border regions and the lack of cooperation between the two countries prevented the establishment of more transport networks than the one between Madrid and Lisbon. One important project in this respect will be the High Speed Train between Madrid and Lisbon, which will pass through Extremadura and Alentejo and stop at Badajoz and Elvas respectively. This will certainly contribute to a better transport linkage between Spain and Portugal,

nevertheless, the logics is still very much related to a centralized capital-centred integration. Within Portugal, there are still major difficulties to reach Évora the main capital city of northern Alentejo either from Lisbon or any other Spanish city. Due to these detrimental location factors, it is quite difficult for these regions to attract foreign direct investment. INTERREG has the purpose to build partnerships in order to achieve a common development of the regions concerned. The role of tourism in the two countries cannot be underestimated, but it is important that the overall offer becomes more diversified and includes sustainable alternatives. One of the major problems for Alentejo and Extremadura is the lack of jobs for the younger segments of the population. According to a study on regional convergence, both Alentejo and Algarve have worsened their GDP per capita in relation to the rest of Portugal and the EU between 1990 and 2001. There was also no major change of the economic structure of the regions. Both regions are extremely dependent on the services sector. Particularly, Algarve is clearly dependent on the tourism industry, which is characterised by seasonal periods. In comparison to Algarve Alentejo has the advantage to have a big industrial complex in Sines on the Portuguese coast, nevertheless for the border areas it remains quite vulnerable to economic decline. The level of unemployment is high, in spite of the fact that the activity rate is quite low when compared with other Portuguese regions. Last but not least, both regions are characterised by low levels of research and development (Amorim, 2004). This leads to internal migration to the larger cities of Algarve or Lisbon or in the case of Spain from Mérida and Cáceres to the larger cities of Andalucía or the north. This drain of young people leads to a growing old of the populations in these regions and a reduction of needed innovative enterprise. Indeed, this internal migration leads to a growing fragmentation of communities. INTERREG and other EU structural policies are geared to strategically reverse this trend in these regions.

One major disadvantage for these regions is the fact that their level of social capital is quite low. Similarly to Italy, Spain is now characterised by an asymmetrical distribution of social capital. Catalonia, the Basque Country,

Navarre and Madrid have all a higher social capital which translate into a higher economic level, while Andalucia, Extremadura, Castilla-La Mancha are among the regions with a lower social capital. It means that social networks and civil society are still underdeveloped in these regions. The asymmetry in Portugal is between Lisbon and Porto and the rest of the country (Mota and Subirats, 2000). The lack of entrepreneurial innovation in the Portuguese case was highlighted by a report led by Jorge A. Vasconcellos (2001). The report highlights the poor level of education lack of self-confidence among business actors and social values that do not value entrepreneurial innovation and as the main reasons for this pessimistic assessment. One of the characteristics of the two countries is to have small- and medium sized enterprises with a low capital and low technological conditions. One consequence of this is that Extremadura, Andalusia, Alentejo and Algarve are among the regions with the highest level of self-employed. This contrasts heavily with Germany and Scandinavia where the levels of self-employed are much lower (Eurostat, 2005b).

In sum, the INTERREG programme along the Portuguese-Spanish border, particularly the southern border, is geared towards overcoming the legacy of underdevelopment within their respective countries, but also in the European Union.

4. The INTERREG and cross-border cooperation in the southern regions of the Iberian peninsula

4.1 The Establishment of Cross Border Working Communities: Strategic coordination of the policy-making process

As already mentioned two processes came together which led to the intensification of cross-border cooperation between the Spanish and Portuguese southern regions. One of the processes was related to the re-emerging of bilateral relations between the two countries after two successful transitions to democracy in the 1970s. The Iberian summits in the 1980s allowed for a

growing cooperation between the two countries. The second process was the European integration process after 1986, in particular the doubling of the structural funds in 1988 through the reforms of Jacques Delors. Already in the first round of programming an operational programme related to development of cross-border regions between Spain and Portugal was established which became to be known as INTERREG. INTERREG should become an important catalyst for cross-border cooperation and more institutionalised structures. Several informal and formal meetings followed between representatives of the regions, particularly within the context of the Assembly of European Regions, leading to extension of cooperation. Quite crucial was the signing of protocols leading to the establishment of Working Communities (*Comunidades de Trabalho-Comunidades de Trabajo*) between the respective regions. Protocols were signed between Extremadura and Alentejo in early 1992, between Extremadura and the Portuguese administrative Region of Centro in mid 1994 (Junta de Extremadura, 1998), between Andalusia and Algarve in 1995 ³ and Andalusia and Alentejo in 2001 (Gomes Centeno and Pereira, 2006: 11).

In the southern regions of Portugal and Spain, the INTERREG comprises two main sub-programmes. The most active and established one is the Alentejo-Centro-Extremadura. Here the vast majority of projects are between Extremadura and Alentejo which have a more established longstanding relationship. Less active, but gaining in more dynamism since 2000 due to the deconcentration of policy-making powers to the regional commissions in Portugal is the programme Algarve-Alentejo-Andalusia.

The Working Communities have no legal character, they are just permanent institutions for the cooperation between the regions. Normally, the Working Communities are between two regions and do not comprise all three regions that are part of the programme. The Working Communities set strategic goals of cross-border cooperation, decides on cooperation projects which may go beyond the INTERREG framework, evaluates the activities of cooperation

³ Interview with Mrs Lina Jan, CCDRA, 29.8.2006

and set goals for the future. The working communities are chaired by the director of the president's office in the case of Extremadura and the respective vice-presidents of the Regional Commission of Alentejo and the Regional Commission of Centro. A similar structure applies to the Working Communities of Algarve-Andalucia and Alentejo-Andalusia. The number of members differs slightly in each case, but on average there are 10 members sitting in meetings of the Working Communities. Each of the working communities there are about ten sectorial committees which monitor projects in the respective areas. While the Working Community means regularly more or less four times a year, there is a more intensive interaction between representatives of the two regions within the context of the sectorial policies. Although formally there is no official relationship between INTERREG and the Working Communities, in reality the official common programme INTERREG IIIA for Spain and Portugal is very keen to stress that the emergence of this Community initiative was a major factor in pushing for the creation of this cross-border permanent institution (DGDR and DGFCFT, 2001: 76-7), certainly influenced by similar structures and experiences from more established cross-border cooperation programmes. In this sense, there is a model of cross-border cooperation that the European Commission is promoting in its policy-making process based on acquired experience in other regions. Indeed, we could stress there is an institutional transfer going on in the structuring of cross-border cooperation. Within the Portuguese-Spanish border we see a delayed implementation of the Working Community model from north to south with Galicia-Norte Portugal and Extremadura-Alentejo being more advanced in terms of cooperation, while all other Working Communities are lagging behind. The coordinating committees are central to managing the cross-border cooperation, but even more important are the activities of the Cross-Border Initiatives Office (*Gabinetes de Iniciativas Transfronteirizas-Gabinetes de Iniciativas Transfronteiriças-GITs*) which are important hubs of promoting activities. There are branches of such so-called GITs in all regions. They are supposed to work together and promote cross-border activities. The reality shows a more patchy

picture. Probably, the most extensive programme can be found among the GIT Extremadura which was established in 1993 and can be regarded as an important hub in the promotion of Portuguese-Spanish relations. The GIT Extremadura has probably one of the most, when not the most extensive publication activity on Portuguese-Spanish relations in both countries. The regular five year reports indicate a well-established activity which is central to the identity of Extremadura as a region. In the statute of the autonomous community of Extremadura, it is enshrined that the institutions of the regional government of Extremadura are to strengthen the human, cultural and economic links with the neighbouring nation of Portugal and there should be a concrete policy of the regional government of Extremadura in this respect (Junta de Extremadura, 1998: 11). In terms of policy-making, the GIT Extremadura, co-financed by INTERREG has expanded considerably the number of people in the region learning Portuguese. In 2004, 9,000 people were learning Portuguese a considerable and steady increase since 1996, when the number was around 500 people. According to figures provided by the GIT Extremadura, 3 out of 5 Spaniards learning Portuguese are based in Extremadura. It means that Extremadura has invested heavily in this advantage, which allows students to find jobs across the border (Junta de Extremadura, 2003: 16-21; 2004). Even the personnel of the GIT Extremadura is learning Portuguese as part of their staff development programme.

The GIT Extremadura has also established itself as the organizer of major cultural events such as the annual Agora for the peninsular debate. These regular conferences include workshops on different subjects related to Portuguese-Spanish relations and are taken place since 2000. The most recent Agora was dedicated to Twenty Years of Spain and Portugal in the European Union (Junta de Extremadura, several years). According to their statistics, the regional newspapers of Extremadura have increased their reporting on Portugal quite considerably over the years, with the number of mentions of Portugal increasing from 20 in 1993 to a figure of 1452 in 2004. This tendency is regarded as positive, since it enhances the knowledge about the cross-border partner.

The GITs in Portugal are less proactive, it seems that there is still a strong barrier to engage with the Spaniards. One of the reasons is naturally, that the Portuguese GITs have less own funding to develop such an extensive strategic range of activities. Another is naturally, the dependency of these GITs in the deconcentrated CCDRs from decision-making taken at central level. The reinforced deconcentration after 2000, did strengthen the position of GITs in pushing its own bilateral relations with Extremadura and Andalusia. The same can be said about GIT Andalusia which for a long time showed a low level of interest for Portuguese-Spanish cooperation, but since 2000 is more engaged in such cross-border cooperation. It seems that GIT Andalusia invests a lot more on the Andalusia-Morocco cross-border cooperation programme, than with Algarve and Alentejo⁴. The cross-border cooperation between Alentejo/ Algarve and Andalusia is just one of convenience and very much induced and sustained by the INTERREG programme. Most of the cooperation takes place between local authorities close to the border. Huelva is the main Spanish province that cooperates with Algarve and Alentejo⁵.

The INTERREG programme was an important strategic instrument to overcome the limited cooperation between the two countries. Since INTERREG I (1990-1993) Portuguese and Spanish authorities increased considerably their cooperation. In the first years both countries were subject to learning processes.

FIGURE 1: INTERREG III A: CROSS-BORDER COOPERATION PORTUGAL-SPAIN 2000-2006

⁴ Interview with Mrs. Lina Jan, CCDR-Alentejo.29.8 2006

⁵ Interview with Ana Luisa Silva, Ana Paula Cruz, Faro,30.8.2006

INTERREG III A - Cooperação Transfronteiriça
Programa para a Fronteira Portugal-Espanha, 2000-2006



Source: Direcção Geral de Desenvolvimento Regional (DGDR)

4.2 The Policy Making Process in INTERREG

In particular, the distinctiveness of the two political systems- Portugal being an unitary state with local government and Spain having its decentralized autonomous communities- created problems of articulation in such cooperation. These administrative obstacles had to be overcome over the years in order to achieve a better implementation of the INTERREG programme. Portugal still has a strong centralised decision-making. Programmes have to be approved by the Ministry responsible for regional development in Lisbon. The deconcentrated Commissions for Regional Development in Algarve, Alentejo, Lisbon and the Tagus Valley, Centre and North of Portugal coordinate the implementation of policies at regional level (Magone, 2004a). In spite of this high level of centralization, it seems that since 2000 some more discretionary decision-making related to programming and implementation was now

delegated to the Commissions for Regional Development⁶. The Commissions of Regional Coordination and Development (CCDRs) are more integrated in the whole decision-making process, but 40 to 60 percent of decisions are still taken in Lisbon⁷. In the case of Spain, the structural funds are characterised by a more decentralized form of decision-making and implementation. The autonomous communities have a high level of discretion in managing the funds (Magone, 2004b: 165). Throughout the 1990s Portuguese authorities became more flexible and adjusted to work with Spanish authorities. The overall INTERREG programme was divided in two main programmes: one related to the upgrading of infrastructure projects and protection of the environment and another for the stimulation of endogenous development. The vast part of funding went to establish cross-border infrastructures, while a smaller part for cross-border cooperation.

The overarching monitoring committee is clearly the most important body of the Interreg programme. It sets out the strategies of both countries in relation to their cross-border cooperation. The more concrete policy-making is undertaken by the six management subcommittees each one with a joint secretariat. Five regional management subcommittees are complemented by a national subcommittee. The management subcommittees gained more autonomy in INTERREG III and there is more flexible programming at regional level. In spite of this autonomy, the financing authority is located in Lisbon in the Ministry of Finance and all subcommittees have to have a liaison finance officer to achieve a smooth transfer of funding from Lisbon to the particular project. Representatives of the European Commission come normally to the meetings of the monitoring committee and are able to get an overview of the sub-programmes. Due to lack of human and financial resources, they are not involved in the regional managerial subcommittees. Nevertheless, inspections

⁶ Interview with Ana Luisa Silva and Ana Paula Cruz, Commissions of Regional and Development Coordination Algarve (CCDRAI), Faro, 30.8.2006

⁷ Interview with Mrs. Lina Jan, Commission of Regional Development Coordination in Alentejo (CCDRA), Évora, 29.8.2006

are undertaken by representatives of the central government in Madrid and Lisbon⁸. According to officials in the CCDR Algarve, there is also an exchange of officials between the European Commission and members of the Portuguese Spanish representatives of the respective managing bodies. The creation of networks allows for the flow of informal information which helps to facilitate policy making processes. The mobility of human resources among the Portuguese CCDRs is also a common strategy, in order to achieve a sharing of experiences and enrichment of the working groups⁹. Nevertheless, there is a general concern among policy-makers that the cross-border cooperation still is too dependent on Interreg funding. According to a source in the GIT Extremadura, still 80-90 percent of funding for such activities come from INTERREG. This may casts doubt on the spill-over effect to a more sustainable self-generating cross-border cooperation¹⁰. In terms of EU multi-level governance system, the Spaniards have more leverage than the Portuguese deconcentrated regions. All regional governments have representation offices in Brussels, which are important supportive structures for the gathering of information and networking. Moreover, since end of 2004, Spanish autonomous communities are able to send representatives to the Council of Ministers in policies that concern the regions. There are four formations and according to the policy matter an autonomous representative is sent to the Council. The coordinating institution between central government and the regions is at national level is the Committee of European Community Affairs (*Comision de Asuntos relacionados con la Comunidad Europea-CARCE*) attached to the Ministry of Public Administration. They select their two representatives, the so-called Autonomous Representatives (*Consejeros Autonómicos*) on a rotation basis. The Spanish central government has to respect the decisions of the CARCE and it cannot override it¹¹. The Portuguese deconcentrated regional authorities are

⁸ Interview with Mrs. Lina Jan, CCDR-Alentejo, Evora, 29.8.2006

⁹ Interview with Ana Luisa Silva, Ana Paula Cruz, CCDRAL, 30.8.2006

¹⁰ Interview with Ignacio Corrales, GIT-Extremadura, 31.8.2006

¹¹ Interview with Ignacio Corrales, GIT-Extremadura, Mérida, 31.8.2006; see, also, Morata, 2006.

extended arms of the government, so that their participation in the EU multilevel system is non-existent. The central government decides alone about policy-making¹². The best way to influence the INTERREG process is in the consultation process before the programmes are drafted.

In terms of resources, probably the largest group of people dedicated to cross-border cooperation is Extremadura. It has about 19 full-time and part-time members of staff. Partly attached to GIT, partly attached to the Directorate of Structural Funds.¹³ The numbers in Andalucía are substantially lower due to late interest in the cooperation with Portugal. In Alentejo there are 4 persons with two practitioners¹⁴, while in Algarve is about 4 persons¹⁵. Similar numbers can be expected for the Centro region.

4.3 The Implementation of the INTERREG Programme

A closer look at the INTERREG I (1990-1993) programme, particularly sub-programme 6 financing cross-border cooperation which probably had a similar impact across all regions, shows how strong cooperation programmes were dominated by the autonomous community or provincial bodies on the Spanish side. About 37.8 percent of all projects were led by autonomous community bodies and this represented 64 percent of all the funding. Local government was involved in only 1.4 percent of the 107 projects and managed 4.4 percent of funding.

On the Spanish side, most projects were presented by environmental associations. Indeed, 55 percent of projects were presented by environmental associations and they were able to attract 30 percent of available funding (Direcção Geral de Desenvolvimento Regional and Dirección General de Fondos Comunitarios y Financiación Territorial (DGDR and DGFCFT), 2001: 76). On the Portuguese side, over 50 percent of funding was allocated to

¹²On the national EU policy coordinating mechanism, see Magone, 2004a: 131-163.

¹³ Interview with Ignacio Corrales, GIT Extremadura, Mérida, 31.8.2006

¹⁴ Interview with Lina Jan, CCDR Alentejo, Evora, 29.8.2006

¹⁵ Interview with Ana Luisa Silva, Ana Paula Cruz, Faro, 30.8.2006

governmental institutions; nevertheless the whole allocation is better distributed between local, regional and central levels. In terms of private associations, most projects were presented by the association of enterprises which were able to attract about one fifth of funding. Most of this funding went for cultural, sport, environmental and tourism development on the Portuguese side (30 percent funding). Moreover, funds were invested in support infrastructure for enterprises and the financing of technical studies. On the Spanish side, institutional cooperation (21.6 percent of funding), cultural, sport, environmental and tourism development (52 percent of projects, and 28.6 percent of funding) were the principal beneficiaries, with more than one fifth was also invested in expositions, festivals and fairs (DGDR and DGFCFT, 2001: 76).

In INTERREG II Spanish regional bodies continue to be the dominant leader in cooperation projects. Over 50 percent are initiated by the regionalised bodies managing 56 percent of funding. About forty percent of the funding is managed by teaching institutions, although the number of projects is small. The increased engagement of Spanish foundations is also a positive sign. On the Portuguese side, the associations of environment and associations of enterprises continued to be quite important (DGDR and DGFCFT, 2001: 78).

In an overview of the CCDR Algarve, it becomes clear that most of the projects are coming from the local authorities and central government. In terms of distribution, 22 percent are invested in urban renewal and 23 percent environmental projects, particularly in view of upgrading basic infrastructures. Further 19 percent were invested to ensure accessibility through roads and infrastructure projects. Cooperation projects related to sport comprised 11 percent of funding (CRDA, 2005).

These figures show the main problem in the Portuguese-Spanish INTERREG programme, but also of the common support frameworks. It is the weak social capital that exists in all regions along the Spanish-Portuguese

border. According to figures of a study on the Portuguese-Spanish border, most Portuguese and Spanish enterprises are of small size, comprising between 0 to 9 workers (DGDR, 2001: 58). It means that they are labour-intensive and with a weak capital basis.

According to the single programme of INTERREG IIIA for the cross-border cooperation between Spain and Portugal, there are four main priorities for the period 2000-2006:

- **PRIORITY ONE: Infrastructures, planning and rural development of the crossborder space:** It is targeted towards the integration of the two spaces, creating an integrated economy in the context of the Iberian and the European market.
- **PRIORITY TWO: Appreciation, promotion and conservation of the environment and patrimonial and natural resources:** Due to the fact that these regions are not heavily industrialised, they still have a rich patrimonial heritage which priority two intends to preserve at the two sides of the border. This is linked to the tourism industry, particularly sustainable forms of rural tourism. The agricultural nature of both regions further enhances this strategy of combining environment and historical heritage protection and tourism. In the Algarve, aspects of sustainable tourism become more important, in order to attract a wealthier segment of consumers.
- **PRIORITY THREE: Socioeconomic Development and Promotion of the Employability:** This crucial priority wants to achieve industries of innovation articulated with the professional and normal schools of the region. This includes also the growing importance of new technologies and the establishment of an information society.
- **PRIORITY FOUR: Cooperation and Institutional and Social Integration:** It is interested in improving the social and institutional support mechanisms for less advantaged parts of the population. Most investment goes towards the health sector, but also towards centres

which support the disadvantaged parts of the population. The aging of the regions concerned creates problems that this priority tries to address. Moreover, this priority wants to achieve a stronger density of interaction and cooperation between the two sides of the border.

There are naturally differences in the strategies for Alentejo-Centro-Extremadura and Algarve-Alentejo-Andalusia. For the border region Alentejo-Centro-Extremadura the emphasis is on upgrading the technological and research base by creating support mechanisms for the micro-enterprises and the small and medium sized enterprises (SMEs). It means that a diversification of the activities is regarded as a priority in the whole strategic approach. Central to the strategy is to improve the efficiency of the agrarian structures, which are so fundamental to the characteristic of the region. One important aspect is that aspects of innovation in the whole approach are valued highly in projects submission. Quite crucial is the development of telematic and transport networks within the context of transeuropean networks.

For the border-region Algarve-Alentejo-Andalusia the emphasis is on sustainable tourism. This means that projects targeting the environmental richness of the three regions related to re-forestation are quite crucial for the overall strategy of integration. Moreover, the establishment and upgrading of distribution networks for the primary sector is regarded as essential for the improvement of the cross-border economy.

Although underdeveloped regions need to develop all areas at same time, probably one of the crucial ones will be to upgrade and modernise its industrial base. Its peripheral status in the regional and national economies forces them to find synergies across the border. Such process can only be achieved in long term perspective. INTERREG III is certainly pushing forward this agenda in order to fulfil the aims of the Lisbon strategy. It means that articulation of schooling systems, the labour markets and industrial policy is a crucial element of survival. Efficiency gains can be achieved through

investment in information society networks and other networks that may bring these underdeveloped regions together.

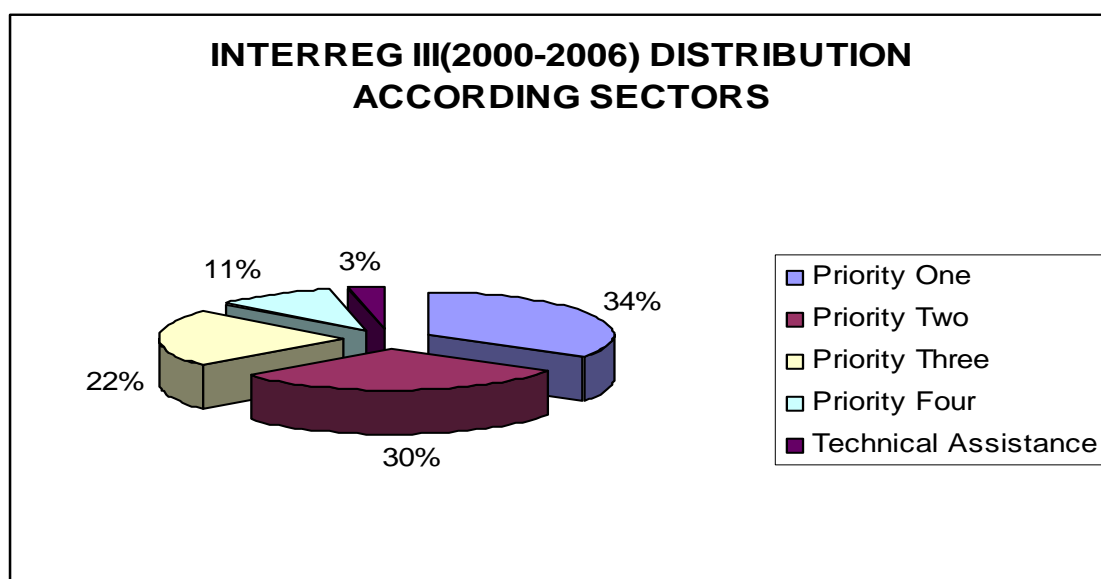
But the lack of social capital is not only related to the weak industrial sector. Beyond that, organized civil society, meaning mainly interest groups, remains weak and takes only sporadically in the decision-making process. In Algarve, there is a general concern about representativeness of the interest groups represented. Many associations are very small and therefore unable to make an input¹⁶. There is a strong tradition of cooperation between the business enterprises of Algarve and Huelva that go back to the early 1990s. Meanwhile, cross-border business associations such as ANAS and the BIC (Business-Innovation Centre) created by local authorities in partnership with the European Commission, emerged most recently to readdress this deficit. It is so far the only cross-border BIC (CCDR, 13th of April 2005: 7). Similarly, in the Alentejo-Centro-Extremadura INTERREG sub-programme there is an enormous dynamism of business organizations which hope to establish new cross-border businesses¹⁷. Nevertheless, these are normally exceptions to the rule and it may take a couple of decades more to have more sustainable cross-border civil societies.

The four INTERREG sub-programmes are supported by a national sub-programme which clearly wants to give more consistency to the overall programming. The high level of public funding clearly shows the deficit that structural funds programmes have in raising private funding. The overall funding for the programme is €1.132 bn for both Spain and Portugal. The contribution of the European Regional Development Fund (ERDF) is €806 millions (75 percent), and from both Spanish and Portuguese governments €201 million (18 percent). It means that only 7 percent is expected from the private sector, which has to be regarded as quite negative. Spain was allocated €515.5 million and Portugal € 291.4 million of the ERDF contribution.

¹⁶ Interview with Ana Luisa Silva and Ana Paula Cruz, CCDR-AI, 30.8.2006

¹⁷ Interview with Ignacio Corrales, GIT-Extremadura, 31.8.2006

FIGURE 2: INTERREG III (2000-2006) DISTRIBUTION ACCORDING TO PRIORITIES



Source: DGDR and DGFCT, 2001: 216.

The vast amount goes to the three first priorities, particularly priority one which entails the upgrading of cross-border infrastructure and priority two related to creating the structures for sustainable tourism. Investment in the socioeconomic structure is a bit less, although it is for centrality for the competitiveness of these cross-border economic markets. This means that the INTERREG programme is still building the necessary infrastructures for enhancing sustainable cooperation between the populations of the two countries (figure 2).

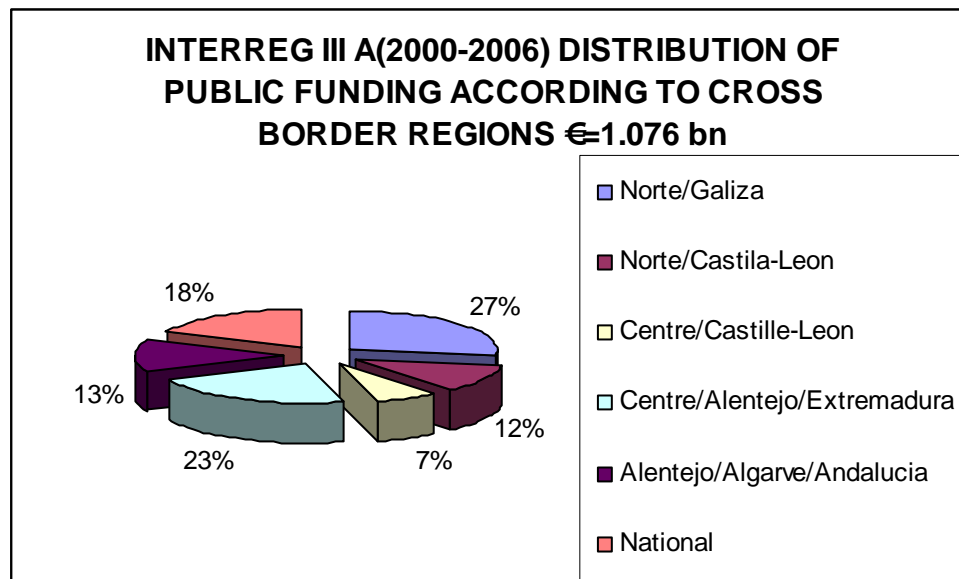
The regions that we are studying here were allocated 36 percent of all the funding. Particularly, the region Alentejo-Centro-Extremadura was allocated more funding, because of its problems of underdevelopment. Algarve-Alentejo-Andalucía is focusing much more on upgrading existing structures towards sustainable tourism (figure 3).

There is a strong preoccupation of the two countries to achieve additionality with their national regional programmes funded largely by the EU. It means that the aspect of infrastructures tends to be the most important in the INTERREG programme. It shows that Portugal and Spain have still a long

way to go, before they can upgrade the economic and social civil society towards more innovative and high technological behaviour.

In spite of that, one has to acknowledge that the southern regions have profited considerably from the INTERREG programme. According to an overview of the GIT in Mérida, Extremadura, the overall cooperation between the two countries has increased considerably in the 1990s. Indeed, the document mentions that there were 21 specific committees dealing with different issues and the relationship has become more complex (2005: 2). They are also quite positive about the spill-over effect of INTERREG in terms of other projects in finding funding elsewhere (2005: 3).

**FIGURE 3 INTERREG III A (2000-2006) DISTRIBUTION OF PUBLIC FUNDING
ACCORDING TO CROSS-BORDER REGIONS**



Source: DGDR and DGFCT, 2001: 221.

If we look at the approved projects of INTERREG III A in Alentejo / Algarve / Andalucia, the main bulk of funding goes for infrastructures, transport and environmental projects. In the first call, 52 projects and in the second call 35 projects were approved. In the first call 13 projects and in the second call 19 of the projects are related to environmental issues in the region. A major project is the expansion of the road system between Portugal and Spain which got large amounts in the two calls. Most of the projects are related to the creation of networks and observatories in the environmental area, but also e.g. in the area of toxicodependency, medical care and upgrading of interregional associationism.

One particular case, are the Interregional Trade Union Councils (ITUCs) established across the European Union by the European Trade Union Confederation. Indeed, the trade union cooperation between Algarve and Andalusia received about €502,191 in the first call. The first ITUC was established in 1976 in the Euroregion Saar-Lor-Luxembourg (Noack, 2001: 336-354, particularly p.338; see also Ciampani and Clari, 2005). Since then, 39 more ITUCs were created across the European Union. Between Spain and Portugal such ITUCs emerged in the 1980s and 1990s. There are presently four such

ITUCs Galicia-North of Portugal (founded in 1985), Beiras-Castilla-León (1994), Alentejo-Extremadura (1994) and Andalusia-Algarve (1995). The initiatives of these ITUCs are crucial for the visibility of social European and the European social model. They are now more than two decades in existence in Galicia-North Portugal and a decade in all the other three. One of the most important tasks of the ITUCs is to look after cross-border migrant workers (Magone, 2001: 268-276).

Indeed, many Portuguese migrant workers go to Extremadura and Andalusia to work in the agricultural sector under extremely bad social conditions, but in other areas as well such as construction sector, cleaning services and tourism. Spaniards working in Portugal tend to work in the health, transport and communication sector.

ITUCs are used strategically by the European Commission in order to push the European social model forward. This is achieved by placing a network of cross-border European Employment Services across the European Union. They consist of the social partners and other regional actors and are geared towards promoting employment in the region. Between 1991 and 1997 18 such EURES were established across the EU. One of the big achievements for the Galicia-North Portugal Euroregion was the creation of a cross-border EURES. Trade unionists on both sides of the border were extremely proud when they are able to achieve this in the late 1990s. This was a long process of lobbying and negotiation with the European Commission (Magone, 2001: 271-272). The ITUC Algarve-Andalusia has established a Trade Union Cross-border Observatory for the employment based in Sotavento, Algarve and which intends to collect data on the flows of cross-border migrant workers on both sides of the border, and inform migrant workers about employment offers (CCDR, 13th of April 2005: 6). It may be the embryonic structure towards a EURES in the future.

The other cross-border regions are still waiting for the creation of such an EURES. This includes the two cross-border regions of Alentejo-Centro-Extremadura and Algarve-Alentejo-Andalusia. Presently, there is a proposal

from Portugal, Spain and the European Commission to create just one EURES for all cross-border regions. Nevertheless, regional trade union representatives from both countries reject such proposal, because each cross-border region has specific problems which can only be addressed by a regionally placed EURES (*Gaceta Sindical*, 1.3.2002: 3).

The growing integration of both labour markets led to the growth in students of Spanish in Portugal and Portuguese in Spain. According to figures of *Diario Noticias*, in Extremadura the number of Spanish students studying Portuguese increased from 600 in 1996 to 6 000 in 2005. They represent 66 percent of all students of Portuguese in the country. The number of language courses increased to 105 in the whole region. Many Spaniards need these language skills to be able to perform jobs in the Portuguese health or administrative sector (*Diário de Noticias*, 22.2.2005). Moreover, there are over 3,000 Spanish firms in Portugal and they value that prospect employees speak Portuguese. The crisis of the Higher Education Sector in Portugal led also to a growing number of Portuguese to learn Spanish in order to enter the vast network of public universities, particularly in the field of medicine.

Quite an innovative project is KOGNOPOLIS which intends to establish a cross-border knowledge network of cities and is financed by INTERREG III A. The idea is to integrate six cities of Extremadura (Almendralejo, Badajoz y Talayuela) and Alentejo and Centre (Elvas, Evora and Portugal). Quite crucial is the cross-border interface between Badajoz and Elvas. Meanwhile there are 22 Portuguese and 13 Spanish institutions attached to the project. The main aim is to pro-actively overcome the technological disadvantage of regions in the double periphery. Among the objectives are the generation of mutual advantages among the actors of the network, the exchange of information and knowledge between public bodies and local administration, the institutionalization of mechanisms of cross-border cooperation, improvement of the qualifications of human resources, establish competitive advantages of the cities, creation of intra-extranets among the members of the network and to establish networks of inter-municipal and intra-business cooperation in the

area of knowledge, but also in other areas of common interest. A first study of KOGNOPOLIS (2005) show positive integration aspects, but there are still problems to overcome related to attitudes towards innovation, continuing evaluation process through surveys and lack of continuing documentation of learning processes which may be of use for newcomers (Sanguino Galván and Banegil Palacios, 2005). This seems to indicate to problems of changing cultural patterns, which can only be achieved over time.

A further innovative project is the Agenda 21 Local. The so-called DITAL 21 project is inspired on the chapter 28 of Agenda 21 agreed by the United Nations conference on Environment and Development in Rio de Janeiro in June 1992 which wants the local authorities of all countries to contribute to sustainable development at local level. DITAL 21 is promoting projects of sustainable development in Badajoz and Cogeneris in Portugal. It has an important role to increase the awareness of the principles of sustainable development and environmental issues.

In sum, the INTERREG programme has been very important for the southern cross-border regions of Portugal and Spain. Although the funding is relatively small, its strategic value cannot be underestimated. The search of synergies with other national, transregional and transnational programmes are contributing to the establishment of a vast network of interactions which in the end may spill over in a regime of cross-border governance.

CONCLUSIONS: THE SOUTHERN EURO-REGIONS IN THE IBERIAN PENINSULA

After centuries of lack of contacts between Spain and Portugal, the democratization of both countries allowed for a *rapprochement* which today is becoming more intensive. The crucial factor of the growing integration of Spanish and Portuguese border regions into a cross-border region is naturally the INTERREG programme. Both regions are disadvantaged within the European Union and their respective countries as poor regions. They have the

status of a 'double periphery'. In the 1980s and particularly 1990s actors on both sides of the border intensified their contacts in order to overcome their double peripherality. The growing number of projects, the improvement of infrastructures and the revival of associationism will certainly change the quality of life of these regions, which are still among the lowest in both countries. The continuation of the INTERREG programme after 2007-2013 will be an important consolidating tool for the further development of cross-border cooperation. INTERREG is now an integrated programme for objective 3 for territorial cohesion and cooperation. Nevertheless, due to the EU budgetary constraints and the enlargement the sums coming from the structural funds in general and the INTERREG in particular will decrease considerably. According to estimates there will € 200 million available for Portuguese-Spanish cross-border cooperation, € 140 million for Spain and €60 million for Portugal. It means that the southern regions of Portugal and Spain will get about a quarter of funds, estimate of €50-60 millions. This means that the creative forces of a still weak civil society have to begin to be more independent from government funding in developing cross-border cooperation initiatives.

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