



Brussels, 27.6.2013
COM(2013) 468 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

concerning the added value of macro-regional strategies

{SWD(2013) 233 final}

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

concerning the added value of macro-regional strategies

1. Introduction

The macro-regional concept arose from a wish for a collective response to environmental deterioration of the Baltic Sea, and for concerted action on challenges and opportunities of that region. This resulted in the EU Strategy for the Baltic Sea Region (EUSBSR), adopted 2009. The EU Strategy for the Danube Region (EUSDR) was adopted in June 2011, and the European Council invited the Commission to present an EU Strategy for the Adriatic and Ionian Region by end 2014 subject to the evaluation of the concept.¹ Other regions are considering the merits of the approach.

The objective is a coordinated response to issues better handled together than separately. The two strategies aim to overcome obstacles holding up development, and unlock the potential of the regions. They seek to place issues in a multilateral setting, and to reach out beyond current EU borders to work as equals with neighbours. The approach encourages participants to overcome not only national frontiers, but also barriers to thinking more strategically and imaginatively about the opportunities available.

The aim of a macro-regional strategy is to mobilise new projects and initiatives, creating a sense of common responsibility. They are an important innovation in territorial cooperation and cohesion. Nevertheless, this approach – building on a tradition of cooperation evolving from Community initiatives such as INTERREG² – has to be judged by results, and success measured against effort required. While the approach itself enjoys a certain popularity, implementation is challenging, with improvements needed to deliver real value added in the most efficient and sustainable way.

1.1 The purpose of the Report

The Council asked the Commission to ‘clarify the concept of macro-regional strategies, to evaluate their value added and submit the outcomes to the Council and the European Parliament by June 2013’.³

This Report:

- seeks to clarify the concept;
- evaluates the added value of existing macro-regional strategies;
- provides recommendations for future work.

It considers achievements to date, both advantages and difficulties, against the overall EU policy framework, including the Europe 2020 Strategy, and the territorial perspective now present in the Treaties.

1.2 Method of Assessment⁴

¹ European Council Conclusions of 13-14 December 2012, point 26.

² Now the European Territorial Cooperation programmes.

³ General Affairs Council Conclusions of 13 April 2011, point 20.

This work is based on a number of inputs, including:

- Reports by the Commission on the EUSBSR and EUSDR, and subsequent Council Conclusions and EUSBSR Communication in March 2012;
- an extensive survey of over 100 key stakeholders;
- independent assessments by external experts;
- a review of relevant academic and policy-development literature.

Commentators advise that:

- as both existing macro-regional strategies are relatively new, their impact is still hard to judge, and has to be measured in the medium to long-term;
- a distinction should be drawn between the worth of the overall concept, and issues in implementation.

2. The concept of a macro-regional strategy

Many elements provide a basis for macro-regional cooperation: a regional sense of identity; a wish for common strategic planning; and a willingness to pool resources.

Initial definitions⁵ are now being consolidated in the Common Provisions Regulation for 2014–2020⁶, which says that a macro-regional strategy:

- 1) is an integrated framework relating to Member States and third countries in the same geographical area;
- 2) addresses common challenges;
- 3) benefits from strengthened cooperation for economic, social and territorial cohesion;

A macro-regional strategy should be endorsed by the European Parliament and Council.

The concept also incorporates principles of:

- *integration* – objectives should be embedded in existing policy frameworks (EU, regional, national, local, pre-accession), programmes (EU, country-specific, territorial cooperation, sectorial), and financial instruments;
- *coordination* – policies, strategies and funding resources should avoid compartmentalisation whether between sectorial policies, actors or different tiers of government;
- *cooperation* – countries should cooperate, and sectors also, across the region, changing the ‘mind-set’ from inward to outward-looking regional development ideas;
- *multi-level governance* – different levels of policy-makers should work better together, without creating new tiers of decision-making;
- *partnership* – EU and non-EU countries can work together on the basis of mutual interest and respect.

⁴ All inputs are available on the EUSBSR and the EUSDR websites.

⁵ E.g. Macro-regional strategies in the European Union (September 2009).

http://ec.europa.eu/regional_policy/cooperate/baltic/pdf/macoregional_strategies_2009.pdf.

⁶ Proposal for Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. COM (2011) 615 Final, as amended.

Objectives vary according to the needs of the region concerned. Prominence should, however, be given to issues which are of strategic relevance, providing genuine value-added in relation to horizontal community policies, with particular reference to the Europe 2020 Strategy. Both challenges and opportunities must be included, as countries at different stages of development have different priorities:

- *challenges*, where increased cooperation is crucial (e.g. environmental, climate or connectivity issues);
- *opportunities*, where increased cooperation is of mutual interest, with joint initiatives, networking, sharing of experience, pooling of funding (e.g. research, innovation, business, capacity-building).

This dual aspect is noted in Council Conclusions of June 2012⁷, endorsing the approach as deepening the EU internal market and competitiveness, facilitating implementation of Integrated Maritime Policy (especially Blue Growth), as well as addressing shared pollution challenges or missing infrastructure links. In addition, the strategies can be used to mobilise joint efforts on innovation, climate action, risk management, security issues, and tourism.

3. Value-added of macro-regional strategies

The two existing macro-regional strategies operate with no additional EU funds, no new institutions, and no new legislation. This has required more coherence between funds, structures and policies. The strategies have created working structures around priority areas, selected in a bottom-up process of consultation, with political leadership in each area taken by participating countries, regions or organisations, supported by the Commission as facilitator.

3.1 Results in terms of projects, actions, decisions, networks

The implementing reports of the EUSBSR and the EUSDR highlight that macro-regional strategies have helped to develop new projects or have given momentum to existing transnational projects. Flagship projects alone number over 100 in the Baltic Sea region, with many other spin-off projects, while over 400 projects worth € 49 bn overall are being considered by the EUSDR, of which 150 are already in implementation.

Projects

- The status of the Baltic Sea is improving, nutrient loads are being addressed through projects like CleanShip (which reduces pollution from vessels), or those phasing out phosphates in detergents, while better collaboration on fisheries management is facilitated by project BALTFISH;
- Prevention of flooding in the Danube region is a major concern, addressed by projects like DANUBE FLOODRISK, providing shared databases and flood mapping;
- Improvement of E-infrastructure: projects in the 7th Framework Programme to improve availability of advanced computing services to researchers have been launched in the Danube Region;
- As part of adaptation strategies for Danube and Baltic regions, actions re climate change are being planned together by Member State institutions, e.g. under BALTADAPT.

⁷ General Affairs Council Conclusions of 26 June 2012, point 7.

The macro-regional approach also facilitates networking and joint initiatives.

Joint initiatives

- the BONUS Baltic Sea Research and Development Programme is fostering research cooperation in clean tech and eco-innovation;
- SMEs are being supported through the Danube Region Business Forum.

The approach also facilitates political decisions at collective level. Navigability of Danube waterways is being improved, for example, via the July 2012 ministerial Declaration on maintenance, or the recent agreement between Romania and Bulgaria to share equipment.

3.2 Improved policy development

Macro-regional strategies provide regional building blocks for EU-wide policy, marshalling national approaches into more coherent EU-level implementation. Macro-regional work has a particular impact on the Integrated Maritime Policy, the Trans-European Transport Network (TEN-T), the Trans-European Energy Network (TEN-E), and civil protection cooperation. The expert report on environment matters sees macro-regional strategies in general as encouraging implementation of EU directives.⁸

Contributions to connectivity

- a macro-regional perspective to planning infrastructure investment in TEN-T frameworks is developing, e.g. Baltic Transport Outlook, providing analytical/planning support;
- to ensure gas supply security, the Danube Region Gas Market Model supports planning of infrastructure projects, and removal of technical and other transnational market barriers.

Although the survey of key stakeholders of the EUSBSR and EUSDR also points to the macro-regional approach being an impetus for mobilising different EU, regional and national policies, stakeholders underline that more time and effort is needed, EUSBSR respondents being more positive in this respect (over 55%) than those in the Danube region (33%), probably because of earlier start.

Integrating EU concerns in national policy-making

- The EUSDR targets on inland waterways form part of the new Austrian Master Plan for Transport;
- Nordic health and life science innovation strengths, expanded to the Baltic context by the project ScanBalt Bioregion, are taken up in the Estonian strategy for biotechnology, with networking to neighbours giving critical mass.

⁸ Á. Kelemen. Assessing the added value of macro-regional strategies – Environment. 2013.

3.3 Improved value for money

Making money work harder is important at a time of restricted budgets. The macro-regional approach helps align EU programmes to act together on major shared goals. Lack of additional EU money also pushes implementers to seek funds more actively. This has stimulated:

- the Danube Finance Dialogue (matching of project ideas to funds, bringing together project promoters with banks, international financing institutions and funding programmes);
- the EUSBSR Seed Money Facility (small funding to develop project ideas to the point of loans or grants).

Available resources are concentrated on higher-level priorities: ‘Sweden or Finland in the Baltic Sea region or the land of Baden-Württemberg in the Danube region have mobilised own resources to implement initiatives in the framework of the macro-region strategies’⁹. The private sector is also involved, whether through work with the Baltic Development Forum, or e.g. in removing shipwrecks from the Danube, Sava and Tisa.

The strategies also encourage pooling of resources: ‘in terms of financial engineering, the scope for creating seed/early-stage and venture funds in the macro-regions is considerable, since few countries [...] have a sufficient ‘deal-flow’ of viable start-ups to sustain specialised funds [...] the macro-region may provide a sufficient critical mass’.¹⁰

3.4 Greater integration and coordination

Most stakeholders surveyed see the process as improving existing cooperation mechanisms (over 60%), and strengthening cooperation between participating countries (over 75%). Political leaders also emphasise the wider integration aspects.¹¹

Just as importantly, strategies enhance cooperation between authorities inside countries. Respondents to the survey, as well as the independent assessments and literature review, underline integrated approaches to issues of macro-regional importance. For example the EUSBSR ‘has enabled a cross-sectorial approach to environmental issues. This has helped address problems where previously Helsinki Commission (HELCOM), which has an environmental focus, has not been able to curb many of the sectorial interests (e.g. agricultural) which drive environmental issues (eutrophication).¹²

Greater coordination

- in the Danube region, better links are developing to existing initiatives, such as the International Commission for the Protection of the Danube River (ICPDR), the Energy Community, the International Organisation for Migration and the Black Sea Synergy;
- in the Baltic Sea region, joint work is increasing between Northern Dimension (ND), CBSS, Nordic Council of Ministers and other frameworks, mobilising together their structures such as VASAB for coordinated spatial planning, or the ND Partnership for Transport and Logistics;

⁹ A. Reid. Do macro-regional strategies boost innovation and competitiveness?

¹⁰ Ibid.

¹¹ E.g. Chancellor Merkel at the EUSDR Annual Forum 2012, President Ilves at the Ministerial Conference on the EUSBSR 2009.

¹² Á. Kelemen. Ibid.

– in the Baltic Sea region, joint work is ongoing on hazard scenarios, while in the Danube there is greater coordination on security threats such as organised crime.

3.5 Tackling regional inequality and promoting territorial cohesion

Over 60% of survey respondents, as well as academic commentators¹³, see the strategies as tools to increase social, economic and territorial cohesion. The European Parliament states they ‘also could be useful instruments for identifying and combating regional disparities and for promoting convergence between European regions’.¹⁴

3.6 Promoting multi-level governance

The macro-regional approach can only work if there is strong cooperation between regional, national, and local levels to plan together and align funding. It reinforces multi-level governance as an element of Cohesion Policy, given the variety of actors involved. Civil society is also present, and the approach is based on broad bottom-up consultation. Several regions and (in the EUSBSR) regional organisations serve as coordinators.

3.7 Improved cooperation with neighbouring countries

The two strategies help improve cooperation with neighbours. In the EUSBSR, Russia, though not part of the strategy itself, has agreed on a list of common projects. Norway and Iceland have also been actively involved, especially on logistics and social issues. In the EUSDR, with non-EU countries with varying membership perspectives, the Strategy facilitates the preparation of candidates and potential candidates. Almost 80% of EUSDR respondents consider that the strategy has improved cooperation with neighbouring countries, serving as a platform for the future. This opportunity to experience EU policies and processes, in common activities, should also be part of future work.

4. Lessons learnt and challenges to overcome

If the added value of the strategies is clear, it remains essential to improve implementation methods.

- **Choosing the right objectives**

The objectives of each strategy are divided into priority areas emerging from the consultation process, and may be reviewed, as recently in the EUSBSR. Most survey respondents believe the objectives of the EUSBSR and the EUSDR address the main challenges (over 80%), but fewer are convinced by the number of priority areas (60% see the number as reasonable, 26% – neutral, 14% – too many), overall a bigger issue in the EUSBSR, which has more priorities.

- **Maintaining political commitment**

¹³ A. Dubois, S. Hedin, P. Schmitt, J. Sterling. EU macro-regions and macro-regional strategies. Nordregio, 2009.

¹⁴ European Parliament, Report: on optimising the role of territorial development in cohesion policy (December 2012).

High-level political commitment has been evident in the initial calls for the strategies, in Council Conclusions, and in statements at major events like the Annual Fora. While this is important¹⁵, survey respondents believe it is not always followed through. Comments show it varies by country, by institution, and at different levels of decision making: 38% agree that the political commitment is high, 30% disagree, with 32% neutral, with EUSBSR less positive than EUSDR, and strategy ‘insiders’ being less convinced than ‘outsiders’.

- **Funding**

While alignment of funds has significant potential, the EUSBSR and EUSDR were launched in mid – financial period, making coherence with existing policies and programmes at times problematic. Use of loans has been constrained by debt levels.

Almost 50% of survey respondents disagree that ‘alignment of policy-making and funding with objectives has been successfully achieved’, although EUSBSR is more positive, reflecting the earlier start. Insufficient resources in non-EU countries remain a challenge.

Experience shows that European Territorial Cooperation (ETC) programmes are the main source of funding. However, in implementing the approach, all policies and programmes, including country-specific ones, as well as private sources, support from financial institutions (e.g. European Investment Bank) etc., should be mobilised. If the macro-regional approach is to succeed, it must be embedded in 2014–2020 programming by providing explicit references in Partnership Agreements as well as in programme texts. This requires attention across all ministries, to develop a positive investment climate. The blending of grants and loans, e.g. through the Western Balkans Investment Facility, is a valuable way forward, particularly for non-EU countries.

In general, the approach should increase the impact of all available funding, strengthen the implementation of existing ‘acquis’, and improve use of existing structures.

- **Organisation and governance**

The survey confirms that macro-regional strategies remain a challenge to the administrations concerned. Difficulties include lack of human resources, changes of staff, and poor knowledge. With staffing and travel cuts, the frequent meetings (e.g. EUSDR priority area steering groups) are not always well attended.

Commentators note the complexity of structures. They call for ‘stronger leadership (to) help to keep a minimum of intensity and commitment while a stronger focus may help to reduce the complexity of implementation mechanisms’.¹⁶

Survey respondents also call for improved exchange of experience within and between macro-regions, and want better cooperation between all levels of governance.

- **Measuring progress**

Indicators provide markers against which progress can be measured. Both EUSDR and EUSBSR have strategy level targets. Work on setting indicators at priority area/horizontal action level is foreseen in 2013.

¹⁵ K. Böhme. Added value of macro regional strategies: A governance perspective. 2013.

¹⁶ Ibid.

This is a challenging task, as progress against indicators is due to factors not exclusive to the strategies, whose specific contribution is hard to measure. Programme targets and indicators should be consistent with the strategy level work.

The EUSDR and EUSBSR also use different approaches (the former at more headline general level, the latter with more detail and local input). However, further work is required: while agreed indicators and targets are essential to focus effort, progress should also be seen in terms of networks created, projects successfully pursued, and improvements in integration and coordination.

5. The Way Ahead – recommendations

5.1 Realising the full potential of the strategies

To realise the potential of the approach the following will be crucial:

- All participants must recognise their macro-regional strategies as horizontal responsibility of their governments as a whole;
- All partners must seize the funding opportunity offered by inclusion of the approach in the new generation of Regulations, especially in Partnership Agreements and Operational Programmes, so that the principle of embedding the approach in all decisions ('mainstreaming') can be achieved;
- New (Danube and South-East Gateway) and existing transnational programmes (Baltic Sea region) must be fully exploited, as should instruments such as European Groupings of Territorial Cooperation (EGTCs) and Integrated Territorial Investment. Good practice should be shared, working closely with the INTERACT programme;
- Operational problems inside administrations should be tackled with appropriate staff and resources. Modern communication means should be fully exploited to avoid undue burdens or unnecessary travel;
- The coherence and credibility of macro-regional work needs regular review in relevant sectorial Councils, and in ad hoc meetings of ministers on specific topics. Continued input from the public is important;
- Monitoring and evaluation of the approach should be based on realistic indicators and targets as well as an overview of priority area activities;
- If there are concerns about performance or relevance, sunset clauses should be introduced for the priority concerned, with the option of reducing the number or changing the focus of priority areas;
- Greater attention should be given to communication of the strategies' purpose and achievements, and the bottom up approach taken at the start should be maintained.

5.2 Leadership in the regions and the role of the Commission

The key to the future will be stronger leadership, reinforcing ownership in the regions concerned, delivering clear decision-making and greater visibility. While the Commission will continue to play a key role, its support must be better balanced by effective leadership within the regions concerned.

The Commission proposes a review process to be finalised by the 2014 Annual Fora of the existing strategies. This process should consider operational improvements, as well as options to improve political leadership. Clearly, given the strategies' varied states of advancement,

and their diverse roots, the way forward may be different in each case. However, the following points are important:

- In line with the current regulatory proposals, transnational programmes can in future play a more significant role in supporting implementation. EGTCs may also provide opportunities.
- The current systems for managing the strategies (PACs, NCPs) are just becoming established. Calls for simplification should take into account potential delays that changes could bring.
- Member States and partner countries should consider how to reinforce their ownership of the strategies, and the appropriate response to calls for a more easily recognisable leadership. The choices must take into account issues of legitimacy, accountability, and continuity.
- The Commission facilitates the strategies, ensuring coherence and continuity, as well as a clear EU dimension and added value. However, its resources are limited and measures must be considered to enable it to play an appropriate role.
- The potential for involving public and other EU institutional Fora in the governance of the strategies should be considered.

5.3 New strategies

When considering the launch of any new EU macro-regional strategy the following should be borne in mind:

- New initiatives should only be launched if there are particular needs for improved and high-level cooperation. These should be of strategic importance for the macro-regions and translated into a limited number of well-defined objectives with an appropriate set of indicators to measure progress. Common challenges (such as environmental deterioration, climate change adaption, impact of natural and man-made disasters, connectivity gaps, striking income disparities) and/or opportunities (such as openings for research networks, expanded markets, modernising administrations) should be evident, as well as agreed geographical identity. It is therefore an approach only to be used in particular circumstances where involvement of the EU is appropriate, and existing EU horizontal policies reinforced.
- There must be readiness to translate political commitment into administrative support. Only with this are there good prospects of success.
- Macro-regional and sea-basin strategy approaches answer similar aspirations. The EUSBSR combines characteristics of both, while an Adriatic and Ionian macro-regional strategy could use the adopted maritime strategy¹⁷ as one of its key components.
- The current macro-regions may well not have exhausted all possible paradigms. It is easy to envisage regional cooperation inspired by this model, but without involvement of the Commission, or based more exclusively on a transnational programme. Those seeking to intensify cooperation and integration should look for the best fit for their situation.

EU macro-regional strategies should demonstrate particular added-value at EU level, such as better enforcement of EU environmental legislation, or specifically intensified investment in EU connectivity, or innovation critical mass.

¹⁷ COM(2012) 713 on 'A maritime strategy for the Adriatic and Ionian Seas'.

6. Conclusions

The two existing macro-regional strategies are demonstrating their merit both strategically and politically. Clear results are already evident in terms of projects and more integrated policy making, although further improvements are essential in implementation and planning. The issue of leadership is central to the review process to be completed in 2014.

The Commission invites the Parliament and the Council to endorse the recommendations of this report.