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

on the implementation of EU macro-regional strategies

{SWD(2016) 443 final}

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

on the implementation of EU macro-regional strategies

1. Introduction: from words to action

Globalisation has made countries more interdependent and problems must now be addressed across borders. This calls for a reflection on how macro-regions, as new functional areas, can contribute to improving the implementation of EU policies and programmes and to the achievement of territorial cohesion, as set out in Article 174 of the Treaty on the Functioning of the European Union.

The emergence of macro-regional strategies (MRS) has been driven by a number of EU countries and regions as a complement to traditional country policies on territorial management. They are designed to tackle common challenges e.g. innovation-driven growth, environment or climate change, using a bottom-up approach involving national, regional and local actors.

Since the European Council endorsed the EU Strategy for the Baltic Sea Region (EUSBSR) in 2009,[1] three further MRS have been developed: the EU Strategy for the Danube Region (EUSDR) in 2011,[2] the EU Strategy for the Adriatic and Ionian Region (EUSAIR) in 2014[3] and the EU Strategy for the Alpine Region (EUSALP) in 2016.[4]

Involving 19 EU and 8 non-EU countries, MRS have now become an integral part of the EU policy framework. Their objectives are fully in line with EU political priorities; they reinforce synergies between different EU policies and instruments and are anchored in the cohesion policy framework.[5]

MRS add value to the cooperation dimension of cohesion policy. They offer a platform for multi-sectoral, multi-country and multi-level governance, also open to non-EU countries. They can play a substantial role in helping these countries to strengthen their links with the EU and mitigate possible negative effects on the EU's external borders.

In view of the '3 no's', – no new – EU legislation, EU funding or institutions – MRS fit into existing initiatives and EU policy frameworks (e.g. TEN-T). They require specific action rather than new policy initiatives. They can be supported through programmes under the European Structural and Investment Funds (ESIF), including Interreg, and other EU funding instruments should be aligned towards common objectives.

The purpose of this report is two-fold. First, the report gives an assessment of the strategies' state of implementation, takes stock of the main results and gives examples of good practice.

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1 Conclusions of the General Affairs and External Relations Council, 27 October 2009 and Conclusions of the European Council, 29-30 October 2009.

2 Conclusions of the General Affairs Council, 13 April 2011 and Conclusions of the European Council, 23-24 June 2011.

3 Conclusions of the General Affairs Council, 29 September 2014 and Conclusions of the European Council, 23-24 October 2014.

4 Conclusions of Council, 27 November 2015 and the European Council, 28 June 2016.

5 Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on (the European Structural and Investment Funds) (OJ L 347, 20.12.2013, p. 320); point 31 of Article 2.

Second, it draws lessons from the experience gained so far and presents a number of recommendations on possible further developments, also in the light of the future cohesion policy.

Instead of presenting MRS progress reports at different times in a fragmented way and as stated in the Council Conclusions on the EUSALP, the Commission will publish one single report every two years as of the end of 2016. This will make it possible to compare MRS and will provide all institutions concerned with sufficient insights for an informed debate.

The report is based on contributions from MRS stakeholders, European institutions, Member State representatives, academia and experts. It is complemented by a staff working document which gives a more detailed assessment of the state of implementation of each strategy, as well as specific recommendations.

2. Cross-cutting issues

MRS have fuelled interest in and awareness of European territorial cooperation and territorial cohesion and its added value. They are also gradually being used in sectoral policy areas to better implement policies across territories in an integrated way. All strategies face common cross-cutting issues, regardless of their degree of maturity; these are discussed below.

Policy making and planning

MRS have gradually been taken into account in EU policy areas, e.g. in research, climate and environment. This is also the case for national policies, despite uneven levels of integration of MRS priorities into national or regional programmes, especially those supported by the ESIF.

The strategies have strengthened cooperation in certain policy areas, e.g. the Navigability Danube master plan, the extension of the Baltic Energy Market Interconnection Plan (BEMIP), the Strategy on Adaptation to Climate Change in the Baltic Sea Region, or the Core Network Corridors and its links with key cross-border infrastructures. Smart specialisation strategies have been used to drive a more effective innovation policy and push interregional cooperation in new value chains across borders.

The dissemination of the macro-regional concept with the support of INTERACT[6] has led over time to the emergence of a wide array of interests and networks formed by different actors with varying powers and capacities. It has allowed partners to cooperate in specific fields such as research and innovation (e.g. the DanuBalt project on health).

MRS also play a big role in developing links with non-EU countries, in particular accession countries, strengthening their connection to the EU.

Most of these initiatives and actions need momentum and would benefit from stronger coordination within and between the involved countries to deliver the expected results. The practice of combining the annual fora with ministerial meetings contributes to it, and at the same time raises the political profile of MRS. For example, the experience of the Baltic Sea region shows that long-term strategic thinking must remain the basis for macro-regional cooperation.

Governance

MRS generally include a three-tier governance system with policy, coordination and operational levels. Each strategy has set up its own structures and mechanisms based on the principles described in the Commission report on governance.[7]

[6] INTERACT is an EU-wide programme co-financed by the European Regional Development Fund designated to provide support to the managing authorities of Interreg programmes as well as MRS.

[7] COM (2014) 284 final.

They focus on an optimal use of existing financial sources (e.g. the ESIF, Horizon 2020, COSME, LIFE), better implementation of existing legislation and better use of existing institutions. Some good practices can be highlighted; for example, Sweden has established a national Baltic Sea Network to facilitate EUSBSR implementation at national level. It brings together different actors (e.g. national agencies, county administrative boards, regional associations, municipalities, managing authorities) involved in the strategy.

The question of ownership of MRS is gaining more traction due to the pressure to deliver results. Steps are also being taken to establish stakeholder platforms involving civil society and other organisations.

The role of the rotating MRS presidency is growing in importance as most countries realise that it is not limited to the organisation of annual fora, but also includes driving the strategic direction of action.

However, experience shows that such an approach to strategy implementation has its limits. These include challenges in the following areas: efficient coordination and cooperation structures; empowering key implementers (i.e. national coordinators, members of steering groups) and providing adequate human and financial resources; representation and commitment from all participating countries; and ensuring the competences needed, continuity and stability of steering groups.

These challenges are common to all MRS, though to varying degrees. In the EUSBSR, despite a recent revision of the action plan, Member States have many priority areas to reflect the wide diversity of stakeholder interests. In the EUSDR, there is still a need to ensure that priorities better match resources. In all cases, Member States need to take full responsibility for their implementation tasks and complement the Commission's work.

In the EUSALP, coordination between the Executive Board and the Action Groups is still unclear. Further efforts are needed to strengthen this crucial link. Much progress is required in the area of governance, with more active participation and a sense of ownership in this priority area by participating countries.

Governance is also a matter of concern in the EUSAIR. The Commission had to step in to offset a persistent lack of resources from participating countries, delays in the designation of members, and poor attendance at steering group meetings to prevent the entire process from stalling. Such an approach is neither sustainable nor desirable.

Monitoring and evaluation

There is increasing demand, not least from the Commission, for a stronger focus on the strategies' core priorities. In this regard, it is important to align the MRS with broader strategies for EU policy-making and to ensure regular reviews towards identified objectives, as this increases chances of delivering results. Without clearly defined indicators and targets, is difficult to assess how well the planned objectives have been met. A sound monitoring system based on results-oriented action is crucial to make it possible to measure, steer and report on each MRS to inform decision making.

In line with the Council Conclusions on the EUSAIR and on the EUSALP, the Commission has taken a number of specific steps in this area.

Several revised indicators and targets were recently agreed for the EUSDR priority areas to match the strategy's evolution. A set of indicators and targets was agreed in 2012 for the EUSBSR. For the EUSAIR and EUSALP, the exercise will be fine-tuned in the upcoming months.

The Commission has also launched a number of complementary actions: the organisation of participatory workshops with the support of experts; support to dedicated territorial monitoring systems; and an evaluation study on MRS. The results of these actions are expected over the course of 2017. However, they will only prove useful if key stakeholders participate and take full ownership in the process.

They should also help the political level to decide, especially taking into account budgetary constraints, which priorities and actions should be funded and, where appropriate, limit the priorities to those areas where the macro-regional approach brings genuine added value.

There is still much progress to be made in this area. It requires collective steering and a common sense of purpose based on a long-term perspective.

Funding

MRS are now part of the 2014-2020 ESIF legal framework which calls on countries to align their programming priorities with those of MRS and on managing authorities to strengthen the links between programme managers and key MRS implementers. The breadth of information provided by managing authorities is variable, depending on their degree of awareness. There is progress and some good practice: targeted calls, bonus to projects of macro-regional relevance, direct support to strategy projects or participation of MRS representatives in programme monitoring committees (e.g. Slovak Research and Innovation Operational Programme 2014-2020; 2014-2020 Rural Development Programme for Lithuania).

Nevertheless, bridging the gap between the strategies and funding opportunities is still a challenge. The on-going dialogue between programme managing authorities and strategy actors should be further encouraged. Managing authorities should be more proactive in the implementation of MRS in their programme objectives and should better integrate and coordinate relevant activity in the programmes.

This also concerns other relevant funding sources (national, regional, private, etc.) which could be mobilised to achieve MRS objectives. Synergies and complementarities with other relevant funding instruments should be further explored.

Communication

Experience shows that a strong communication strategy should be part of the MRS. It is a powerful tool to raise the general public’s awareness about planned actions and desired results. It should spur key implementers to reflect, at an early stage, on how strategies can bring about a positive change for the population and how this can be presented in the media.

The EUSBSR communication strategy adopted in December 2015 is a good example to follow in order to increase awareness and visibility of MRS.

3. The EU Strategy for the Baltic Sea Region (EUSBSR)

3.1 Results

After seven years in existence, the strategy has given impetus to new networks and has increased the effectiveness of existing ones (e.g. the Baltic Sea Fisheries Forum, SUBMARINER). This has led to the start of new projects and the extension of existing ones (e.g. Interactive water management, Baltic Training Programme). The consolidation of multi-level governance in the region has offered Baltic Sea actors a joint framework for dialogue.

The strategy has contributed to shaping policy at different levels: broadening the scope of the BEMIP initiative by including new areas – energy efficiency and renewable energy– and shaping the work of the International Maritime Organisation on developing and testing e-Navigation infrastructure and services in the region. It has also contributed to the

implementation of existing legislation, e.g. the Water Framework Directive, the Marine Strategy Framework Directive, the EU Strategy on adaptation to climate change. Topics of regional importance were put back on the political agenda and included the organisation in 2015 of the first high-level meeting on culture since 2008.

Increased cooperation and coordination at all levels, be it within countries, between countries (EU and non-EU) or among regional organisations, has created stronger synergies.

The preparation of macro-regional projects supported by transnational partnerships and networks has been helped by the launch of the EUSBSR Seed Money Facility together with the Interreg Baltic Sea Region. The establishment of a network of European Regional and Development Fund (ERDF) managing authorities in 2016 will allow a more efficient use of available resources, by supporting EUSBSR implementation with ERDF country-specific programmes and by increasing coordination among relevant stakeholders.

These achievements have been supported by a comprehensive review of the EUSBSR Action Plan carried out in 2015, which led to a more streamlined and focused strategy. The review also contributed to a stronger sense of ownership by introducing a rotating chairmanship of the group of national coordinators in 2014.

3.2 Challenges

Improving the environmental state of the Baltic Sea has remained the main focus of the EUSBSR since its launch in 2009. However, further efforts are needed taking into account the environmental challenges faced by the Baltic (eutrophication, nitrates from agricultural sources, fisheries). The region could also benefit from improved connectivity in the fields of energy and transport and better response to impacts of climate change.

In addition, the rapid increase in migrants calls for more cooperation. Effective integration actions, particularly in the education sector, should be further explored.

Policy making could be improved by a number of operational measures. These include, for instance: facilitating the management and sustainability of projects by offering partner search tools able to identify the right people with the right competences; strengthening the contribution of horizontal actions to implementation of each policy area; reinforcing the link between project and policy levels by, for example, informing national coordinators about project results.

4. The EU Strategy for the Danube Region (EUSDR)

4.1 Results

There have been several significant achievements since the strategy’s launch.

Several projects started or were further developed as a result of the EUSDR. These include: the master plans on Fairway rehabilitation and maintenance and on LNG navigation; the creation of nature protection networks and the development of common methodologies for natural risk assessment and management under climate change; and the setup of a network for improving security on the Danube River.

The EUSDR has clearly improved the culture of cooperation, bringing together stakeholders and better connecting existing institutions to share knowledge and experience. It has benefitted from high political support of the Danube ministerial meeting of transport ministers

to ensure better governance of the Danube navigation, e.g. through the above-mentioned master plans.[8]

Furthermore, it has improved dialogue and cooperation with existing international organisations in the region (e.g. International Commission for the Protection of the Danube River, Carpathian Convention) through the development of joint initiatives and synergies.

The Danube Financing Dialogue is one example of a match-making platform offered by the strategy so that project promoters and financing institutions can discuss and identify suitable solutions to issues related to financing projects in the region.

The EUSDR has also made the governance system more effective by strengthening coordination between policies and institutions at national level. It has facilitated reaching out to relevant stakeholders at both national and local level, as well as continued dialogue with civil society organisations.

Another important area where the EUSDR has made a genuine contribution concerns the EU enlargement and neighbourhood policy agendas. It has helped to intensify thematic cooperation with the five non-EU participating states and bring stability to the area through solid networks and partnerships. Relevant initiatives include the setup of the first European Grouping of Territorial Cooperation with a non-EU country (Hungary-Ukraine) and the establishment of a new coordination scheme in 2015 to allow Moldova to take part in the strategy. Serbia has also taken an active stance in co-coordinating two of the strategy's priority areas.

Implementation of the EUSDR has been supported by the Danube transnational programme. The latter covers the same geographical area, provides financial support to specific transnational projects and supports the strategy's governance. In 2014, the 14 participating countries jointly set up the Danube Strategy Point (DSP), which became operational in June 2015. The DSP has mainly been active in monitoring, communicating and supporting priority area coordinators and cooperation between priority areas.

4.2 Challenges

Notwithstanding the promising initial results, the EUSDR would benefit from a number of specific policy and operational measures, such as further integration on transport and energy infrastructure, measures countering water pollution, natural risks, common labour market and education policies, competitiveness measures, in particular for SMEs and measures addressing demographic challenges and brain drain. The security dimension is still important as is the need to further develop capacity in public administrations.

In addition, new challenges have come to light in the past two years, for example those relating to migration flows and the global security and terrorism.

The political momentum has somewhat decreased at national level compared to the first years of activity. As the strategy is a long-term process, continuity in political support remains vital, in particular through the provision of capacity and resources for implementing the strategy. Strengthening national coordination mechanisms is also essential.

Administrative capacity to deal with implementation issues and to improve cooperation remains an issue, in particular for non-EU countries. This still requires an appropriate response at national and regional level.

5. The EU Strategy for the Adriatic and Ionian Region (EUSAIR)

[8] Danube ministers meeting, Conclusions on effective waterway infrastructure rehabilitation and maintenance on the Danube and its navigable tributaries, Rotterdam, 20 June 2016.

5.1 Results

Given its short life span, EUSAIR activity has focused primarily on the set up of governance structures and rules. This has required extensive discussion and consultation among key stakeholders, primarily national coordinators.

The strategy requires strong coordination at EU level to overcome diverging national interests, in the light of the significant participation of non-EU countries with significant socio-economic disparities and notable imbalances in their institutional and administrative capacities. The model of coordination proposed in the Action Plan puts the four accession countries on par with the four participating Member States as regard their participation in the governance structures, e.g. the rotating presidency open to all countries.

There has been particular emphasis on ensuring key implementers' sense of ownership by making dedicated resources available to the thematic steering groups. The issue of financial, administrative and technical support has also been addressed.

Dedicated support to the EUSAIR governance structures will also be provided by the 'Facility Point' – a strategic project approved in May 2016 under the Interreg ADRION programme. National coordinators endorsed the scope and design of the Facility Point in the autumn of 2015.

By end 2015, the four thematic steering groups had identified the priority actions on which to concentrate their work in the initial period (e.g. maritime spatial planning, developing motorways of the sea or fostering Adriatic - Ionian cultural heritage), as well as specific guidance and selection criteria to help choose the right projects.

Efforts were also made to promote sustained cooperation between ESIF and Instrument for Pre-accession Assistance (IPA) programme authorities and EUSAIR key implementers. This means that ESIF, the IPA and other relevant national and regional funding streams should contribute to the achievement of EUSAIR objectives. This was echoed by the Dubrovnik Declaration adopted by Foreign Affairs and EU Funds ministers at the 1st EUSAIR Forum held in May 2016. The process is on-going and will require coordination among the different actors concerned.

5.2 Challenges

Despite high political backing, the resources made available by participating countries to support the strategy remain largely insufficient. While the Commission has taken an active role in policy coordination, key implementers will be faced with persisting difficulties in delivering expected results in the absence of a clear commitment from national and regional administrations. This would mean securing agreement on a work plan with a specific timetable and ensuring contacts between project promoters, programmes and funding sources. It would also involve providing technical assistance and advice as appropriate. Financial and operational support provided by the Facility Point should help overcome some of these difficulties.

While challenges and opportunities offered by the strategy remain relevant on the whole, Adriatic-Ionian countries are confronted with a major refugee and migration crisis which is likely to affect the region. This could be addressed through the EUSAIR in a coordinated and pragmatic way.

Transport and energy priorities should be adjusted to complement – and not duplicate – initiatives taken in other high-level cooperation fora (e.g. the 'Berlin process' or the Energy Community).

Ensuring funding alignment with the strategy's priorities is essential. Further efforts must be made at administrative level to provide projects with the necessary financial support through available regional, national or EU programmes.

6. The EU Strategy for the Alpine Region (EUSALP)

6.1 Results

EUSALP implementation started in the first half of 2016. This was done quite quickly due mainly to the high level of political and economic cooperation in the area. The regions, the participating countries (of which two non-EU, Switzerland and Lichtenstein), the Alpine Convention and the Interreg Alpine Space programme have all contributed to defining the concept of the strategy, whereas the Commission has defined the steps to finalise and endorse it. The strategy has also been met with strong interest in the European Parliament, where an informal group was created ('Friends of EUSALP').

Conclusions on the strategy's implementation cannot yet be drawn. However, the governance structures and rules were broadly agreed prior to its official launch in Brdo in January 2016. The first Action Groups meetings resulted in an agreement on further working methods and a work programme identifying thematic topics (e.g. improving the value chain of alpine wood, focusing on climate change adaptation or defining future common space for dual-vocational education). A Board of Action Groups Leaders will be established to ensure the permanent exchange of knowledge and experiences among the groups.

The Interreg Alpine Space programme will support the strategy's implementation with a dedicated strategic project (AlpGov).

6.2 Challenges

The quick start of implementation has raised many expectations among stakeholders. In 2017, the Commission will carefully consider the balanced composition and stability of the Action Groups to ensure efficiency. It will also monitor whether all groups are able to develop and implement projects and will recommend appropriate changes. The embedding of EUSALP objectives in relevant ESIF programmes should also help.

It is crucial to secure the full implementation of the macro-regional governance objective, which calls for new solutions for 'institutional embedding' to avoid duplication with existing structures and to ensure appropriate coordination mechanisms across actors and priorities. The development of the stakeholder platform is also challenging as it aims to involve interested stakeholders, including civil society at large, and strengthen their participation.

7. The way forward

After seven years of implementation, MRS are producing their first results, but have not shown their full potential yet. The benefits would be much greater if the Member States who initiated these processes of cooperation would retain greater responsibility. Areas where continued effort is needed relate to the effectiveness of the governance systems, the focus on results, funding and relation with non-EU countries. Issues need to be considered in the context of the post 2020 reform of cohesion policy.

Improving effectiveness

The success of the strategies depends on sound implementation in the years to come, as well as on readiness to adjust to changing circumstances, for example, the migration crisis. There needs to be further progress in the governance of MRS. This requires, in particular, that:

- each strategy regularly assesses the effectiveness of its governance system in line with the Commission's report on Governance of 2014 and makes any necessary adjustments;
- sectoral ministries make a stronger commitment to achieving the MRS objectives; this implies a periodic rotation of thematic area coordinators;
- close cooperation is ensured between steering groups members and the managing authorities of programmes supported by ESIF or other instruments;
- the links between MRS are strengthened to exploit synergies and learn from each other with the support of INTERACT.

Focusing on results

MRS need to adapt to the demand for a stronger focus on performance which characterises the current cohesion policy framework. In this respect, it is strongly recommended that the following actions are taken:

- set up or consolidate a sound monitoring system, with the support of the Commission and the ESPON programme, to report on progress and support their strategic orientation; the Danube Reference Data and Services Infrastructure can support the establishment of a sound monitoring system;
- improve the quality of projects and processes and ensure the sustainability of their results, as well as the link between project results and policy actions;
- increase awareness at all levels and improve the communication of the strategies' added value and results, including by using the annual fora to carry out a critical review of the strategies;
- further explore thematic platforms (e.g. S3 platform or climate dialogue platform) to increase the strategies' thematic focus.

Beyond funding

Strategies do not have a dedicated budget of their own. Therefore, they require a more coordinated use of available funding streams at different levels.

In this regard, it is important to continue the current dialogue between ESIF programme managing authorities and key MRS implementers to align funding in the most appropriate and cost-effective way. Initiatives like the establishment of the ERDF managing authorities' network in the Baltic should be explored by other macro-regions. Furthermore, EU funds or other financing tools, including financial instruments should also be considered to support MRS priorities and actions. Synergies with the European Fund for Strategic Investments should also be explored, in particular for bankable projects.

Relations with non EU countries

MRS have become an important instrument in the relations between EU Member States and their external neighbours, both with accession countries and parts of the Neighbourhood Policy (Eastern Partnership) and the Northern Periphery and the Arctic region. They can

foster regional development and cohesion with these countries and nurture the relationships that the EU develops on its external borders.

Conclusions

Reducing regional disparities is as much a goal of MRS as is the creation of synergies for growth and employment in the regions concerned. Macro-regions can help shape an integrated view on the future of the European territory. They can become an important instrument in the pursuit of territorial cohesion across different policy areas, and can also inspire similar approaches as the EU Urban agenda. They call for closer links between EU policy areas and EU funds.

In order to untap their potential to the benefit of European citizens, links between MRS and cohesion policy should be further explored in terms of targeting strategic sectors, coordinating EU policies and instruments.

In this regard, there are a number of questions which need to be addressed in the light of the future reform of cohesion policy. These may include:

- How can the synergies and complementarities between MRS and relevant national or regional programmes supported by the ESIF be strengthened to maximise impact?
- Should transnational programmes be (functionally) further aligned with MRS or other transnational cooperation frameworks and initiatives?
- How the governance system of MRS, including the respective roles of all relevant actors, could be further improved?