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COMMISSION STAFF WORKING DOCUMENT

SUMMARY OF THE IMPACT ASSESSMENT

Accompanying document to the

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the participation by the Community in a Joint Baltic Sea Research and Development Programme (BONUS-169) undertaken by several Member States

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1. Introduction and problem definition

The Baltic Sea ecosystem is seriously impacted by many natural and human-induced pressures. The sea and coasts are particularly affected by combined and increasing negative impacts from pollution, eutrophication, climate change, acidification, invasive alien species, overexploitation of living resources and biodiversity loss. These threats are reducing the capacity of the Baltic Sea to sustainably provide the goods and services upon which humans depend. This has critical implications for the entire Baltic Region, and the wider European Community. In the coming decades, global change (including climate change) and long-term, as well as long-range influences are predicted to increase, putting additional pressures on the Baltic Sea System.

Sustainable solutions to environmental problems and the use of the goods and services of the Baltic Sea System necessitate new scientific knowledge to understand the behaviour of the extremely complex Baltic Sea System, its interactions and feedbacks with the multiple natural and anthropogenic drivers, thus requiring the enhanced coordination and cooperation of research among the Baltic Sea States.

However, while many research activities are taking place in the Baltic Sea region these efforts remain for a large part uncoordinated and lack a jointly agreed regional action plan. As a result, the efforts so urgently required to meet the complex challenges faced are highly fragmented. In addition the regional dimension of the problems, and for some of them the global dimension e.g. climate change, require a sustained integrated approach regarding research at the regional level.

This situation calls for the development and implementation of a fully-integrated approach whereby the relevant research programmes of all the bordering States can be streamlined and focussed in order to address the complex and pressing issues at hand, in a coordinated, efficient and effective manner.

To this effect, over the last 15 years, there has been a long-standing political support for an improved coordination of research activities in Europe and for coordination of national and regional research policies and programmes under the support of the Seventh Framework Programme (FP7) to avoid fragmentation and overlapping competencies. In reply to this and for the context of the Baltic Sea, the Commission presented a roadmap for the implementation of an Article 169 initiative in the field of Baltic Sea Research under the FP7 Specific Programme¹.

2. Subsidiarity

Despite numerous research activities and all the efforts undertaken to address the fragmentation of research in the region, a reinforced integration among nationally funded research efforts is still necessary to address environmental challenges facing the Baltic Sea Region, in their great majority of trans-national nature and the shortcomings leading to the fragmentation in research. However, the strategic objectives of this action, namely the integration of the national Baltic Sea environmental research programmes of the surrounding States, can not be addressed by individual Member States acting in isolation. The

¹ Council Decision of 19 December 2006 concerning the specific programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013)

collaboration of the eight Baltic Sea States, and eventually the Russian Federation, would bring together an unprecedented critical mass which is so necessary to achieve the Programme's objectives.

The European added value in the implementation of an Article 169 initiative is fully justified by the limited possibilities available at national, regional or local level to individually meet the complex environmental challenges of the Baltic Sea region as a whole. This has been also acknowledged by the very strong political support and endorsement by the national governments of the Baltic States, the various European Councils and the European Parliament. Furthermore, such an initiative would, through the joint implementation of calls for proposals, the joint development of shared training and exchange programmes and the sharing of large-scale research infrastructures, assist in capacity building in the Member States with lower research capacities and bridge the gap in Baltic Sea research.

Last but not least, further to the Baltic-specific expected added-value, the initiative will inspire other European seas for development of similar research governance models.

3. Objectives

The **general policy objective** of the current initiative is to enhance the Baltic Sea Region's research capacity to underpin the development and implementation of 'fit-for-purpose' regulations, policies and management practices, to respond effectively to the major environmental and key societal challenges the region faces and will face in the coming years and to improve the efficiency and effectiveness of the Baltic Sea Region's fragmented environmental research programming and approach by integrating the research activities in the Baltic Sea System into a durable, cooperative, interdisciplinary well integrated and focussed multi-national programme.

The **specific objectives** of the initiative are to:

- Establish a policy-driven Strategic Research Agendas
- Increase sustainable cross-border and cross-sectoral public research programme coordination and integration
- Raise the research capacity level of the new EU Baltic States
- Mobilise additional financial resources from enhanced cross-sectoral Baltic Sea system research collaboration

The **operational objectives** of the initiative are to:

- Establish appropriate Stakeholder Consultation Platforms including representation from all relevant sectors
- Establish appropriate Implementation Modalities enabling an effective implementation of the programme through a joint management legal entity and governance structure
- Launch at least three cross-thematic, strategically focussed and multi-partner joint calls for proposals

4. Policy Options

Three policy options are considered for meeting the general and specific objectives of the initiative. These are:

Policy option 1: The continuation of policies so far developed under FP 7 (“business as usual”)

Policy option 2: The recourse to regionally-oriented trans-thematic call(s) under the Framework Programme

Policy option 3: Recourse to Article 169 with three alternative approaches (A, B and C) varying in the extent and depth of the strategic orientation and the stakeholder involvement in the streamlining and implementation of the calls for proposals

- Policy option 3 through approach A – Recourse to an Article 169 with a focus limited to marine research and with the immediate launching of science-driven calls for proposals

- Policy option 3 through approach B – Recourse to an Article 169 with a focus broadened to include the Baltic Sea drainage basin and with a Strategic vision and roadmap to be developed prior to the start of the initiative and Commission proposal

- Policy option 3 through approach C – Recourse to an Article 169 with a focus broadened to include the Baltic Sea drainage basin and with a strategic vision and roadmap developed during the first phase of the initiative.

The difference between the three options considered lies in the way in which the Community intervention is set up, as an indirect action or a direct one, in the way underlying strategies are developed and implemented, and in the scope of the research field, exclusively marine or encompassing a basin approach.

5. Assessment of impacts

The table below summarises the analysis made and shows how policy option 2 and policy option 3 through approaches A, B and C compare in terms of positive impact of a Community action in relation to the defined general and specific objectives. An analysis of the potential impacts of Policy option 1 (Continuation of policies so far developed under FP 7, business as usual) is not included in the table given that this option forms the baseline. These scores are made relating to the baseline scenario (Policy option 1-Continuation of policies so far developed under FP 7, business as usual) which is considered as zero. The comparison illustrates that the impact of policy option 3 through approach C is the most significant.

Overview of potential impacts of the Policy Options

Potential Impact of the defined objectives :	Option 2	Option 3 A	Option 3 B	Option 3 C
GENERAL OBJECTIVE				
<ul style="list-style-type: none"> Enhance the Baltic Sea Region's research capacity to underpin the development and implementation of 'fit-for-purpose' regulations, policies and management practices, to respond effectively to the major environmental and key societal challenges the region faces and will face in the coming years and to improve the efficiency and effectiveness of the Baltic Sea Region's fragmented environmental research programming and approach by integrating the research activities in the Baltic Sea System into a durable, cooperative, interdisciplinary well integrated and focussed multi-national programme. 	Medium	Medium	High	Very High
SPECIFIC OBJECTIVES				
<ul style="list-style-type: none"> Establish a policy-driven Strategic Research Agenda 	Very Low	Very Low	High	Very High
<ul style="list-style-type: none"> Increase sustainable cross-border and cross-sectoral public research programme coordination and integration 	Medium	High	High	Very High
<ul style="list-style-type: none"> Raise the research capacity level of the new EU Baltic States 	High	High	High	High
<ul style="list-style-type: none"> Mobilise additional financial resources from enhanced cross-sectoral Baltic Sea system research collaboration 	Low	Low	High	Very High
OPERATIONAL OBJECTIVES				
<ul style="list-style-type: none"> Establish appropriate Stakeholder Consultation Platforms including representation from all relevant sectors 	Low	Medium	High	Very High
<ul style="list-style-type: none"> Establish appropriate Implementation Modalities enabling an effective implementation of the programme through a joint management legal entity and governance structure 	Low	Low	High	Very High
<ul style="list-style-type: none"> Launch at least three cross-thematic, strategically focussed and multi-partner joint calls for proposals 	Medium	Medium	High	Very High

6. Comparison of the Options: Preferred Option

Based on the review of the potential Policy Options, Policy option 3 through approach C could, if fully developed, lead to substantive improvement of the research capacity in the Baltic region to better underpin sustainable development in the area.

Policy option 3 through approach C provides additional time and resources for establishing the necessary mechanisms that would bring the Article 169 initiative more closely in line with the letter and the spirit of Article 169, would create a platform for joint EU and Member State research programming, thus creating a coherent and long term research agenda with critical mass. Through the involvement in the management bodies of the initiative, the active participation of the European Commission can safeguard an emphasis on mobility, openness and a focus on emerging areas. The combination of EU and national funds creates a critical mass in terms of capacity, expertise and resources that would stimulate structural changes in the national Baltic Sea and related river basin research systems and would promote the development and implementation of a durable, cooperative, interdisciplinary well integrated and focussed multi-national programme in support of the region's sustainable development. The linkages with industry and other stakeholders and users would be strengthened at national level. This option would not require substantial institutional change as the EEIG is well established; however, it would open up opportunities for other funding institutions to provide support in financing the Road Map for strategic research that would benefit a wider community of economic and social interests that depend upon resources derived from the Baltic System. It is the most promising policy option in terms of achieving long-lasting and durable integration at the institutional (funding agencies) as well as research community level.

Policy Option 3 through approach C could be effective in the application of the intent and spirit of Article 169 and has strong potential for gaining added value from other complementary research activities funded under FP6 and FP7. Its success, however, relies heavily upon the achievement of the objectives of the strategic phase. To affirm this achievement, a review of the strategic phase will be undertaken by the Commission's services together with an Independent Expert Review Committee in order to verify whether the goals and objectives set out in the initial Strategic phase have been achieved.

Policy Option 3 through approach C would mobilise additional funds, both at the European and at national level. The Community contribution would ensure that truly European interest would be reflected in the working programme of the initiative, without limiting national activities and binding them solely to the European dimension of the programme.

We come to the overall conclusion that time is ripe for an Article 169 initiative bringing together the critical mass required to address the complex environmental challenges of the Baltic Sea region as a whole to achieve the Programmes objectives.

7. Monitoring and evaluation

The preferred option (policy option 3 through approach C) foresees a BONUS-169 initiative implemented in two distinct phases - a first, 2-year strategic phase and a second 5-year implementation phase during which a minimum of three calls for proposals would be published.

In addition to the ex-ante evaluation of the DIS that will be carried out prior to the beginning of the Implementation Phase according to the Financial Regulation, the evaluation and monitoring of the BONUS initiative would be conducted by the Commission together with the

assistance of independent experts. Three reviews would be conducted; a first review at the end of the strategic phase, a mid-term review during the implementation phase and an ex-post review at the end of the implementation phase. The Commission would evaluate the progress made towards the general and specific objectives using a list of measurable indicators. It should be noted that the main impacts of the initiative are expected to take place mainly towards the end of the BONUS programme. Furthermore, the Article 169 initiative will fulfil to a very large extent the Van Velzen recommendations².

Regarding the financial implications of the initiative, under the preferred policy option presented above, a financial commitment of the order of EUR 26M fresh money has been pledged by the Participating States (PS) together with additional "in-kind" and "infrastructure" contributions of EUR 10M. Under policy option 3 B and C and unlike policy option 3A, an additional funding of the order of EUR 14M would be sought from the PS by engaging further national Funding Agencies during the strategic phase of the initiative. Projects to be implemented under the Article 169 initiative would be funded by a shared financial contribution by both the Community and the Participating States. The EC would match the contributions made to the BONUS-169 by the Participating States and this sharing would be done according to a ceiling to be fixed in the Commission proposal for a co-decision.

Under policy option 3 through approach C and unlike policy options 2, 3A and 3B, a maximum of EUR 1.25 M (to be matched by an equal amount by the Participating States) out of the total EU contribution would be provided to cover the eligible costs incurred during the strategic phase. This amount would be subtracted from the total EU contribution. This amount would however enhance the cost-effectiveness of this option since the strategic "mechanisms" to be put in place would greatly enhance the added value of the initiative and would strengthen considerably the policy relevance, effectiveness and impact of the research activities envisaged under the implementation phase. In addition, Policy option 3C also represents the option with the highest impact and cost-effectiveness in administrative costs for the Commission.

Unavoidably, the assessment of the expected cost-effectiveness of the various policy options and the quantification of the role of region-wide coordination of marine and maritime research is associated with a certain degree of uncertainty. In addition there is no similar blueprint in the EU to use as a benchmark for inter-comparison. As the ultimate product of such an initiative is new knowledge utilised to achieve sustainable use of the goods and services generated by the marine ecosystem and protecting the quality of the environment in the longer perspective, it is anticipated but without any hard evidence to prove it, that the co-ordination and integration of national schemes that are envisaged to be addressed (to a varying degree of success) by policy option 3 through approaches A, B and C will be the more cost-effective way to achieve better quality knowledge in terms of reliability, comprehensiveness and relevance to the needs formulated by the users.

² Independent External Review Report, EDCTP Programme review conducted by the IER / EDCTP Panel: Wim Van Velzen (Chair), Adetokunbo O. Lucas, Allyson Pollock, Jean Stéphanne and Fernand Sauer, 12 July 2007 http://ec.europa.eu/research/health/poverty-diseases/doc/final_ier_report_12july2007_en.pdf