

# The Instruments of the European Union Cross-Border Regional Cooperation

## Инструменти прекограничне регионалне сарадње у Европској унији

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**Abstract:** The institutionalisation of cross-border cooperation systems is evidently becoming necessary for the sake of more effective representation of interests, common measures and more effective arrangement of support programs. Among the non-institutional forms of cooperation, cultural and town-twinning relations as well as the cooperation of micro-regions and counties often draw on a common past. Among the institutional forms, the Euroregions have been the most effective forms of cross-border cooperation for areas that are geographically, historically, ecologically, ethnically and economically separated. In 2006, the European Union created an opportunity for its member states to establish European Grouping of Territorial Cooperation (EGTC) by the Regulation (EC) No 1082/2006. An EGTC as an acknowledged legal entity can support new approaches to cross-border governance, the legal framework of an EGTC can promote cross-border institutionalisation, thus development of a multilevel government in the border areas.

**Keywords:** cross-border regional cooperation, EU law, Euroregion, EGTC, international regulation, Europeanization, decentralisation.

**Сажетак:** Институционализација система прекограничне сарадње постаје очигледно неопходна ради ефикаснијег заступања интереса, заједничких мера и успешнијег уређења програма подршке. Међу неинституционалним облицима сарадње, у култури или у односима братимљених градова, као и у сарадњи микрорегиона и округа често опажамо ослањање на заједничку историју из прошлости. У оквиру институционалне сарадње еврорегиона најефикаснији су прекогранични програми у области географских, историјских, еколошких, етничких и економских пројеката. У 2006. години Европска унија је створила могућност да њене чланице успоставе територијалну сарадњу на бази груписања одређених подручја (EGTC). Уредбом (EC) No 1082/2006, EGTC су признате као правна лица која могу да успоставе нове приступе прекограничном управљању. Правни оквир једног EGTC може промовисати прекогранични систем институција, па самим тим и развој више нивоа власти у граничним областима.

**Кључне речи:** прекогранична регионална сарадња, право ЕУ, еврорегион, EGTC, међународни прописи, европеизација, децентрализација.

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## **Introduction**

Cooperation across borders is a means of cohesion and regional policy of the European Union. The importance of cooperation systems across EU internal and external borders increased after the eastern enlargements in 2004 and 2007. In Europe, more than 40% of regions border other member states, being inhabited by more than one third of the population, which raises the importance of these areas in increasing the economic influence of the Union. The goal of the EU is to improve cooperation between communities across borders throughout Europe.

Therefore, the primary task of the present research is to identify the roles Euroregions and EGTCs play in the creation of economic, social and regional cohesion of border areas. From the point of view of cross-border cooperation systems, regarding the territorial structure of Serbia and Hungary, the basic problem is that the cooperating organizations must build their relations within an extremely heterogeneous public administration environment. The different rules of law and public administration systems of the cooperating countries, and their attitude towards the EU are the source of many difficulties.

This study will analyze how the institutionalisation of Euroregional cooperation and EGTC has been realised. It aims to identify their roles played by the different economic, socio-cultural and political actors in the forms of cooperation that have evolved along the Serbian-Hungarian border region in the last decades. In our research, we are looking for the answer to the question whether or not institutional conditions are available for the role of the institutional cooperation in the formation of Serbian-Hungarian neighbourhood policy, and which of the levels of public administration is suitable for realising national political purposes within the changed frameworks of borders.

In methodical terms, the empirical work in this study is based on information obtained from two sources: interviews and documentation analysis. The paper focuses on collecting practical information in connection with the elaboration and registration of the analysed Euroregion and EGTC. The basic empirical material consists of official public documents and theme interviews conducted with the key actors of the Danube-Kris-Mures-Tisa (DKMT) Euroregion and the Banat-Triplex-Confinium EGTC.

## **1. A new territorial cooperation scale emerging through EGTCs**

The creation and development of cross-border cooperation systems started with the process of European integration. According to Hooghe and Marks (2001: 2-3), the European integration is a polity-creating process in which authority and policy-making influence are shared across multiple levels of government, supranational, national and subnational. According to the multilevel governance model, decision-making

competencies are shared by actors at different levels rather than monopolized by national governments. In the interests of cross-border cooperation systems, it is important to create a multi-level government in which local and regional (self-)governance plays a significant role in the arrangement of public affairs.

Multilevel governance is one of various modes of network governance which focuses on the relations between the tiers of the EU from the supranational through nation states to subnational levels whether regions or municipalities. The principle of subsidiarity plays a specific role – due to the decentralisation of central assignments – in the division of power of states at local and regional levels.

The traditional concept of a national border was developed from a defensive function. From a legal viewpoint, borders form demarcation lines at which the sovereignty of a state ends. Many of the new borders are often the result of wars, became 'scars of history' that cut through Europe's historical landscapes with their regions and ethnic groups, whereas the latter never ceased to exist. (European Charter for Border and Cross-border Regions, 2011: 4) Although borders no longer function as national barriers, there are still clear differences between the borders within the European Union. Since the end of the 1990s, the abolition of the internal borders within the European Union led to the shifting of their previous function to the external borders of the EU with third countries. Border regions at the external borders of the EU can be released from their isolation through improved connections. Efforts were made to establish intellectual, political, cultural and economic contacts with third countries beyond the external borders. These developments correspond with the aims of the Council of Europe and the European Union.

Cross-border cooperation functions with or without contractual foundation. The cross-border structures can be national, regional or local (European Charter for Border and Cross-border Regions, 1995: 2-3). According to M. Perkmann, cross-border cooperation is often based on informal or 'quasi-judicial' arrangements among the participating authorities' '...cross-border co-operation can be defined as a more or less institutionalised collaboration between contiguous subnational authorities across national borders' '...and refers to a collaboration between subnational authorities in different countries whereby these actors are normally not legal subjects according to international law'. (Perkmann, 2002: 4)

Cross-border cooperation is a European task and political objective of the European Union that needs to be implemented regionally and locally in partnership with the national authorities on the spot. Bilateral or trilateral cross-border cooperation at local and regional level will therefore remain a necessity over the long term, not just in order to overcome psychological barriers, but, above all, in order to facilitate partnerships that will balance differences, through Euroregions and similar structures. (European Charter for Border and Cross-border Regions, 2011: 13)

Cross-border cooperation means cooperation in all spheres of life, at all times, and with the inclusion of all actors in direct proximity to the border. The CBCs are promoting sustainable and social development in the border areas; infrastructure in the sectors of transport, environment, energy, border crossings, electronic communications; working together to address common challenges in fields, such as public health and the prevention of and fight against organised crime; cooperation in the fields of research and technology; people-to-people actions (like cultural and educational exchanges and cooperation); widening investments in territorial and social cohesion (productive investments, human resource development, business-related infrastructure); promoting the management of people and support for institution building (including justice and home affairs, border and customs management).

Successfully strengthened cross-border cooperation needs an appropriate legislative framework in terms of local governance, local administrative reforms and capacity building. CBC initiatives within the border region's strategy need a good methodological framework, and resources have to be defined and increased to make those initiatives more effective.

### **1.1. International regulation of cross-border cooperation**

There is no specific 'cross-border law'. Cross-border cooperation is strongly influenced by international law, European Law and the national laws. Multilateral inter-state agreements, such as the Madrid Outline Convention and its additional protocols and bilateral/trilateral inter-state treaties and agreements pave the way for the various forms of cooperation. Various types of agreements, including conventions and treaties, continue to be needed in order to generally facilitate cross-border cooperation and joint programs. In the international regulation of cooperation system the Council of Europe (CoE) has played a significant part in dismantling barriers to regional and international cooperation as well as strengthening cooperation across borders. It has encouraged the development of cross-border cooperation over the years, through a series of activities.

Multilateral agreements drafted general principles that the signing states built into their legal systems. They contain conditions for inter-state contracts and agreements signed between local authorities, but in themselves they do not constitute concrete contracts about cross-border cooperation. Concrete cooperation demands further bilateral and trilateral agreements. Due to the different laws and degree of centralisation of the different states, and the character of framework conventions between them, the legal background of cooperation systems, the competences and rights of the participants to sign contracts vary considerably.

There are agreements concluded under the auspices of international bodies such as the Council of Europe. The European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities was passed by the CoE in 1980. The Convention is the key legal international instrument for enabling

local and territorial communities or authorities to embark in cross-border cooperation.

The Outline Convention creates frameworks of bilateral and multilateral agreements which can be applied to the local and territorial relations of the ratifying member states. Above all, it increases the role of local governments and territorial authorities in developing relations across borders. Nevertheless, the actual creation and operation of cooperation systems largely depend on the political attitude and legal systems of the neighbouring countries. Hungary signed the Convention on 6<sup>th</sup> April 1992, and it was announced together with the Act XXIV of 1997. An important step forward in the development of the Serbian-Hungarian relations is that Serbia signed the convention in 2015 which entered into force in 2016.

As a consequence, the Outline Convention authorises regional and local bodies to sign international treaties only under the supervision of the national level authorities. Here the state preserves its right of veto, as the exclusive possessor of competence of foreign affairs.

The Outline Convention plays a compensatory role, the concrete forms of cooperation are derived from the internal legal regulation of each member state, and therefore it only provides a legal framework that must be filled with specific content by the internal legislations of the ratifying member states.

Underlining the importance of the Outline Convention and its Protocol No. 3 for creating the preconditions under which local and regional authorities can establish and deepen their cooperation, the member countries of the Council of Europe acknowledge that action still needs to be taken at national level with a view to reducing the remaining legal and practical obstacles to cross-border cooperation.

*Table 1. International legal framework of cross-border cooperation*

International Law	<ol style="list-style-type: none"> <li>1. Multilateral agreements <ul style="list-style-type: none"> <li>• European Outline Convention on Transfrontier Cooperation (1980)</li> <li>• Protocol No. 3 to the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities concerning Euroregional Cooperation Groupings (ECG)</li> </ul> </li> <li>2. Bilateral/trilateral agreements</li> </ol>
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## **1.2. New legal tool for cross-border cooperation under the EU law. European Grouping for Territorial Cooperation (EGTC)**

The building-up and institutionalisation of cooperation systems are largely influenced by the differences of legal and administrative systems, the basic problem that the

cooperating organizations have to establish their proper contacts in a particularly heterogeneous administrative environment. The different legal and administrative systems of the connected countries are the root of many difficulties. It is essential for the development of the institutions' operative relations that all participants have the same jurisdiction and legitimacy. However, due to their construction, competence and possibilities, the levels in some neighbouring countries are not compatible with their neighbouring counterparts. To provide alternative solutions to problems stemming from legal and institutional deficiencies, the creation of the EU's legal basis for enhancing territorial cooperation in the EU constitutes a major priority for local and regional authorities in the context of the new cohesion policy for the period of 2007-2013.

During a number of years, there have been discussions within the EU on how to construct a stronger legal framework for cooperation which led towards a new European legal instrument. With the adoption of the EGTC regulation in 2006, the European Union elevated the CBCs to the level of normative regions.

The European Union created an opportunity for members to establish EGTCs, bodies with legal personality in 2006 (EGTC Regulation, Art. 1. (3)). The new Community legal instrument has been directly applicable in all EU Member States since 2007.

The EGTC regulation is completed by *national provisions* adopted by each Member State of the EU. An EGTC shall be made up of members within the limits of their competences under national law. According to Article 3 of the EGTC Regulation, members of an EGTC must be Member States, regional or local authorities or other bodies, governed by public law. An EGTC shall be made up of members located on the territory of at least two Member States. Hungary was the first to pass its national act (Act XCIX. 2007) necessary for the establishment of EGTCs. In accordance with this act an EGTC seated in Hungary, has limited responsibility as a legal entity (Act XCIX. 2007. Article 2 (3)).

The European Grouping of Territorial Cooperation (EGTC) was proposed to overcome the obstacles hindering cross-border cooperation in the EU and beyond the EU Member States' borders. A new legal instrument offers a homogeneous legal basis that could be applied directly in all EU member states on the basis of public (EU) law for all forms of cooperation (cross-border, interregional and transnational), and for both long-term strategic cooperation and project-based cooperation EGTC is the first European cooperation structure with a legal personality defined by European Law. As a new legal tool EGTC was introduced to bring both uniformity and legal stability into cooperation.

By the end of 2015, 60 EGTCs were established in total, which include more than 800 national, local and regional authorities from 20 different Member States and from Ukraine. (CoR, EGTC Monitoring Report 2015: 1). National legal provisions were adopted in almost all Member States.

Table 2. Legal framework of EGTC setups

EU Law	Regulation (EC) 1082/2006 of the EP and of the Council
National Law	<ol style="list-style-type: none"> <li>1. National legal provision <ul style="list-style-type: none"> <li>• Convention (adopted by EGTC members)</li> <li>• Statute (adopted by EGTC members)</li> </ul> </li> </ol>

There are four key features distinguishing EGTCs from other types of cooperation:

- they have the most extensive legal capacity accorded to legal persons under that member state national law where EGTC has its registered office (EGTC regulation, Article 1. (3)-(4))
- they have the competence for decision-making
- they entail the coordination and handling of several cross-border projects and initiatives
- they have the specific structures necessary for supranational programs.

Cross-border cooperation complements the territorial state by a multiplicity of spaces of place. The most important reason for analysing institutional change in border regions is the fact that these areas were especially 'bounded worlds' during the heyday of the sovereign state. (Blatter, 2004: 532) The basic feature of the institutionalisation of cooperation systems, which is applicable in every case, is framed by an EGTC regulation. Concerning the institutional stability of cross-border governance, it is flexible with respect to time and space, and the institutional profile can be characterized by variety of cross-border institutions. EGTC is a formalised structure of cooperation along the border. Each EGTC has a specific structure, with an assembly, which is made up of the representatives of its members, headed by a director, who represents the EGTC and acts on its behalf. The Conventions may provide for additional organs with clearly define powers, e.g. the senate is the managing body of the general assembly, permanent secretariat and administrative staff, commissions and thematic working groups and experts. One of the major milestones in the development of groupings is hiring staff.<sup>1</sup> The success for an operative structure is measured through the availability of funding: the operation of these institutions can be financed by membership fees, common tender incomes and direct subventions of state. The major funding source is the European Regional Development Fund of the European Union.

There are significant differences across the 60 existing EGTCs in the EU. Partnerships range from small-scale, local cooperation to regional-local cooperation

<sup>1</sup> According to EGTC Monitoring Report (2012, p. 89) 19 EGTCs have reported hiring staff, i.e. more than half of all the groupings.

and multi-level partnerships including actors from all administrative levels. About one third of all EGTCs are small local partnerships consisting of 2 to 20 municipalities. Another third of EGTCs can be seen as regional partnerships involving 2 to 6 partners.

Multilevel governance should reinforce and shape the responsibilities of local and regional authorities and encourage their participation in the coordination of European policies. The dimension of multilevel governance is the heart of the process to establish and manage EGTCs. The areas of application of EGTCs, according to emerging experience during the last few years, are varied. Areas of activity: Energy; Protection of natural resources; Education, training, particularly for young people; Culture, sports; Tourism development; Start-up & strategy development; Entrepreneurship; Transport, infrastructure; Spatial development, Knowledge networks (RDTI); Health care; MA ETC program. (EGTC Monitoring Report, 2015: 7)

However, multilevel governance fosters interconnection and interaction between different stakeholders through the institutional framework of EGTCs: the creation of broad partnerships between the political, economic, cultural and civil actors, with regional and local authorities and all public or private entities (universities, chambers of commerce, foundations) with closer cooperation with citizens must include all aspects of everyday life along borders. (Spinaci, Vara-Arribas, 2009) All these interactions promote strengthening the horizontal partnerships on the ground, and thereby they increase the added value of multilevel governance.

The territorial coverage of EGTC setups has been established, which can be classified into three groups of member states.

- Spain, France and Portugal have the longstanding history of cooperation in this part of Europe. Their cooperation is one of the remarkable assets that contributed to the success in establishing these groupings. Most of EGTCs take a broad approach to territorial cohesion.
- Along the borders of Hungary, Slovakia and Romania, the recent past saw very dynamic developments along the borders of Hungary, supported by financial incentives from Hungary. Most of these groupings focus on a broad range of regional policy issues, in particular the promotion of entrepreneurship (e.g. through tourism development).
- The group of EGTCs located in the core areas of the EU – i.e. the territories of France, Belgium, Germany and Luxembourg – focus on spatial planning and urban development with initiatives in the fields of culture, sports and education.
- Among the EGTCs in preparation, there are many groupings which include countries that are not yet represented in the EGTC landscape. This includes Germany, Italy, Romania and Poland in the process being set up. The Baltic States are the exception to the rule since they are not part of EGTCs.



## **2. The region of Serbia and Hungary – Cross-border cooperation**

### **2.1 Institutionalized cooperation along the Serbian-Hungarian border**

The Hungarian-Serbian Borderline Area can be considered as a gradually dynamic territory on the external border of the EU. Various forms of cross-border cooperation have been elaborated along the Hungarian-Serbian border. According to M. Perkmann, (Perkmann, 2002: 7) cross-border cooperation systems take different forms in practice, the development models can be achieved on various levels according multi-level territorial dispositions:

- town-twinning (townships, local governments, multifunctional micro-regional associations, local government associations of territorial development, etc.);
- territorial conjunctions (between counties and regional development agencies) in the form of Euroregions and partnerships;
- the European Grouping of Territorial Cooperation (transnational legal character).

Over the past two decades the recovery of the Serbian-Hungarian border zone economy began in the form of businesses, trade, and employment opportunities. The business cooperation, personal and family relationships form a separate category of cross-border relations. In the 1990's, the political uncertainty brought about a lot of old-new family relationships to those who intended to settle down on the Hungarian side of the border.

The usual concept of permanent migration is disappearing. The job seekers and professionals change their places of residence more and more often, thus increasing international migration and the circulation of human resources highly affect the region. This has an influence on the formation of a widening regional and transnational consciousness. The intentions to migrate to Hungary among Vojvodina Hungarians decreased, but the desire to apply for Hungarian citizenship is quite high. The stimulation of cross-border economy and other activities and the vivid circulation of the border population have a positive impact on the applications for Hungarian citizenship. (Gábrity Molnár, 2012/b: 1)

Following the regime change in Serbia, the European Union encouraged the autonomy to apply for financial support in 2003 with the purpose of receiving developmental sources within the frames of Phare CBC program in 2004 and 2005. From 2006 to 2009, the Interreg programs provided further support for the Hungarian-Romanian border region. During the program period of 2007–2013, further developmental resources were allocated for Serbia within the frames of the IPA program. These funds were distributed not only to Vojvodina, but also to Serbia and its

other neighboring countries in the form of CBC programs. The program period of 2014–2020, the IPA funds allocated for Serbia amounted to 200 million Euros per year. In addition, Serbian institutions received eligibility for direct resources from Brussels.

Along the Hungarian-Serbian borderline, there are more or less institutionalised and ad hoc cooperation forms. The range is very diverse and mixed: occasional cooperation systems, cooperation systems with great cultural traditions and town-twinning relations. Although these forms can establish long-lasting cooperation, the institutionalised form aims at the Euroregional status during the last decades. These formations do not have any political power or elected local government. The local participants are only supporters of the cross-border cooperation.

Local cooperation systems have well-functioning municipal and town-twinning relations, supported by inter-town and micro-regional relations on both sides of the border.<sup>2</sup> Civil organisations and chambers also frequently take part in the bilateral relationships. The first steps towards organised cooperation started on Hungary's external borders as early as in the 1990s. Numerous similar formations appeared in the Hungarian-Serbian border area in the early 2000s. Initially it was done spontaneously, with bottom-up initiatives, evolving no formality. (e.g. Ásotthalom-Bački Vinogradi, Csanádpalota-Padej, Mindszent-Mužla, Mórahalom-Temerin, Szeged-Subotica, Csongrád-Bečej, Makó-Ada, Szentes-Bačka Topola, Baja-Sombor)

### **2.1.1. Danube-Kris-Mures-Tisa (DKMT) Euroregion**

Basically two organisational models have been developed along the Hungarian-Serbian borderline: regional and local types of organisation.

Relation with territorial participation that is the closest to the status and organisational construction of real Euroregion<sup>3</sup> is the Danube-Kris-Mures-Tisa (DKMT) Euroregion, which is based on inter-county cooperation. The DKMT Euroregion is the main regional organisation of the Hungarian-Serbian borderline area, founded in November 1997, consisting of three Hungarian and four Romanian counties, and the autonomous Vojvodina province of Serbia. The process of institutionalisation was preceded by cooperation agreements.

<sup>2</sup> The legal background to the international relations of local government is provided by the Constitution of the Republic of Hungary (44/A 1 § h) and the Act on Local governments (Act LXV of 1990: 1 § (6) c)

<sup>3</sup> Euroregions are territories where interregional or cross-border cooperation of social, economic and cultural or different characters between two or more countries and their local governments already exist. The Euroregion is a formalised structure of cooperation that includes the representatives of local and regional authorities as well as occasional social and economic partners. Euroregions have a specific hierarchy, with an elected council at the top, followed by a commission and thematic working groups and a permanent secretariat. In addition, Euroregions have a collective bank account for external monetary sources, and national, regional and local financing. In: Practical Guide to Cross-border Co-operation. Guide 2000 (German) Regional Policy. AEBR - European Commission, 3rd edition, 2000. 84–98

The cooperation went through a structural reform in 2003, and a Coordination Committee, which is a body caring for the efficiency of the preparations of the decision and the functioning of DKMT, became part of the organisational system. Furthermore, a working organisation with a legal entity, the DKMT Euroregion Development Agency P.C. came into being, as an instrument of the preparation and management of common development tasks. The essence of the structure is to separate the economic partnership with legal character from the political organisation of the regional cooperation. As a result of the reforms, the Euroregion took on a new two-part structure: one part is an open consultative political forum, the other is an operative working organisation with a registered legal-economic status. The public benefit organisation is a private company, founded by the common-rule organisations that established the Euroregion in 1997. Therefore, in the members' assembly, the founders assert their rights and make their decisions on the development plans that the working organisation deems suitable to execute. (Soós & Fejes. 2008: 136)

The most crucial roles of the DKMT:

- by the generation of cross-border cooperation, the organization amends the economic competitiveness of the region and expands its absorption capacity;
- supports the living standards of the region's population as well as realizes developmental programs that aim to improve the peripheral status of the region;
- within the frames of Balkan Stability Pact as well as other fundamental documents of the European Union – in harmony with the preservation of multicultural heritage – the organization supports and assists the establishment of human relations beyond institutional ones, the intensification of democratic mechanisms as well as the decrease of prejudice and latent negative attitudes. (Ricz, Gábrity Molnár, 2010)

### **2.1.2 The Banat-Triplex Continuum European Grouping of Territorial Cooperation Limited**

In Hungary there is a great interest in using the new legal instrument. Fourteen of EGTC establishments are seated in Hungary and four have Hungarian partners. It proves to be crucial to monitor the behaviour of migrants and daily commuters. It is important to reconsider the intensive (however one-directional and massive towards Hungary) migratory processes of the last decades so that both countries could benefit from it, i.e. develop mutual regional developmental projects. (Ricz, Gábrity Molnár, 2010)

The analysis of the territorial distribution of the Serbian migrants shows that the Serbian and Hungarian (migratory) centers and (geographical) peripheries have a crucial impact on the formation of the international migration. According to research data, Budapest and Pest county proves to be the dynamic center of migration, while the

inhabitants of Vojvodina tend to opt for migration. The proximity of the border proves to be a significant geographical factor, i.e. it tends to act not as a dividing element, but as a contact zone for migratory waves. (Kincses, Takács, 2012: 102)<sup>4</sup> Hungarians in Vojvodina often opt for Hungary considering their scholarly and professional decisions. In such contexts, circular migrants tend to emerge. Most circular migrants are aged 25-54. Naturally, the age structure of circular migrants is older overall than that of non-circulars. However, in contrast to previous expectation, the average age of international circular migrants does not increase evenly by parity. Therefore, we can assume that the primary selection factors affecting these groups in the population include both the need to make money in the host country and the desire to continue their usual lifestyle in their country of origin. Circulation is most typical for single persons at productive ages from Romania, Ukraine, and Serbia. These individuals circulate primarily within well-established ethnic Hungarian networks. (Illés, Gábrity Molnár, Kincses, 2015) Today the majority of migrants are young specialists (IT specialists, programmers, engineers, inventors, microbiologists, professionals with PhD degrees, medical workers, artists and sportsmen) who have/can master foreign languages and have capital as well. Our region faces serious disadvantages as a result of a “brain-drain” and the migration of businessmen and their capital. (Gábrity Molnár, 2011)

Economic emigration and the consequences of the disappearance of human labour have caused serious damages to the social and economic life of Vojvodina: citizens who work abroad as guest-workers are more qualified and better educated than those who did not emigrate from the same region. (Gabrić-Molnar, 2008: 65)

Although Hungary has a good reputation of EGTC setups in the evaluation of the EU along the internal borders, the obstacles hindering collaborations in the external border areas. Referring to the EGTC Regulation (EGTC Regulation 1082/2006 Art. 3), the creation of an EGTC is the competence of the cooperating parties, and the matter is to be decided by the municipalities. The participative members have to make decisions about the intension to join the grouping of territorial cooperation. Since local governments are decision-making bodies of political authority, decisions about cooperation with the local governments of other countries are to be made with a qualified majority within the governing body.

The formation of the Banat-Triplex Confinium, European Grouping of Territorial Cooperation Limited (BTC EGTC) started at the meeting of 50 mayors from the triple-border region which decided to establish a Mórahalom-based European Grouping of Territorial Cooperation in Mórahalom (Hungary) on 17th June, 2009. On

<sup>4</sup> Serbian municipalities affected by migration towards Hungary: Subotica, Senta, Novi Sad, Bačka Topola, Kanjiža, Bečej and Zrenjanin. About 88% of migrants from Serbia arrive from Vojvodina. Regarding the settlements in Hungary as a target area the most preferred ones are Szeged, Budapest, Kecskemét, and Baja; concerning counties these are Csongrád, Budapest, Bács-Kiskun, and Pest. 80% of immigrants live in the foregoing regions. It is important to point out that Serbian citizens are characterised by convergence to their original and divergence to their current place of living. (Kincses, Takács, 2012)

10th December 2009, upon the initiative of participative members the Convention (Convention, BTC EGTC, 2009) and the Statute of BTC EGTC was approved.

The establishment of the EGTC is connected with the process of approval by national authorities. The criteria for approval or rejection by national authorities are specified and the time for the examination is limited to three months. The EGTC members must first obtain authorizations from all the states concerned. In Hungary, the Approval Authority, the Ministry of Public Administration and Justice, approved the grouping in 2010. In Romania, the Approval Authority is the Ministry of Regional Development and Tourism (MRDT), which issued the approval of a Romanian entity to the association at the establishment of an EGTC to be located in Mórahalom (Hungary).

Concerning the Serbian part of the prospective EGTC, in 2009, the councils of Vojvodina municipalities made a decision to join the BTC EGTC. They notified the Serbian government about their intention to participate in the grouping, but the petition of local authorities was refused first by the Ministry of State Administration and Local Government in September 2009, then by the Ministry of Human and Minority Rights, State Administration and Local Government in May 2011. In the explanation of the Ministry the main reason of refusal was that Serbian legal system cannot allow the municipalities to participate in such types of grouping. In the official response, the Ministry argues that the Republic of Serbia has no bilateral agreement with the EU Member States and there is no applicable national law on EGTC allowing the participation of the Vojvodina municipalities.

Taking into consideration the government's resolution the Vojvodina municipalities decided not to slow down the establishment process. Ad interim, until the elimination of legal difficulties, while the Serbian government approves their full member status in the EGTC, they will take the position of an observer. From Serbia, eight municipalities from Bačka and Banat joined the EGTC as observers. The Cooperation Agreement between the BTC EGTC and the eight Vojvodina municipalities was signed in Mórahalom on 10<sup>th</sup> December 2009 (Cooperation Agreement, BTC EGTC, 2009).

The full EU Member States of the EGTC obtained the approval of their own states, and the Banat-Triplex-Confinium EGTC was registered in Budapest on 5<sup>th</sup> of January 2011 with the affirmation of the Budapest Metropolitan Court.

The aim of the cooperation on the triple borders is to underpin the economic and social cohesion with territorial cooperation. The EGTC's main aim is the implementation of territorial cooperation programs or projects with or without the financial contribution of the Community. The main task of EGTC is to dynamise border areas which were marginalized in the last few decades. So particularly important are the BTC EGTC labour development strategy in the fields of agricultural innovation, the exploitation of renewable energy sources, the infrastructure, the enterprise restructuring, the

education and training, and achievements of particular applications of EU funds. (Convention, BTC EGTC, 2009)

Among the few advantages of the observer status for the Vojvodina municipalities are that they do not have to search for partners for IPA projects any more since they can find partners among the EGTC partners to different IPA programs. Besides, there is also a hope among partners that the future cross-border cooperation programs may facilitate the establishment of good and close relations with the Serbian government and herewith build good neighbourly relations.

### **2.1.3. On legal conditions**

The EGTC Regulation does not explicitly exclude the possibility of the involvement of entities from a third country, or the participation of their regional and local bodies in an EGTC, formed in accordance with this regulation. (EGTC Regulation, Preamble (16)) In the examined case the implementation difficulties made the participation for the Vojvodina municipalities from Serbia impossible. Its main reason stems from a perception of incompatibility of the differing statuses of the neighbouring states.

Third countries, such as Serbia, can be involved in an EGTC-like cooperation system initiated by two EU Member States. For third country partners interested in an EGTC to be involved in it is essential to pass a national legal regulation that allows such a form of cooperation. Cooperation with third countries within the framework of the EGTC is possible if it is allowed by the national legal regulation of the given non-EU Member State. The EGTC left the question open, the decision is left to the Member States.

Despite the developments and the overall success of the EGTCs all over the European Union, some general challenges persist. The EGTC instrument was proposed to overcome the obstacles hindering territorial cooperation in the EU. In particular, practical difficulties arise in the application of the new legal instrument beyond the EU Member State's border, in the external border area, where the cross-border cooperation strategy is very different from that in the internal one. The external borders, due to the Schengen acquis, are evidently in a disadvantageous situation. The EGTC Regulation cannot be applied directly in non-EU Member States. But a decisive role has been given to the European integration in the border area. On 1<sup>st</sup> March, 2012 the European Council agreed to grant Serbia the status of candidate country. It is reassuring for the BTC EGTC and the prospective EGTCs on the Hungarian-Serbian border that the European Council's progressive resolution on Serbia's candidate status may eventuate the adoption and implementation of the *acquis communautaire*, among others the 1082/2006/EC Regulation, in the internal legal system as early as during the accession negotiations (COM (2011) 668).

### **3. Cases /success stories**

#### **3.1 European examples**

The forming features of the new form of cross-border governance take account of the best participation practices at local and regional levels. A concrete case for a combination of horizontal and vertical integration is the EGTC Hospital de Cerdanya, where the partners from the region mean the involvement of municipalities, trade unions, professionals and economic actors. The Catalan and French governments (represented by the Ministries of Health in each country) and the French regional health agency developed the detailed project. The Hospital de Cerdanya EGTC (2010) is an example of successful cooperation between national, regional and local levels. (EGTC Developments on the ground, 2010: 53-54)

Grande Region EGTC (2010) acts as a traditional ‘project-based’ cooperation across borders. With its diverse multilevel members (national, regional and local authorities) the Grande Region specifically represents an example of multilevel governance. (EGTC Developments on the ground, 2010: 56-58)

The ZASNET EGTC (2010) results from a partnership between Portugal and Spain. It is an example of multilevel governance since it assembles municipalities, regional authorities and provinces. (EGTC Monitoring Report, 2011:105-106)

Multilevel governance is also possible through cooperation with higher administrative levels. The West-Vlaanderen/Flandre-Dunkerque-Côte d’Opale EGTC (2009) between France and Belgium underpins that process. The EGTC is composed of various types of members with differing competences. It brings together the national/federal government with regions, provinces, communities as well as organizations/agencies. (EGTC Developments on the ground, 2010: 44-45)

#### **3.2 Examples of Serbia – Good neighbours creating common future**

The Cross-border Programme Hungary-Serbia (2007–2013) was approved by the European Council on 25<sup>th</sup> March, 2008. One of the main objectives of the program was to encourage CBC between member (Hungary) and non-member/candidate (Serbia) countries as well as economic-social integration of territories eligible for European Union funds. The program functioned as a pre-accession support system. Regarding the territory of Serbia, eligible regions of the Autonomous Province of Vojvodina (NUTS 3 level) were: West Bačka, North Bačka, North Banat, South Bačka and Central Banat. According to the 20% flexibility rule, South Banat and Srem could also apply for IPA funds.

The long-term, overall objective of the program is to establish a sustainable and safe region that cooperates in environment protection. Three project calls were

announced. 204 CBC projects received financial support which aimed to reinforce the preservation of mutual cultural and natural heritage, exploit the various economic opportunities as well as establish common educational and research activities. Five specific goals had to be achieved in order to accomplish the strategic goal: decrease the isolation of the border region by increasing its geographical accessibility, establishing environmental sustainability and safety in the border zone, the encouragement of economic cooperation, the prevention of common cultural heritage through the positive presentation of traditions and the development of tourism as well as the stimulation of cultural, educational and research cooperation. From the aspect of regional development, the successes attracted considerable developmental support to Vojvodina. Through the realization of infrastructural projects various developments were conducted that Serbia, by relying on its own funds, could have accomplished only several years later (mutual border crossing points, integrated interurban transportation system, new bicycle roads, railway reconstructions, mutual environment protection).<sup>5</sup>

In total, 43 municipalities in Vojvodina participated in the successful project realization. The dominance of applicants from Novi Sad can be contributed to the fact that several infrastructural projects were realized by public companies located in Novi Sad (*JKP Put, Vode Vojvodine*) or the secretariats of the Autonomous Province of Vojvodina (*Provincial Secretariat for Regional Development, Interregional Cooperation and Local Self-Government*). The second most successful applicants originate from Subotica, mostly due to their geographical proximity to the border. Further successful applicants are located in larger municipalities, such as Zrenjanin, Novi Kneževac, Senta, Kanjiža and Sombor. These projects are followed by new ones. (Interreg-IPA CBC Hungary-Serbia)<sup>6</sup>

During the past years, the economic relationship of the two countries is characterized by the increasing Hungarian investments, which reached 250 million Euros in 2016<sup>7</sup>. Some positive examples: *Tisza Automotiv* and *Masterplast*, or various small- and medium-sized undertakings on the fields of infrastructure, energy resources, agricultural developments, water management, health and pharmacy.

## Conclusion

1. The multilevel governance is a dynamic process with a horizontal and a vertical dimension. Its vertical dimension presupposes better coordination and cooperation between the different tiers of government, while its horizontal dimension imposes a coherent implementation of sectoral policies in order to ensure sustainable

<sup>5</sup> Source: <http://www.hu-srb-ipa.com/hu/hirek/peldaerteku-egyuttmukodesek-a-magyarorszag-szerbia-ipa-hataron-atnyulo-egyuttmukodesi-program-kereteben/146>

<sup>6</sup> The new program Interreg-IPA Cross-border Programme Hungary-Serbia (Interreg-IPA CBC Hungary-Serbia), approved on December 15, 2015, is available at [www.interreg-ipa-husrb.com](http://www.interreg-ipa-husrb.com).

<sup>7</sup> Source: *Trgovinska razmena Srbije i Mađarske 1,8 milijardi evra*, In: Nova ekonomija, 08/03/2016 <http://novaekonomija.rs/vesti-iz-zemlje/trgovinska-razmena-srbije-i-ma%C4%91arske-18-milijardi-evra>



development and synergy with other relevant policies of the European Union. (CoR, White Paper on multilevel governance, 2009: 23) EGTC is a tool for implementing multilevel governance in the cross-border areas. The cooperation of decentralised partnerships requires strong local and regional governments.

2. The core competences of local and regional authorities are in the context of institution-building of EGTCs, taking into account the prospects for Europeanization (decentralisation and regionalisation) across a diverse European Union. Referring to the EGTC regulation (EGTC regulation 1082/2006 Art. 3), the creation of EGTC is the right of the cooperating parties. Since local and regional governments are the decision-making bodies of a political authority, decisions about cooperation with the local and regional governments of other countries are to be made with a qualified majority within the governing body. The theory of multilevel governance has seen an increased focus on the emergence of subnational governance structures in the EU. This development, albeit slow yet because the contribution of regional and local levels in cross-border relations to multilevel governance is determined by the extent the central government broadens their competence in public law.
3. EGTCs assist the cooperation of decentralised partnerships; that is regional or local cross-border cooperation systems evolve. All these examples strengthen that EGTC has been recently considered a significantly important stage in the decentralization process of the European Union as the subject of multilevel governance. The relationship between local and regional democracy and cross-border cooperation should be seen as complementary notions: effective cross-border cooperation requires strong local and regional governments. Successfully strengthened cross-border cooperation needs an appropriate legislative framework in terms of local and regional governance, administrative reforms and capacity building. But the subnational conditions for good multilevel governance actually depend on the member states themselves since the actual creation and operation of cooperation systems largely depend on the political attitude of their central governments.
4. The EU's commitment and assistance need to be matched with the dedication of non-EU governments to implement the necessary political and legal reforms, to establish the required administrative capacity, and to cooperate amongst themselves. The systematic cooperation of local actors (governmental, civic and business) across national borders provides the practical underpinning to regional cooperation.
5. Cross-border cooperation among local communities of neighbouring countries is a real indicator of stability and normalisation of relations between the two countries (Jelinčić & Durovič, 2009: 8). In order to overcome the obstacles hindering cross-border cooperation, there is a demand to have an international agreement between the two states, further bilateral agreements between the EU Member State

Hungary and non-EU Member State Serbia. That agreement on good and neighbourly relations could promote mutual understanding, cooperation, friendship and good neighbourhood. The lack of bilateral agreements between the two countries restricts the cooperation initiatives and development in the Hungarian-Serbian border area.

6. On its road to EU accession Serbia needs to realize the demand for paradigm change considering CBC activities among institutions and undertakings that *cooperate through 'airy' borders*. Euroregion-type of cooperation does not prove to enough (see further DTKM-Euroregion activities), but in addition it is crucial to further support small, concrete bilateral and trilateral institutional interregional cooperation forms. Thus, *microregion–microregion, microregion–town, town–town* relations gain importance, and so municipality alliances, so called ‘mini-Euroregions’ are formed. The gateway role of various large- and middle-size undertakings becomes visible as well as their transit functions that show preference for interurban relations. Later on, tourism and entrepreneurship developing areas will emerge.
7. The most significant phenomenon dominating in the regions of Serbia and Hungary, to be specific in the Autonomous Province of Vojvodina and the region of Southern Plain, were: cross-border migration, fluctuation of the population, international cooperation programs granted by the EU and the successes in institutional cooperation on civic and business levels, as well. (Ricz, Gábrity Molnár, 2010)
8. Experiences of Serbian-Hungarian cross border relations:
  - The institutionalized forms of cross-border relations strengthen the interactive functions of the border regions, the interconnection of infrastructural network systems as well as their mutual development.
  - The regional relations are highly affected and delayed by central governance (Belgrade, Budapest)
  - The border region and its interregional cooperation is in a prioritized position for the population of North Vojvodina since CBC encourages successful application for EU funds, efficient project realization and the dissolution of the border regions’ peripheral character;
  - Economic cooperation is one of the major conditions of economic and social integration; the establishment of new state and regional economic relations would ensure the *survival and development of cross-border municipalities*;
  - The regional policy of the EU pays special attention to the harmonized development of cross-border regions. So far, the efficiency of the Danube-Kris-Mures-Tisa (DKMT) Euroregion is not adequate enough. *Regions without border crossing points* prove to be in a disadvantageous position regarding the

opportunity to establish cross-border relations. While border-cross geographical position proves to be beneficial if the neighboring municipality is relatively more *developed*.

9. The following *elements of relationship development are prioritized* in the Serbian-Hungarian border region (Gábrity Molnár, 2012: 37):
  - Cooperation and access development; the analysis of labor force cooperation possibilities in the cross-border region – the importance of providing adequate information to employers
  - The formation of multifunctional community spaces based on micro-region cooperation forming human resourcing centres (cross border migratory networks, information and other service centres), sharing best practices and know-how among each other
  - The formation and expansion of cross border community development (youth programs, cultural events) via EU funds.

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## Résumé

The EGTC Regulation provides a formal framework to existing cooperation with more legal certainty. The establishment of an EGTC setup is optional and does not prevent any institution from freely choosing other forms of cooperation, with or without legal personality. For the creation and effective operation of cross-border cooperation systems, it is necessary to create the legal framework within which these cooperation systems could achieve their objectives. The main challenges have been to adopt both legal provisions and to obtain the permission of the state. The central government of Serbia has the legal obligation to harmonize *domestic law* with existing international law. The expectation towards the Serbian government is to sign the most important international documents, the Protocol No. 3 to the European Outline Convention, and make them more cooperative towards cross-border 'bottom-up' events.