

1. Minding the Gap: for a *Nordicum-Mediterraneum* “Cohesion” Perspective

This paper focuses on the EU accession process of Iceland under a “cohesion” perspective.

That of the accession of Iceland to the European Union is still, as it’s well known, a very short and recent history. Evaluating prospective effects of this Icelandic fresh resolution of international membership, still in progress, could appear, for the moment, premature. Yet, the main (and limited) scope of this contribution is that of reading these last northern steps of EU enlargement through the lens of what we call the “cohesion” principles of European policies and law.

The southern Mediterranean testing of EU “territorial cohesion” in this particular instance can, in our view, effectively foster current debates and negotiations about the northern settings of EU supranational cooperation.

By “cohesion” we generally mean (and refer to) the overall philosophy inspiring the economic, social and territorial dimensions of the EU competences and actions aimed at promoting a more “cohesive” and inclusive supranational and local-based *milieu* of governance^[1].

In this wide sense, therefore, the word “cohesion” refers not only to political issues of the European debate, but also to a legal concept, which appears in EU treaties and secondary rules and is always related to the completing normative notion of EU “subsidiarity”: the former, as well as the latter, is well identified by the capacity of being applied to a wide variety of matters and of working in different ways with regard to different territories and situations.

While “cohesion” paradigms gain, in the first phase of supranational integration, a special attention mainly in social, labour and discrimination matters, they further play a primary role in the context of regional policies, characterizing a specialized field devoted to re-balancing the development of EU disadvantaged areas: this is the main objective of

“economic and social cohesion” actions under (former) Articles 158 ff. of the EC Treaty^[2].

Progressively, and according to the EU treaties’ general principles, cohesion matters and regional policies become synonyms of the necessity of supporting the (under)development of depressed regions, mainly addressing – during the first and second cycles of programmes (1994-1999 and 2000-2006) – the economic and social growth of Southern Europe, with a specific focus on the Mediterranean area.

The European policy of economic and social cohesion is thus structured on a multi-annual and multi-level working scheme of interventions and undergoes periodically (every 6 years) a re-writing process of its implementation rules, in some way corresponding to the following steps of EU enlargement procedures^[3].

After overcoming a political *impasse* on the future of regional and place-based development actions, the setting rules of cohesion instruments for the term 2007-2013, still in place, were drafted in 2006 taking into account the last group of new member States having joined the EU in 2004: the eligibility criteria and zones for EU financial support have been then modified by dropping down the threshold of the average GDP/head of member States, mainly due to the entry of central and eastern countries, all requiring strong structural interventions to fit the EU standards of development^[4].

From then on, attention shifts rapidly from Southern EU underdeveloped areas to the North and to the East, modifying the borders (and the overall scenario) of a policy before well-tested in the Mediterranean laboratory of cohesion, enlargement and neighbourhood actions.

Nowadays, looking towards the North (and the East), the current accession process (involving Croatia and Turkey on one side, and Iceland on the other, as candidates, along with other West Balkans countries as potential candidates)^[5], is again running parallel to the open debate on the next phase of post-Lisbon cohesion objectives^[6].

The special concern on the next re-drafting of cohesion implementing measures is notably that of giving legal form and content to the “territorial cohesion”^[7], a formula clearly implying a special focus on supporting place-based needs or handicaps linked to peculiar

(economic, social, geographical) situations^[8].

Under the Title XVIII of the post-Lisbon TFUE, “Economic, social and territorial cohesion”, Art. 174 (former Art. 158 TCE) reads as follows (emphasis added)^[9]:

“In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and *territorial cohesion*.

In particular, the Union shall aim at reducing disparities between the levels of development of the various *regions* and the backwardness of the *least favoured regions*.

Among the regions concerned, particular attention shall be paid to *rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps* such as *the northernmost regions with very low population density and island, cross-border and mountain regions*”.

Thus, the new wording (“least favoured regions”) emphasizes different typologies of areas (just listed and not further defined by the normative clause) with contingent or permanent territorial disadvantages, as well as, more generally, the pivotal role played by the regions as the main actors of cohesion policies.

While the exact meaning and rationale of the reference to the notion of “territorial cohesion” still remain mainly unclear (moreover, the way this new categorization should work still needs to be clarified), from a legal point of view, the provisions on “cohesion” competences outline the system of a EU Multi-Level Governance re-balancing regional development processes through an upright and horizontal interplay between institutional, economic, social and territorial actors^[10].

From Southern to Northern Europe, the territorial dimension of cohesion policies, grouping

European Regions, plays different roles and meets a very wide range of economic and social needs. Cohesion models and actions, as grounded and pervasively applied in different EU policies (mainly, European social policies, as well trans-European networks, transport, energy and environment policies, agriculture and fisheries), aims therefore to take the shape of local questions to be addressed, tailoring the suit of territories concerned and working essentially through their capacities and structures.

This fundamental scope of the cohesion approach is typically put on trial, in our view, through the coexistence of its general principles of multi-level governance, i.e. subsidiarity and cooperation or partnership, as clearly showed by pre-accession funding processes and regional strategies, such as that for the Mediterranean area on the one hand, and that for the Arctic region, on the other^[11].

The same general remarks on the strong relevance of “territorial cohesion” matter as well for the special issues of current institutionalisation of “macro-regions” in the Mediterranean and in the Baltic and northern areas, or of the Northern Sparsely Populated Areas (NSPA) strategies^[12]. It should be added, in this context, that the EU Committee of Regions has consistently held (see, i.e., CoR Opinion, COTER-V-004) the urgent need of strengthening “territorial cooperation”, following the widening of EU external borders and to promote the further institutionalisation of this cohesion objective through an improved dialogue and partnership between external regions and third States aiming at joining EU membership.

We’ll try then to briefly discuss the prospective impact of the implementation of the new legal dimension of “territorial cohesion” policy and programmes on the Northern lines of EU incoming enlargement, weighting limits and benefits of any differentiated or by-analogy approach to this European Multi-Level Governance of re-balancing overall regional development processes.

It should be finally clarified, making these preliminary remarks, that we are questioning here a merely theoretical essay: that is the assessment of cohesion policies’ working methods to the *Nordicum* scenario of European territorial integration. The effectiveness of the EU cohesion system’s general principles could still play a very incisive role on pre-accession strategies, influencing domestic and regional approaches on EU policies place-based implementation^[13].

2. The European Union and Cohesion Policy. A Brief Introduction

The idea of “cohesion” as a common political objective dates back to the very beginning of the European integration process, till the first institutionalisation of a regional development policy in 1975 (and the EU so-called structural funds): the fundamental aim of cohesion policy is, as said before, that of reducing the gap between different less-favoured areas, thus promoting growth-enhancing conditions for the EU economy through the scheduled transfer of financial resources to poorer countries and regions.

The last reformed Cohesion Programmes for the 2007-2013 cycle confirm the *general principles* of the early regional development policy.

To promote the harmonious, balanced and sustainable development of the Community and to respond to the challenges linked to economic, social and territorial inequalities, the cohesion general regulations^[14] indeed expressly define and implement these general principles of policy setting as the following: subsidiarity and proportionality (which both imply that “[m]ember States should have the primary responsibility for the implementation and control of the interventions”)^[15], additionality and complementarity (*i.e.*, “[t]he Funds shall provide assistance which complements national actions, including actions at the regional and local levels, integrating into them the priorities of the Community”)^[16], consistency, coordination and compliance^[17], partnership^[18], equality and non-discrimination^[19].

As a matter of fact, in our opinion and legal analysis – especially as far as the EU cohesion policy performance in the Italian and other Southern experiences has been concerned – the principles of subsidiarity on the one hand, and of partnership on the other, properly represent the two basic pillars of reformed cohesion procedures: indeed they manage the overall funding administration practices, influencing the effective exercise of competencies and the coordination of tasks between European and territorial actors, at the institutional and socio-economic level^[20].

The procedural model ruled by Council Regulation No. 1083/2006 on structural funds is entirely inspired by the common scope of these two general principles of EU regional interventions: that of systematic cooperation as the essential working process of aid interventions; and that of flexibility of operational roles and discharging of assigned liabilities by the actors involved at different stages and levels.

In our opinion, the weak spot of the model building up on these leading principles still remains however, from a juridical perspective, that of “accountability”, *rectius*, of shared responsibilities in case of malfunctioning of the “multilevel governance” mechanism of cohesion instruments: the question about remedies available to victims of bad practices in funding administration (and, not rarely, of procedural rights violations) is yet still open in the European and domestic case law on the matter^[21].

In brief, focusing on defined priorities which reflect the Lisbon (growth, competitiveness and employment) and Göteborg (environment) agendas, the 2007-2013 cohesion operational system, set up in the Council Regulation (EC) No. 1083/2006, counts three main Funds (the European Fund for Regional Development EFRD, the European Social Fund ESF and the Cohesion Fund) sustaining three general objectives: Convergence, Regional Competitiveness and Employment and European Territorial Cooperation.

The scope of the first objective (Convergence) is to increase growth and to promote the conditions for a real “convergence” of the least developed EU States and regions by raising investments in physical and human capital; developing both the innovation and the knowledge society; adapting to economic and social changes; protecting the environment, and training for administrative efficiency. The “Regional Competitiveness and Employment” objective aims at strengthening, in areas falling outside the Convergence space, the local competitiveness and employment levels by anticipating socio-economic transitions by increasing the investment in human resources, the innovation and the promotion of the knowledge society, entrepreneurship, the enhancement of the environment, and of accessibility and adaptability of workers and businesses as well as the development of inclusive job markets. The third objective, further, aims at improving three different typologies of territorial cooperation: strengthening *cross-border cooperation* through joint, local and regional initiatives; *transnational cooperation* by means of actions conducive to integrated territorial development linked to EU priorities, as well as *interregional*

cooperation and the exchange of experience at the appropriate territorial level^[22].

With special regard to this third and last point, as recalled above, EU competence on “territorial cohesion” has eventually been “incorporated” as an official treaty objective of regional interventions. The Lisbon Treaty added “territorial cohesion” to the earlier aims of economic and social cohesion, paving the way to new interesting developments for the post-2013 programming term^[23]. Moreover, while the legal definition of “territorial cohesion” is still open to ambiguity as far as post-2013 cohesion reform is concerned, the new formula of relevant treaty provisions offers some new element to the interpretation of the general concept: as quoted, they expressly refer to “*rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps* such as the northernmost regions with very low population density and island, cross-border and mountain regions”.

Re-defining the different eligible categories as basic regional typologies with common or similar characters is not an easy task (urban/metropolitan regions v. rural regions; sparsely populated regions; regions in industrial transition; cross-border areas; mountainous regions; Islands and coastal regions and so on). Academic contributions, the Member States, Regions and local authorities, the European Commission and DG Regio, as well the OECD, the European Environmental Agency, the Committee on Maritime and Peripheral Regions, the Association of European Border Regions and the European Commission’s Joint Research Centre, all having defined specific criteria of grouping regions with similar features, are actors directly or indirectly involved in the process of categorizations for the pursuit of territorial cohesion through EU funds after 2013^[24]. In this open-debated context of future regional settings, a uniform or common language borrowed by the legal interpretation of the notion of “territorial cohesion” is strongly needed.

3. EU-Mediterranean Programmes: Case Studies From the South

As far as EU enlargement is concerned, cohesion financial support for territorial development programmes can be granted still before candidate (and potential candidate) countries join the Union as member States. Since 2007, EU pre-accession funding (and the

relative series of pre-accession programmes) has been integrated in a single, unified Instrument for Pre-accession Assistance (IPA), focused on supporting five main range of actions: Transition Assistance and Institution Building; Cross-Border Co-operation (with EU Member States and other countries eligible for IPA); Regional Development (transport, environment and economic development); Human Resources Development (strengthening human capital and combating exclusion); Rural Development^[25].

The second component of IPA, in particular, supports cross-border cooperation between candidate/potential candidate countries and between them and the EU countries and it may also fund participation of beneficiary countries in Structural Funds trans-national co-operation programmes and Sea Basins programmes under the European Neighbourhood and Partnership Instrument (ENPI), accordingly.

A good example of pre-accession territorial cohesion’s initiative joining EU and external actors interested in the membership comes from the Southern, multisided scenario of Mediterranean basin: this is specifically, the *IPA (Instrument for Pre-Accession Assistance) Adriatic Cross Border Cooperation (CBC) Programme*, which includes three EU Member States (Italy, Slovenia and Greece), one Candidate Country - CC - (Croatia) and three Potential Candidates Countries - PCC - (Bosnia and Herzegovina, Montenegro and Albania)^[26], most of them still being faced with difficult economic and political transitions^[27].

The Adriatic Region can be assumed, in this context, as an interesting laboratory of what we mean by “territorial cohesion” approaches at work. This specific area or ideal community network of States bordering the Adriatic Sea is socially and economically diversified, mainly between different States, but also within various national territories.

The IPA cooperation programme between Adriatic countries links within a common framework quite different institutional and administrative systems, trying to manage exchange of knowledge and practices towards the development of economic, social and, chiefly, environmental issues.

Despite the strong efforts to implement the programme by safeguarding the main cultural, social and environmental problems of a highly fragmented area, such as the Adriatic Sea, in a positive “cohesion” perspective, partnership and subsidiary methods of collaboration

between the main actors disclose inconsistencies and insufficient financial capacities to settle differences and regional disparities.

The inherent fluidity of the vague notion of “territorial cohesion”, emphasizing the spatial linkage and strength of various cultural traditions, could be able to move closer heterogeneous societies, law and policies, as a basis of further integration at the supranational level.

If IPA rules open the way to a comprehensive EU accessing support scheme toward candidates and potential candidates countries clearly pursuing the policy of an inclusive and well grounded enlargement process^[28], “cohesion” approaches also shape all other strategies of “external” cooperation between EU or EU member States and third countries as neighbouring or strategic international partners.

As for the South Mediterranean area, moreover (and leaving apart the EU Common Strategy for the Mediterranean which pursues cooperation between the region and southern shores’ countries in a wide range of areas), IPA coexists with the ENPI (European Neighbourhood and Partnership Instrument)^[29] programmes promoting a strict cooperation with the external partners of the *mare nostrum* basin. Both IPA and ENPI Regulations require, to be effectively implemented, a minimum degree of strategic and institutional convergence through the “cohesion” general principles as underlying condition of aimed overall strategies.

4. Opening Scenarios from the North: Tailoring “Cohesion” on Iceland’s Accession Process

Today Iceland is on the right track towards full EU membership^[30].

As clearly assessed by the European Union Council Conclusions on enlargement /stabilisation and association process (3060th General Affairs Council meeting, Brussels, 14 December 2010)^[31], Iceland’s accession is an important element of the overall “enlargement strategy” launched by the European Commission on 9 November 2010^[32]:

“The Council recalls that, following the Commission’s recommendations in its Opinion of February 2010, accession negotiations with Iceland were opened on 27 July 2010. Iceland is a long-standing functioning democracy with strong institutions and close ties with the EU. The overall level of preparedness to meet EU *acquis* requirements remains good, in particular due to Iceland’s membership of the European Economic Area (EEA) and the Schengen agreement. Iceland can be considered a functioning market economy, and could regain the capacity to deal with competitive pressure and market forces within the single market over the medium term. Negotiations will be aimed at Iceland integrally adopting the EU *acquis* and ensuring its full implementation and enforcement. In line with the Negotiating Framework, the fulfilment of Iceland’s obligations under the EEA Agreement, taking full account, inter alia, of the European Council conclusions of 17 June 2010, as well as Iceland’s progress in addressing other areas of weakness identified in the Commission’s Opinion, will guide the advancement of negotiations”.

The EU accession negotiating procedure is currently running the second stage of the so-called “screening” process^[33].

Some brief ante facts on Iceland’s accession process: shortly after Iceland’s application for membership on July, 17th 2009^[34], the Council of the EU on July, 27th 2009 referred the issue – under the procedure laid down in Article 49 of the Treaty of the EU^[35] – to the European Commission in order to analyse the current overall status of the country and its ability to join EU, meeting the criteria set by the Copenhagen European Council of 1993^[36].

The Commission’s opinion on Iceland’s application for membership of the European Union of 24 February 2010^[37], analyses both the current situation and the *medium-term* prospects (defined as a period of three years), identifying some key policy areas and sectors likely to require particular attention in the event of Iceland’s accession.

The *Analytical Report for the Opinion on the application from Iceland for EU membership* (SEC(2010) 153) of February, 24th 2010 contains a detailed analysis on which the

Commission’s position is based focusing on the following matters: the relationships between Iceland and the Union, particularly in the framework of the European Economic Area Agreement; the “political criteria” to be met for accession established by the European Council (democracy, rule of law, human rights, protection of minorities); the country’s situation and prospects in respect of the economic conditions established by the European Council (functioning market economy, capacity to cope with competitive pressure); the capacity to adopt the obligations of membership, as well as the policies of the Union (*acquis* of the European Union); finally, the initial estimated impact in the fields of financial services, agriculture, fisheries, regional policy and financial and budgetary provisions (these being the main policy areas likely to require particular attention in case of Icelandic accession)^[38].

Following the submission of the positive opinion by the Commission, the negotiations process was formally opened by a unanimous decision of the Council of the European Union at the intergovernmental conference on the accession of Iceland to the European Union, held in Brussels on 27 July 2010. The Belgian Presidency delivered the EU Negotiating Framework^[39], which outlines the substantive and procedural rules guiding the negotiations, thus paving the way for the following accession talks between Iceland and the EU^[40].

The screening process, preliminary to the opening of single chapters for negotiations between the EU Member States and Iceland^[41], should facilitate clarification as to how qualified the country is to meet the so-called *acquis communautaire* for EU membership (in-depth analysis of the EU rules and regulations which must be domestically complied)^[42].

As reported by the EU Commission, yet, Iceland is not a new “customer” for the EU^[43]. Far back, the Vikings’ land is one of the European Union’s closest international partners in a broad range of areas. A member of the European Free Trade Association (EFTA) along with Norway, Switzerland and Liechtenstein since 1970, Iceland has enjoyed bilateral free trade agreements with the ECC since 1972. In 1994, the EFTA countries (with the exception of Switzerland) signed the Economic Area Agreement (EEA) with the EU^[44], aiming at participating in the European single market without joining the EU: the EEA covers most of Iceland’s economic and commercial relations with the EU, extending the Internal Market legislation, with the exception of Agriculture and Fisheries^[45], to the three EFTA European partners^[46]. Under the EEA Agreement, Iceland also participates, without voting, in a

number of EU Agencies and programmes, covering enterprise, environment, education and research programmes^[47].

Moreover, Iceland, along with its EEA/EFTA partners, contributes to the financial efforts for a wider “cohesion” dimension in the EU/EEA, reducing social and economic disadvantages in some European countries through the EEA Grants^[48].

Iceland is an associate member of the Schengen agreement, applying its provisions since 2001. Within the Schengen area, border controls with other country partners have been abolished, participating to an extensive cooperation among police and judicial authorities and applying common rules and procedures with regard to visas for short stays and external border controls. Moreover, Iceland is associated to the Dublin system, joining EU common criteria and mechanisms for dealing with asylum requests^[49].

As regards trade relations, it should be recalled that Iceland is a member of the GATT since 1968 and is a founding member of the World Trade Organisation. It has free trade agreements – along with complementary bilateral agreements on basic agricultural products – in force with sixteen third countries within the framework of EFTA. In addition, a bilateral trade agreement and a complementary agreement on basic agricultural products relating to the EEA Agreement is in force with the EU.

Taken this background, following the first EFTA Enlargement, the Iceland’s EU accession process is opening the way to the entry of the forth EFTA State in the EU system at the latest by 2015.

As for “cohesion” approaches, the overall accession process is financially supported through pre-accession funding to help the country further align its legal order with the *acquis* and EU policies.

Iceland is now eligible for IPA funding. Following Iceland’s application, to support the country in meeting the requirements for membership, the European Commission proposed that Iceland be eligible for pre-accession targeted funding under the Instrument for Pre-Accession Assistance (IPA). On July 14th 2010, the amended Regulation on the Instrument for Pre-Accession Assistance (IPA) entered into force, including Iceland as a beneficiary of

pre-accession aid[50]. EU financial assistance for membership to enlargement countries primarily provides funding to strengthen institutional and legislative capacity for the implementation of EU *acquis*[51]. Taking effect immediately, IPA is directed towards activities for the further alignment of Iceland’s legislation with the EU legislation in fields not covered by the EEA Agreement, mainly through the Technical Assistance and Information Exchange Instrument (TAIEX) and twinning experiences[52].

In the framework of the IPA (Instrument for Pre-Accession), financial assistance is also provided to train for the utilisation of EU Structural Funds upon accession and to well inform the Icelandic society about the EU and its policies.

It can be recalled that Iceland’s Ministry for Economic Affairs has recently produced the first Pre-Accession Economic Programme to the EU Commission, setting out the overall framework of economic, policy, financial and structural reform priorities until 2013[53].

Tailoring “cohesion” policies’ approaches on Iceland’s accession process, it should be noted that, in principle, Icelandic regions might fit into any of the listed categories in Article 174 of the Treaty, in line with the idea of implementing new models of “territorial cohesion” through EU funding after 2013.

According to the EU Commission’s opinion on Iceland accession process, “...a large number of elements required by the *acquis* in the area of cohesion policy are already in place. The government administration is small but flexible. Overall, more than 20 staff work directly on the promotion of various EU programmes. There is, however, limited experience within government, municipalities and higher education institutes in certain areas of EU funding. Therefore, administrative capacity and structures need to be built up to allow smooth management and implementation of projects financed under the cohesion policy”[54].

Chapter 22 of the Negotiating Framework, specifically devoted to “Regional policy and coordination of structural instruments”, refers primarily to Iceland’s territorial specificities screening the overall domestic system’s capacity to fit the cohesion twofold dimension of subsidiarity and partnership general principles.

The *acquis* under this chapter:

“...consists mostly of framework and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing Structural Funds (the European Regional Development Fund and the European Social Fund) and — for some Member States — Cohesion Fund programmes reflecting each country’s territorial organisation. These programmes are negotiated and agreed with the Commission. Implementation is a shared responsibility of the Member States and the Commission. Member States must comply with the provisions of the *acquis*, for example in the areas of public procurement, competition and the environment, equality between men and women and non-discrimination, as well as sustainable development, when selecting and implementing projects”.

To comply with EU rules on regional policy and coordination of structural instruments, candidate States need an efficient and effective institutional framework in place and adequate administrative capacity to ensure programming, implementation, monitoring and evaluation of EU co-funded actions. As far as the operational legal system is concerned:

“Iceland has a legislative framework in place for regional policy. Having regard to Iceland’s specificity (sparsely populated — density of 3.1 inhabitants/km, two thirds of the population living in the capital area, remoteness), regional policy in Iceland is primarily understood as a rural development policy for economic development in rural areas outside the main capital region and is best described as an SME (Small and Medium Enterprises) policy for economic development. The budget law does not explicitly provide for multi-annual budget programming, but allocations for implementing multi-annual policies/programmes are reported in the annual budget bill as ‘binding agreements’. As a result of the EEA Agreement, Iceland has some experience/practice of co-funding EU programmes through its participation in programmes such as Lifelong Learning (...) and 7th FP Research (...). Amendments to the budget law will be needed to allow the transfer of national co-financing budgets between EU programmes, funds and years”.

In the matter of administrative and institutional capacities at work in regional policy issues, the EU Commission further acknowledges that:

“Iceland has established an institutional framework for implementing its regional development policy, comprising different institutions. The Ministry of Industry, Energy and Tourism produces the government’s regional development plan, in cooperation with the Institute of Regional Development (a government agency under the Ministry) and in consultation with municipalities, and other bodies. The Institute of Regional Development implements regional policy. Economic development agencies, co-owned by municipalities, operate in rural areas to support and strengthen business development and innovation. There are a number of relevant bodies operating in the field of employment and social policies including the Ministry of Education, the Ministry of Social Affairs and Social Security, the Association of Employers and the Union of Employees. The Ministries have, to varying degrees, experience of EU funding through their participation in EU programmes. Iceland is currently not eligible for IPA funding.”

Moreover, with regard to the following phases of planning, executing, monitoring and evaluating, as well as auditing of EU co-funded actions, the starting point of the cohesion *acquis* shows a rather good performance:

“Iceland has designed and is implementing a number of programming documents either directly or indirectly relevant for regional policy. The government’s four-year regional development plan provides financial support for long-term, viable projects. In addition, a number of public-private partnerships in the form of growth agreements have been set up or are planned. These are implemented through governance procedures and are led by the regional development centres. Furthermore, long-term planning documents do exist in the area of transport, sustainable development, use of hydro and geothermal energy resources, telecommunications and tourism. However, a stand-alone human resources development policy does not exist, and human resources issues are integrated into other policies, in particular gender equality policies.”

The government has launched work on a comprehensive strategy towards 2020 — *Bringing Iceland Forward 2020*. Operational plans are envisaged for Iceland as a whole and will be implemented through multi-annual programming. The strategy may serve as a basis for the national strategic reference framework required by the cohesion policy *acquis*. The national strategic reference framework will take into account the Lisbon strategy for growth and jobs/Europe2020 priorities.

There is some experience in monitoring and evaluating EU co-funded programmes. Regular monitoring and evaluation of programme implementation is carried out by relevant ministries and the results are provided to the Commission. However, additional systems and procedures for monitoring and evaluating EU programmes relevant to cohesion policy will need to be established.

A framework for financial management and control (including audit) exists. It is limited however, in terms of instruments relevant to cohesion policy. The national authorities are responsible for the implementation of programmes and the proper use of EU funding; monitoring and audit form the basis for the declaration of assurance each year. “The Ministry of Finance is responsible for issuing regulations regarding the execution of the general budget and for the financial management of the state. The National Audit Office is the main supervisory body with regard to the general budget as well as state entities”.

Certainly, EU accession of Iceland implies changes that create both threats and opportunities.

If the State has considerable experience in programming, implementing and monitoring regional policy measures, as well in participating in EU programmes, some more efforts will be needed to adjust budgeting legislation on a multi-annual basis to allow a better coordination and integration of policies. Moreover, in line with legal obligations rising from subsidiarity and partnership legal principles, Iceland should be able to establish institutional structures and administrative forums fitting for the multi-level implementation of cohesion programmes.

“Iceland has two levels of governance: national/central government and local authorities

(municipalities). There is no regional self-government level. However, the state administration is divided into a number of districts, for the purpose of carrying out different public tasks. There is a long tradition of voluntary cooperation between municipalities at regional level which may take place within the context of, for instance, regional boards, co-owned agencies established by several municipalities in order to provide certain services, regional federations, or the Icelandic Association of Local Authorities. Municipalities have their own sources of funding, in which income tax takes the lion’s share. However, the central government still takes responsibility for many of the costly functions handled by local authorities.

Iceland is classified as one NUTS level 2 area and is divided into two NUTS level 3 areas. [...]

As regards administrative capacity, Iceland has a small but flexible government administration. Around 20 staff in different ministries have experience — through direct involvement — of EU programmes. However, experience with multi-annual programming and management of EU-funded projects is limited mostly to the EU programmes implemented under centralised management. Additional administrative capacity and structures will need to be built up in order to allow smooth management and implementation of projects financed within the scope of EU cohesion policy”^[55].

Even though Iceland already fulfils many of the political criteria for membership, there are nevertheless a number of institutional and procedural questions to be overcome before joining EU as a full member State.

Strategic challenges in preparing for EU-membership, such as the fragility of the environment, the exploitation of geothermic energy resources, the low demographic density, fisheries market and infrastructures must be addressed in the context of a new political and legal dimension.

Indeed, several, largely different factors can all be evaluated as highly relevant for a preliminary reading of possible impacts of EU cohesion approaches on Northern

enlargement strategies.

First, overcoming the economic recession following the global financial crisis, all enlargement countries have taken some steps forwards over the last years, from regional cooperation to EU membership.

The estimated effects of these new trends, however, varied – from Iceland to Western Balkans and Turkey – depending on each country’s economic system, public finance, institutional and social structure.

Iceland is still suffering from the effects of the global financial turmoil and the collapse of its banking system. The EU, together with the international financial institutions (especially the IMF support), contribute to softening the impact of the crisis^[56].

In addition to economic recovery, macroeconomic stabilisation and fiscal consolidation, substantial IPA assistance is being targeted at improving public finance management and strengthening banking sector supervision. The enlargement process contributes to the Europe 2020 priorities by extending the area of the EU’s regulatory framework, creating new trading opportunities and meeting the goals of smart, sustainable and inclusive growth, high levels of employment, productivity and social cohesion^[57].

Secondly, the constitutional and administrative reform processes could clearly bias the membership talks on a “cohesion” perspective.

After the downturn following the severe economic crises in 2008/2009 the domestic public debate put on the table the huge need for social and economic structural reforms, closely linked to political reform of institutions and responsibilities between national and local government.

One of the main debated questions is that of the too fragmented structure at the local level: the Icelandic government has repeatedly endorsed the overriding necessity of strengthening the responsibilities of the municipal level, without conclusive results. With the exception of the highly populated capital region, in Iceland there are a large number of municipalities, generally very small and often isolated, which still oppose merging into larger entities and

regional administrative levels.

Nevertheless, the “Institute for Regional Development”, as the main independent authority in the field of regional policy, is working towards the strengthening of regional and economic development in Iceland outside the greater Reykjavík area ^[58].

Only structural reforms of domestic levels of government and governance can enable a working multi-layered planning, implementing and evaluating system truly consistent with the cohesion methodological approach.

A decentralised model accelerating EU cohesion processes and membership is in fact the main driver giving expression to subsidiarity and partnership principles: the devolution to local authorities of most of the activities formerly handled by the central Government bring decision making closer to those concerned, ensuring also the most efficient cooperation and co-ordination between responsible partners.

From a cohesion perspective, as things currently stand in the wide-ranging debate in all Northern countries, deficiencies undoubtedly remain as for the regionalisation processes: more actors should be involved, legislation on European co-funding implementation is needed; and a clear division of responsibilities between different institutional and non institutional levels of cooperation should be defined

Applying cohesion to the North, learning from the South: far and near the Mediterranean laboratory has shown the huge need of policies which seek to strengthen the role of territorial authorities as the main and first actors in regional development, co-ordinating roles and tasks of institutional, economic and social entities involved.

If “territorial cohesion” takes the shape of regional and local challenges to be addresses through supranational development strategies, then the Icelandic prospective model should be thoroughly focused and built on place-based strategies linked to fishery and agriculture, demography, climate change, energy, environment matters.

5. Opening Further Scenarios from the North: Towards a Cohesion Strategy for the Arctic

A further interesting issue should be added to our remarks on the general impact of cohesion approaches to the incoming new territorial scenarios. The European Union has developed a specific political strategy for the Arctic Region, in strict cooperation with States and territories directly concerned by the major geo-strategic questions of this area, such as preserving environment, fighting climate change threats, as well as ensuring the best and sustainable use and exploitation of resources^[59].

The EU Commission has defined the “Arctic Region” as the area covering territories around the North Pole north of the Arctic Circle: the Arctic Ocean and territories of the eight Arctic States (Denmark (including Greenland), Finland, Sweden, as EU Member States, Iceland, Norway, as members of the European Economic Area (EEA) and Canada, United States and Russia, as EU strategic partners in the Northern arena.

The so-called “Northern Dimension” (ND) policy is a shared policy among four partners – the European Union, Iceland, Norway and Russia –, promoting stability, prosperity, economic integration, competitiveness and sustainable development in a broad area spreading all over the northern borders of the European continent, from the European Arctic and Sub-Arctic zone to the Baltic Sea, north-west Russia, Iceland and Greenland^[60].

Under the 2006 *Political Declaration on the Northern Dimension Policy*^[61], all Parties involved expressed their commitment to cooperate actively within the common framework of the renewed policy on the basis of good neighbourliness, equal partnership, common responsibility and transparency; acknowledged the general principle of co-financing by Northern Dimension partners as well from other sources, including the International Financing Institutions; and further, confirmed their readiness to intensify economic cooperation with all international, regional, sub-regional and local organizations, institutions and other actors, including the business community and NGOs.

The implementation of these general objectives, not yet subject to any single international

legal framework within a regional context (the North Pole and the Arctic Ocean), raises once more the strategic role of EU “cohesion” policies regime (and the legal guidance of principles of subsidiarity and partnership), always spatially concerned and somehow tested in a sort of “road map” of economic, social and territorial development. Beside EU policies, we should say, cohesion approaches still properly work even in integrated experiences of multilateral intergovernmental cooperation in Northern Europe.

6. “Territorial Cohesion” Applied to the North: Implementing Nordicum-Mediterraneum Analogies?

Some final remarks.

In the context of the current EU enlargement strategy, the “cohesion” perspective, including elements of solidarity, European social policy, multicultural and equality issues, as well as the legal principles of subsidiarity and cooperation or partnership, plays a highly pervasive role, guiding and inspiring many other supranational “public policies” towards high-level standards of institutional capacity building and socio-economic integration, while mainstreaming territorial diversity.

In this sense, the horizontal dimension of “territorial cohesion” (and its operational side of cooperation programmes through European regions) can effectively represent, – given the vagueness and wide flexibility of its formula –, not just a general criterion of supranational welfare actions, but also the land marking legal parameter for “harmonizing” EU enlargement and accession strategies from the South to the North.

This paper has argued that, opening to new member States after the Lisbon Treaty reforms, Europe needs to respond better to the economic, social and territorial challenges it faces and that this requires a progressive rethinking and reframing of the overall system of territorial-based policies (regional, labour and social policies, agricultural, fisheries, energy and environment...) almost outmoded, following – as a starting point – the open debate on

the future of EU “cohesion” models in a still wider Europe.

Iceland’s EU membership under construction shows a revealing testing ground of the likely benefits of trying out different cohesion models tailored to different regional spaces: institutional, cultural and economic contexts and policies are far from uniform across EU countries and distinct cohesion strategies perform differently in terms of efficiency, equity and justice.

Each homogeneous space has special needs, problems and emergencies and the “territorial cohesion” objective is coming out as the leading parameter and evaluating criterion of all place-based policy setting in economic, social and discrimination matters, which still need to be reformed.

Finally, in our view, the main question arises as to how the single and several EU territorial scenarios will be able to properly enforce the general legal principles of the cohesion “theory” - i.e. the method resulting from subsidiarity and partnership interactions - allocating legal and political remits and accountabilities at the more efficient and well shared level of governance.

Endnotes

[1], Perspective on Federalism, STALS Research Paper, 17/2008,
<http://www.stals.sssup.it/site/files/stals_Martinico2.pdf>

[2] Article 158 EC Treaty reads as follow: “In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the

strengthening of its economic and social cohesion. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas".

[3] On the progressive developments and dynamics of European regional policies see, inter alia, M.V. Agostini, *Regioni europee e scambio ineguale. Verso una politica regionale comunitaria?*, Bologna, Il Mulino 1976; Y. Meny, *Should the Community Regional Policy be scrapped?*, *Common Market Law Review*, 1982, p. 373 ff.; S. Angioli, *Elementi di politica regionale comunitaria alla luce della riforma dei fondi strutturali prevista dall'Atto Unico Europeo*, *Diritto Comunitario e degli Scambi Internazionali*, 1988, p. 39 ff.; D. Gadbin, *Quelle politique régionale pour la Communauté économique européenne?*, *Revue du Marché Commun*, 1988, p. 68 ff.; *I problemi regionali del mercato unico europeo*, raccolta di documenti con un saggio introduttivo di Rosario Sapienza, Il Mulino, Bologna 1991; G. Gallizioli, *La riforma dei fondi strutturali*, Cedam, Padova 1988; Id., *Fondi strutturali delle Comunità Europee*, Cedam, Padova 1992; A. Glaesner, *Der Grundsatz des wirtschaftlichen und sozialen Zusammenhalts im Recht der Europäischen Wirtschaftsgemeinschaft*, Baden-Baden 1990; Y. Doutriaux, *La politique régionale de la CEE*, Presses Universitaires de France, Paris 1991; C. Mestre, Y. Petit, *La cohésion économique et sociale après le Traité sur l'Union européenne*, *Revue Trimestrielle de Droit Européen*, 1995, p. 207 ss.; F. Caruso, *Riflessioni sull'histoire della politica regionale comunitaria*, A. Predieri (ed.), *Fondi strutturali e coesione economica e sociale nell'Unione europea*, Giuffrè, Milano 1996, p. 147 ff.; A. Evans, *The EU Structural Funds*, Oxford University Press, Oxford 1999; G. Guillermin, H. Oberdorff (sous la direction de), *La cohésion économique et sociale: une finalité de l'Union européenne*, *La documentation française*, vol. i-ii, Paris 2000; L. Monti, *Politiche di sviluppo e fondi strutturali*, Seam, Roma 2000; R. Sapienza, *La politica comunitaria di coesione economica e sociale*, Bologna 2000; O. Castric, *Quel Partenariat pour les Régions de l'Union Européenne?*, *Apogée*, Paris 2002; O. Spadaro, *Le politiche per lo sviluppo tra diritto interno e diritto comunitario*, Giappichelli, Torino 2002; A. Claroni, *Le politiche di coesione*, S. Cassese (ed.), *Trattato di diritto amministrativo. Diritto amministrativo speciale*, Milano, 2003, p. 3793 ff.; S. Leclerc (sous la direction de), *L'Europe et les régions: quinze ans de cohésion économique et sociale*, Bruylant, Bruxelles 2003; A. Di Stefano, *Il dibattito sulla riforma della politica comunitaria di coesione economica e sociale*, *Rivista*

Giuridica del Mezzogiorno, 2004, p. 75 ff.; F. Gilioli, La riforma dei fondi strutturali: illustrazione preliminare delle proposte di regolamento per la fase di programmazione 2007-2013, *Il Diritto dell'Economia*, 2004, p. 649 ff.; A. Di Stefano, Sull'evoluzione del modello di intervento dei Fondi strutturali comunitari. La proposta di Regolamento del Consiglio recante disposizioni generali sul Fondo europeo di sviluppo regionale, il Fondo sociale europeo e il Fondo di coesione, *Rivista Giuridica del Mezzogiorno*, 2005, p. 623 ff.; G.P. Manzella, La nuova coesione europea tra processo di Lisbona ed allargamento, *Rivista Italiana di Diritto Pubblico Comunitario*, 2006, p. 533 ff.; J.-F. Drevet, *Histoire de la politique régionale de l'Union Européenne*, Belin, Paris, 2008. See also the contributions and documents on the cohesion reform process published in the *Rivista Giuridica del Mezzogiorno* since 2008. About the former Treaty provisions on the policy at issue see A. Malatesta, Articoli 158-162 (Titolo XVII, Coesione economica e sociale), F. Pocar (ed.), *Commentario breve ai Trattati della Comunità e dell'Unione Europea*, Cedam, Padova 2001, p. 640 ff.; F. Caruso, Coesione economica e sociale, A. Tizzano (ed.), *Trattati dell'Unione europea e della Comunità europea*, Giuffré, Milano 2004, p. 844 ff. For an economic analysis of the reforming assets of cohesion structural funds, see F. Boccia, R. Leonardi, E. Letta, T. Treu, *I mezzogiorni d'Europa. Verso la riforma dei Fondi strutturali*, Arel, Il Mulino, Bologna 2003.

[4] See A. Di Stefano, *Coesione e diritto nell'Unione Europea. La nuova disciplina dei Fondi strutturali comunitari nel Regolamento 1083/2006*, Ed.it, Catania, 2008.

[5] As for the East front, Albania, Bosnia-Herzegovina, Macedonia, Montenegro and Kosovo share the status of potential candidates to the EU membership.

[6], issue 20/2010, at
<http://www.dps.mef.gov.it/documentazione/uval/materiali_uval/european_regional_policy_muval20.pdf>; OCSE.

[7] Following the Community Strategic Guidelines on Cohesion adopted by the Council in 2006, which stated that “promoting territorial cohesion should be part of the effort to ensure that all of Europe’s territory has the opportunity to contribute to the growth and jobs agenda” (.....), the territorial perspective on economic and social cohesion has been highlighted by the European Commission in the following term: “From the frozen tundra in the Arctic Circle to the tropical rainforests of Guyane, from the Alps to the Greek islands, from the global cities of London and Paris to small towns and villages dating back centuries, the EU harbours an incredibly rich territorial diversity. Territorial cohesion is about ensuring the harmonious development of all these places and about making sure that their citizens are able to make the most of inherent features of these territories. As such, it is a means of transforming diversity into an asset that contributes to sustainable development of the entire EU. Issues such as coordinating policy in large areas such as the Baltic Sea region, improving conditions along the Eastern external border, promoting globally competitive and sustainable cities, addressing social exclusion in parts of a larger region and in deprived urban neighbourhoods, improving access to education, health care and energy in remote regions and the difficulties of some regions with specific geographic features are all associated with the pursuit of territorial cohesion. Increasingly, competitiveness and prosperity depend on the capacity of the people and businesses located there to make the best use of all of territorial assets. In a globalising and interrelated world economy, however, competitiveness also depends on building links with other territories to ensure that common assets are used in a coordinated and sustainable way. Cooperation along with the flow of technology and ideas as well as goods, services and capital is becoming an ever more vital aspect of territorial development and a key factor underpinning the long-term and sustainable growth performance of the EU as a whole. Public policy can help territories to make the best use of their assets. In addition, it can help them to jointly respond to common challenges, reach critical mass and realise increasing returns by combining their activities, exploit the complementarities and synergies between them, and overcome divisions stemming from administrative borders. Many of the problems faced by territories cut across sectors and effective solutions require an integrated approach and cooperation between the various authorities and stakeholders involved. In this respect, the concept of territorial cohesion builds bridges between economic effectiveness, social cohesion and ecological balance, putting sustainable development at the heart of

policy design [...]”. See the Communication from the Commission to the Council, The European Parliament, the Committee of the Regions and the European Economic and Social Committee, Green Paper on Territorial Cohesion Turning territorial diversity into strength, Brussels, 6.10.2008, COM(2008) 616 final, at
<http://ec.europa.eu/regional_policy/consultation/terco/paper_terco_en.pdf>. See also the Commission Staff Working Document and the results of the consultation at
<http://ec.europa.eu/regional_policy/consultation/terco/index_en.htm>; the Third (2004).

[8] Independent Report prepared at the request of Danuta Hübner, Commissioner for Regional Policy, by Fabrizio Barca, April 2009, at
<http://www.eurada.org/site/files/Regional%20development/Barca_report.pdf>; D. Hübner, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:DOC>>; the Fifth Report on Economic, Social and Territorial Cohesion, Investing in Europe’s Future cit. *supra*.

[9] Besides, following the entering into force of the Treaty of Lisbon, Article 3 of the Treaty on EU requires the Union to “promote economic, social and territorial cohesion, and solidarity among Member States”.

[10] See L. Hooge (ed.), Cohesion Policy and European Integration. Building Multilevel Governance, Oxford University Press, Oxford 1996; I. Bache, The Politics of European Union Regional Policy, Sheffield Academic Press, Sheffield 1998; Id., Multi-level Governance and European Union Regional Policy, in I. Bache, M. Flinders (eds.), Multi-level Governance, Oxford University Press, Oxford 2004, p. 163 ss. For further remarks on the multi-level governance of cohesion interventions, see R. Sapienza, La politica comunitaria di coesione economica e sociale come sistema di Multi-level Governance, in R. Sapienza (ed.), Politica comunitaria di coesione economica e sociale e programmazione economica regionale, Giuffré, Milano, 2003, p. 1 ff.; A. Di Stefano, La politica comunitaria di coesione economica,

sociale e territoriale. Profili problematici di una Multi-Level Governance, *Rivista Giuridica del Mezzogiorno* 2008, p. 749 ff.; Id., Coesione e diritto nell’Unione Europea, cit. , May 21, 2010, electronic copy available at <
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1646248>.

[11] For a more detailed discussion of our view on the matter, see G. Vitale, I principi generali del regolamento 1260/1999. Sussidiarietà, partenariato e addizionalità, *Rivista Giuridica del Mezzogiorno*, 2002, p. 1371 ff.; R. Sapienza, Sussidiarietà e partenariato nella programmazione degli interventi dei Fondi Strutturali. Prime considerazioni sulle ordinanze 15 marzo 2004 del Tribunale di prima istanza sui ricorsi degli Istituti greci di formazione professionale, *Rivista giuridica del Mezzogiorno*, 2004, p. 479 ff.; A. Di Stefano, Le politiche strutturali dell’Unione e europea e il principio di sussidiarietà, in R. Sapienza (ed.), *Politica comunitaria di coesione* cit., p. 51 ff; Id., I principi generali del modello comunitario di amministrazione per lo sviluppo: un’analisi empirica. Sussidiarietà e partenariato nella giurisprudenza della Corte di Giustizia, *Rivista giuridica del Mezzogiorno*, 2005, p. 61 ff.

[12] Sparsely populated regions have been defined in the context of Cohesion Policy when Sweden and Finland joined the EU under Objective 6 of the 1995-99 Structural Funds.

[13] The other way round, following the pragmatic EU Commission assessment, “the estimated impact of Iceland’s possible accession on EU cohesion policy and funding in the current situation and under current conditions is considered minimal”. Granted the Iceland’s above-EU average GDP/head (PPS), as well the status of its economic and demographical system, strictly speaking in terms of eligibility criteria for cohesion contributions, Iceland should get a limited share of EU co-funding. See the Commission’s conclusion on Chapter 22 of the Analytical Report accompanying the Opinion on Iceland’s application for membership of the European Union, p. 77, at
<http://ec.europa.eu/enlargement/pdf/key_documents/2010/is_opinion_analytical-

[report.pdf](#)>.

[14] Regulation (EC) No. 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999; Regulation (EC) No. 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999; Regulation (EC) No. 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC); Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999; Council Regulation (EC) No. 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94; Council Regulation (EC) No. 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), all published OJEU L 210, vol. 49, 31 July 2006, p. 1 ff. Official texts available at http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm.

[15] Consider. no. 65 of the Council Regulation n. 1083/2006. See also, cons. no. 27; Art. 13 “Proportional Intervention” and Art. 74 “Proportional control arrangements”.

[16] Ibid., Art. 9, para. 1. See also Art. 15 “Additionality . 1. Contributions from the Structural Funds shall not replace public or equivalent structural expenditure by a Member State. [...]”.

[17] Art. 9 “Complementarity, consistency, coordination and compliance”.

[18] Art. 11 “Partnership - 1. The objectives of the Funds shall be pursued in the framework of close cooperation, (hereinafter referred to as partnership), between the Commission and each Member State. Each Member State shall organise, where appropriate and in accordance with current national rules and practices, a partnership with authorities and bodies such as: (a) the competent regional, local, urban and other public authorities; (b) the economic and social partners; (c) any other appropriate body representing civil society, environmental partners, non-governmental organisations, and bodies responsible for promoting equality between men and women. Each Member State shall designate the most representative partners at national, regional and local level and in the economic, social, environmental or other spheres (hereinafter referred to as partners), in accordance with national rules and practices, taking account of the need to promote equality between men and women and sustainable development through the integration of environmental protection and improvement requirements. 2. The partnership shall be conducted in full compliance with the respective institutional, legal and financial powers of each partner category as defined in paragraph 1.”.

[19] Art. 16 “Equality between men and women and non-discrimination”.

[20] See A. Di Stefano, *Le politiche strutturali dell’Unione europea e il principio di sussidiarietà cit., supra*.

[21] See R. Sapienza, *Sussidiarietà e partenariato nel nuovo modello di intervento dei Fondi strutturali comunitari*, Studi in onore di V. Starace, Vol. II, Editoriale Scientifica, Napoli, 2008, p. 1201 ff.; see also *supra* at note 11.

[22] Cross-border cooperation which involves the NUTS level 3 regions of the Community along all internal and certain external land borders and all NUTS level 3 regions of the Community along maritime borders separated, as a general rule, by a maximum distance of 150 kilometres and focuses on the development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development; Trans-national cooperation, through the financing of networks and of actions conducive to integrated territorial development; Interregional cooperation, which can interest the European territory as a whole. Within the European Territorial Cooperation objective, the “territorial cohesion” approach is developing through the experiences of the macro regional strategies and the European Groupings on Territorial Cooperation (EGTCs). For a general comment of Regulation No. 1082/2006 cit., see L. Mascali, *Il Gruppo europeo di cooperazione territoriale. Introduzione al Regolamento 1082/2006*, Ed.it, Firenze-Catania 2010.

[23] Since the 1990s, territorial cohesion has been debated at EU intergovernmental level, mainly in the context of spatial planning policies. This highly debated issue led to the adoption in 1999 of the European Spatial Development Perspective (ESDP), as well to several initiatives, such as the first generation of transnational cooperation programmes under INTERREG and the institution of the European Spatial Planning Observatory Network (ESPON). On the development of spatial planning at the European level as a process enhancing common strategies of territorial cohesion in the pursuit of balanced development and good governance, see A. Faludi, *Cohesion, Coherence, Cooperation: European Spatial Planning Coming of Age?*, Routledge, 2010.

[24] The question is that of defining, under the next cohesion cycles of financial funding, what is, for instance, an island under the new treaty provision, what does “rural” exactly mean, when a region can be rightly qualified as a “mountainous region”, or how to identify a territory affected by industrial transition processes. See the ESPON Interim Report on Typology Compilation at
<http://www.espon.eu/main/Menu_Projects/Menu_ScientificPlatform/typologycompilation.ht

ml> (the partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland).

[25] The legal basis for this instrument is Council Regulation (EC) No. 1085/2006, adopted on 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), available at <http://www.adriaticipacbc.org/download/LEGAL_FRAMEWORK/Programme_regulations/REG_EC_1085_2006.pdf>, “Article 3 Principles of assistance - The Commission shall ensure that the following principles apply in relation to assistance under the IPA Regulation: — Assistance granted shall respect the principles of coherence, complementarity, coordination, partnership and concentration. — Assistance shall be coherent with EU policies and shall support alignment to the *acquis communautaire*. — Assistance shall comply with the budgetary principles laid down in the Council Regulation (EC, Euratom) No 1605/ 2002. — Assistance shall be consistent with the needs identified in the enlargement process and absorption capacities of the beneficiary country. It shall also take account of lessons learned. — The ownership of the programming and implementation of assistance by the beneficiary country shall be strongly encouraged and adequate visibility of EU intervention shall be ensured. — Operations shall be properly prepared, with clear and verifiable objectives, which are to be achieved within a given period. — Any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be prevented during the various stages of the implementation of assistance. — The objectives of pre-accession assistance shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment”.

[26] See at <<http://www.adriaticipacbc.org/>> .

[27] See M. Cassin, M. B. Zolin, Territorial Cooperation and regional economic development: a case study, Working Papers, Department of Economics, Ca’ Foscari

University of Venice, No. 09/WP/2008, ISSN 1827-3580.

[28] Under Art. 1 of the IPA Council Regulation (EC) no. 1085/2006, the overall objective of this instrument is that of “... assist the countries [listed in Annexes I and II] in their progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*, with a view to membership”. See Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), Official Journal L 210 , 31/07/2006 P. 0082 - 0093, available on line at <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0082:01:EN:HTML>> .

[29] See the Regulation (EC) No. 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument, at <http://ec.europa.eu/world/enp/pdf/oj_l310_en.pdf>; see also on the overall strategy <<http://www.enpi-info.eu/index.php>>. Subsidiarity and Partnership/Cooperation models can be assumed s general guidelines of the ENPI legal framework.

[30] See the European Commission (Enlargement) Candidate State webpage on Iceland, at <http://ec.europa.eu/enlargement/candidate-countries/iceland/index_en.htm> and the official webpage documenting the accession process at <<http://europe.mfa.is/phase-2—negotiation-process/>>.

[31] See at <http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/118487.pdf>.

[32] See at

http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/strategy_paper_2010_en.pdf

[33], called screening, in order to explain it to the Icelandic authorities, to assess the state of preparation of Iceland for opening negotiations in specific areas and to obtain preliminary indications of the issues that will most likely come up in the negotiations”, Negotiating Framework, § 30, at <http://ec.europa.eu/enlargement/pdf/iceland/st1222810_en.pdf>.

[34] On a proposal by the Government, the Icelandic parliament voted in favour of applying to join the EU, while public opinion and political parties in Iceland were still quite divided on the question of European membership. The popular consent to the accession has been however progressively growing during the first phases of accession procedure. The Government of Iceland submitted *its application for EU-Membership* to the Swedish Presidency of the Council of the EU in a letter dated on 16 July. See the formal application for membership at < http://eeas.europa.eu/iceland/iceland_application.pdf>.

[35] Article 49 of the TEU states: “Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union. The European Parliament and national Parliaments shall be notified of this application. The applicant State shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the consent of the European Parliament, which shall act by a majority of its component members. The conditions of eligibility agreed upon by the European Council shall be taken into account’. Article 2 states that ‘the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the

rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail”.

[36] In Copenhagen in June 1993, the European Council concluded that: Accession will take place as soon as a country is able to assume the obligations of membership by satisfying the economic and political conditions required. Membership requires: that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union; the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union. The Union’s capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries. In December 1995, the Madrid European Council referred to the need ‘to create the conditions for the gradual, harmonious integration of [the applicant] countries, particularly through the development of the market economy, the adjustment of their administrative structures and the creation of a stable economic and monetary environment’. In December 2006, the European Council agreed that ‘the enlargement strategy based on consolidation, conditionality and communication, combined with the EU’s capacity to integrate new members, forms the basis for a renewed consensus on enlargement’”. See the opinion of the European Commission, *supra*, at. pp. 5-6.

[37] See Communication from the Commission to the European Parliament and the Council, Commission Opinion on Iceland’s application for membership of the European Union, COM (210) 62, Brussels, 24 February 2010, at http://ec.europa.eu/enlargement/pdf/key_documents/2010/is_opinion_en.pdf>. See also the European Parliament resolution of 7 July 2010 on Iceland’s application for membership of the European Union, at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0>

278+0+DOC+XML+V0//EN>.

[38] See the Commission Opinion on Iceland’s application for membership, *supra*.

[39] The Negotiating Framework is the core reference for the accession negotiations with a candidate country. It points out areas where special efforts are necessary to fulfil the accession criteria, which in the case of Iceland include fisheries, agriculture and rural development, environment, free movement of capital, and financial services. Iceland is the third country with which the EU is currently negotiating accession, after Croatia and Turkey, which both opened accession negotiations in 2005.

[40] Enlargement and European Neighbourhood Policy Commissioner, Stefan Füle, said: “The opening of accession negotiations today marks a new chapter in the history of our relations with Iceland. Accession should be a win-win situation for both sides. For Iceland, it will mean economic and monetary stability and a voice at the EU decision making table. For the EU, it will mean we become stronger in dealing with the Arctic region and in areas such as renewable energy and climate change”. EU press release, at

<<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1011&format=HTML&aged=0&language=EN&guiLanguage=en>>.

[41] Each chapter of the *acquis* covers a specific policy area. Ch. 22 specially refers to “Regional policy and coordination of structural instruments”. For more useful data on Iceland EU membership and the Cohesion Policies instruments, see, *inter alia*, at <<http://www.statice.is/>>, and <www.nordregio.se>.

[42] “The EU accession process is coordinated by the chief negotiator mandated by the Minister for Foreign Affairs to lead accession negotiations on behalf of Iceland; he/she is assisted by the chairpersons of individual negotiation teams and other representatives on Iceland’s negotiation committee. Assessing the compatibility of new legislation with EU/EEA acquis remains the responsibility of each ministry. The Ministry of Foreign Affairs may intervene in an advisory capacity, but its opinion is not binding for the ministry concerned”. See the Commission’s Opinion Analytical report, at p. 15.

[43] For a short survey of Iceland international status and memberships, see at the EEAS webpage <http://eeas.europa.eu/iceland/index_en.htm>. On Icelandic intergovernmental cooperation in Europe, see also <http://www.oecd.org/country/0,3731,en_33873108_33873476_1_1_1_1_1,00.html>.

[44] The EEA provides a framework for regular meetings between Iceland and the EU at political level, including the twice-yearly EEA Council meeting of Foreign Ministers. Starting in 1981, regular meetings have taken place between the European Parliament and the Committee of Members of Parliament of EFTA Countries. Since the entry into force of the EEA Agreement, these relations have been institutionalised in the EEA Joint Parliamentary Committee. In addition, bilateral meetings between Icelandic parliamentarians and Members of the European Parliament take place on a regular basis. Participating in the single market for over 15 years through the EEA Agreement, Iceland has adopted a significant part of European Union law. The EFTA Surveillance Authority (ESA) regularly monitors Iceland’s performance under the EEA Agreement. Overall, Iceland has a satisfactory track record in implementing its EEA obligations. Against the background of the financial crisis, Iceland invoked the exceptional balance of payments safeguards allowed for non-Eurozone countries. These temporary safeguards – some of which were lifted in November 2009 – restrict capital flows between Iceland and EU/EEA members

[45] on fisheries is very extensive, covering a wide range of matters. See
<<http://www.mfa.is/speeches-and-articles/nr/6176>>.

[46] The EEA Agreement covers the EU acquis under most of negotiating framework chapters: free movement of goods, workers and capital, right of establishment and freedom to provide services, public procurement, company law, intellectual property law, competition, financial services, information society and media.

[47] As reported by the EU Commission analytical opinion, since the launch of the 7th Framework Programme, Iceland participates effectively as an associated country in European R&D projects with the majority of the Icelandic FP7 contributors taking part in health and environment projects. Iceland does not engage in nuclear research and has never been associated to the Euratom framework programmes for research and technological development. In the field of education and culture, the EEA Agreement partly covers the provisions of the acquis concerning the coordination of policies and the education of children of EU migrant workers. Indeed, there is a long history of cooperation with Iceland in the field of education, training and youth: the country has been participating in EU programmes on education and youth for about fifteen years. More recently, Iceland takes part, with Croatia and Turkey, in the “Education and Training 2020” framework.

[48] The EEA/EFTA States have contributed to European cohesion efforts ever since the EEA Agreement entered into force in 1994. The ‘EEA and Norway Grants’ are Iceland, Liechtenstein and Norway’s contribution aiming at reducing economic and social disparities in the European Economic Area as well at strengthening bilateral relations between donor States and the 15 beneficiary States in Central and Southern Europe (Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain). The EEA Grants are contributions funded jointly by Iceland, Liechtenstein and Norway, while the Norway Grants are funded by Norway alone

(see EU Commission, Opinion Analytical Report on Iceland, p. 7, note 3). For the period 2004-2009, Iceland provided approximately € 29 million for project funding in a number of EU Member States through EEA Grants. The EEA Grants and Norway Grants 2009-14 thematic programmes focus on important areas for the European Cohesion strategies, mainly linked to environmental and climate change issues, the strengthening of civil society in Central and Southern Europe, as well as to the financial support to the fields of research and scholarships, cultural heritage, human and social development, health, and the justice. In the period 2004-2009, Iceland, Liechtenstein and Norway made available €1.307 billion in support to the **15 Central and Southern European countries** – €672 million through the EEA Grants and €635 through the Norway Grants. Supported projects, programmes and funds will be in implementation until April 2011. In the period 2009-14, financial support is made available for programmes in the 15 European beneficiaries countries: Of the total € 1.79 billion, € 988.5 million is provided through the **EEA Grants** and €800 million through the **Norway Grants**. See the project portal at <<http://eeagrants.org>> and the 2010 Status Report – http://eeagrants.org/asset/2639/1/2639_1.pdf>. As clearly stated by the **Protocol 38a of the EEA Enlargement Agreement, on the EEA Financial Mechanism** (available at <http://eeagrants.org/asset/107/1/107_1.pdf> the EEA Grants>), the EFTA States contribute to the reduction of economic and social disparities in the European Economic Area in cooperation with the European Commission and under a procedural framework based on the same general principles of EU cohesion strategies, such as multi-annual planning, additionality, cooperation, subsidiarity and shared responsibilities. Moreover, under Art. 7.3, “Any relevant changes in the Community’s cohesion policies shall be taken into account, as appropriate”.

[49] Commission Regulation (EC) No. 1560/2003 of 2 September 2003 laying down detailed rules for the application of Council Regulation (EC) No. 343/2003 establishing the criteria and mechanisms for determining the Member State responsible for examining an asylum application lodged in one of the Member States by a third-country national, at <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:222:0003:0023:EN:PDF>>, which reads “In accordance with Article 4 of the Agreement of 19 January 2001 between the European Community and the Republic of Iceland and the Kingdom of Norway concerning

the criteria and mechanisms for establishing the State responsible for examining an application for asylum lodged in a Member State or in Iceland or Norway (5), this Regulation is to be applied by Iceland and Norway as it is applied by the Member States of the European Community. Consequently, for the purposes of this Regulation, Member States also include Iceland and Norway” (Consid. No. 8).

[50] In 2007, the IPA replaced various pre-accession programmes supporting candidate countries in their preparation for EU membership. Through IPA, the EU provided support in areas such as strengthening the democratic institutions and the rule of law, reforming public administration and the economy, promoting respect for human as well as minority rights and gender equality, supporting the development of civil society and advancing regional co-operation. It has also contributed to sustainable development and poverty reduction.

[51] Enlargement and European Neighbourhood Policy Commissioner Stefan Füle stated: “This decision underlines our commitment to support Iceland’s accession process. We encourage the country to do what it takes to ensure a successful accession to the European Union”. The amendment to the IPA regulation, co-signed on June 16th by the Presidents of the European Parliament and the Council of the European Union, now enters into force and ensures Iceland will be able to receive targeted assistance during the accession process.

[52] The focus of existing IPA programmes will in Iceland’s case be on areas such as statistics and preparation for participation in EU agencies, whereas technical assistance through the TAIEX instrument will principally take the form of workshops, study visits and expert missions.

[53], January 2011, at

<http://eng.efnahagsraduneyti.is/media/Acrobat/Pre-Accession-Economic-Programme-2011_Iceland.pdf>. “The policies put forward in the Pre-Accession Programme are intended to build a foundation for sustainable growth to support a Nordic welfare society based on equality and fairness”. Reshaping efforts of institutional and legal environments will be also lead towards local government policy: “[...] at the beginning of 2011, the government issued a plan for coordinated action between the central government and each individual region, thus creating a new concerted regional policy. The proposed plans would cover the financing of projects in a long-term investment programme through a coordination of economic growth efforts, cultural progress initiatives and the reorganisation and alignment of the support systems for employment and regional policy. The prioritisation of investment projects in each region will be decided by the people of the region. The priorities should take account of plans for regional policy programmes, the self-sustaining use of energy, natural resources and the products of each region, the simplification and reorganisation of the support system for employment and regional development of each region and the policy for the cooperation of educational institutions and the centres for know-how and initiative development in each region”.

[54] See EU Commission, Opinion Analytical Report on Iceland, *supra*, at p. 53.

[55] See EU Commission, Analytical Report cit. *supra*, pp. 76-77.

[56] 2008, the IMF approved Iceland’s request for a two year stand-by arrangement. See at < <http://www.imf.org/external/country/isl/index.htm?pn=0>>.

[57] See Communication from the Commission to the European Parliament and the Council,

Enlargement Strategy and Main Challenges 2010-2011, Brussels, 9.11. 2010, COM(2010) 660, available at

<http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/strategy_paper_2010_en.pdf>. "Good progress was made to further improve the legal framework related to conflict of interests and the financing of political parties. The rules on the appointment of judges were amended with the aim of further strengthening the independence of the judiciary. The Important steps of economic stabilisation have been taken. Progress has been made in consolidating public finances and restoring the financial system. The IMF programme is on track. However, economic uncertainties and challenges remain. Iceland will need to address existing obligations, such as those identified by the EFTA Surveillance Authority (ESA) under the European Economic Area Agreement. Substantial efforts are needed to ensure that citizens in Iceland are properly informed about what EU membership entails".

[58] On the recent reforming process of Icelandic territorial administrative system, see the on line report Administrative Reform – Argument and Values, Nordic Research Programme 2005-2008 – Report 6, Nordregio 2008, at p. 31 ff.

(<http://www.nordregio.se/filer/Files/NRP_R6.pdf>). "Iceland has a two-tiered administrative system with the state and the municipalities as the only levels of administration. Unlike Finland, Iceland does not have an indirectly elected regional level. Many Icelandic municipalities are small in population terms. The average municipality has ca 4,000 inhabitants, while the median size is ca. 500 inhabitants. The smallest are agricultural communities without any village, in some cases with a population of only 50 inhabitants. At the same time, Iceland is an urbanised country where the capital region's share of the population is about 75% if we look at the travel-to-work area. There is therefore a diverse structure, with a very limited number of relatively large municipalities and a large number of extremely small ones which are often located far from other settlements. The tasks of the local government are also more limited in Iceland than in the other Nordic countries. The municipal structure makes it more difficult to use the local government structure as a vehicle for welfare delivery. A more robust structure of local government has been seen as a precondition for the development of the municipal sector particularly in respect of it gaining more responsibilities. The Icelandic government has therefore repeatedly encouraged municipal mergers, but until recently with only limited success. The

parliament has in principle said that amalgamations shall be voluntary and that it must have popular support in all of the municipalities concerned. And with widespread resistance against change, especially in the smaller municipalities, it has been impossible to implement a broad reform that also makes it possible to change the division of responsibilities between central and local government. [...] There seems to be a widespread wish in Iceland to strengthen the local level of government. The municipalities’ share of public sector employment is about 30%, which is considerably less than in other Nordic countries. The responsible ministries as well as the Federation of Municipalities have long worked towards a more decentralised situation where the municipalities have responsibility for local services. They took on responsibility for primary schools, and the next step will probably be to take over new responsibilities in the field of services for handicapped and elderly citizens. The municipal structure is however seen as a major impediment to this development, and structural reforms commenced in 1993 and 2003 – both failing. Thus no plans currently exist for similar top-down initiatives. Discussions in respect of new responsibilities are however expected to continue. As when responsibility for primary schools was transferred to local administrations in 1996 this is expected to increase the pressure on the small municipalities. As long as inhabitants continue to reject structural change in the mandatory referendums it will be necessary to develop alternative forms of local service provision. Icelanders have here been looking towards Finland and their systems for single task co-operation bodies organised as joint municipal boards. Also the Norwegian “host-model” is being looked at where smaller municipalities buy services from nearby towns. It is interesting to note that the Federation of Municipalities has twice participated in a process that obviously lacked popular support. The main division line seems however to be between those actively engaged in local politics and their electorate rather than between the Federation and its members. For outsiders, the resistance to municipal amalgamations may be difficult to understand in situations where units are too small to deliver the services they are obliged to. One possible explanation here relate to the Local Authorities’ Equalisation Fund, which assists the economically weakest municipalities to fulfil their service obligations. Another factor may be the uncertainty that follows structural change. Resistance is most pronounced in small communities. There tends also to be a large negative female vote in the referenda, and an important factor here is probably that women tend more often than not to work for the local municipality, and they also in many cases bear the main responsibility for the daily life of their families. Municipal amalgamations will therefore potentially bring changes regarding the daily routines of families and as such

resistance is a natural human reaction. There is of course a significant distance between administrative structures and people’s daily life”.

[59] Communication from the Commission to the European Parliament and the Council, The European Union and the Arctic Region, Brussels, 20.11.2008 (COM(2008) 763 final), available at
<<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0763:IT:NOT>>.

[60] In addition to the four partners, some other external actors also take part actively in the ND Policy: the Council of the Baltic Sea States (CBSS), the Barents Euro Arctic Council (BEAC), the Arctic Council (AC), the Nordic Council of Ministers (NCM), international financial institutions, such as the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the Nordic Investment Bank (NIB), regional and sub-regional organizations and authorities, NGOs and other civil society organizations. Canada and the United States also participate as observers.

[61] See at <http://eeas.europa.eu/north_dim/docs/pol_dec_1106_en.pdf>; see also the ND Policy Framework Document at
<http://eeas.europa.eu/north_dim/docs/frame_pol_1106_en.pdf>.

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