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## TECHNICAL PAPER FROM THE CPMR GENERAL SECRETARIAT

# WHAT OPPORTUNITIES DO TERRITORIAL COOPERATION AND THE MACRO-REGIONAL STRATEGIES REPRESENT FOR COHESION POLICY AFTER 2013?

## INTRODUCTION

The decision of the December 2007 European Council to launch a strategy for the Baltic Sea set a trend. The Council meeting on 19 June 2009 subsequently took a similar decision concerning the Danube region, and in the meantime a large number of actors in numerous other European areas started lobbying for their own macro-regional strategy, which they apparently perceive as a means of improving the coordination between, and thus the effectiveness of, various policies delivered in their area.

However, in the absence of any definition of the macro-regional concept, this has been interpreted in very different ways by different actors. The emerging initiatives vary considerably, not only from the point of view of geographical scale (sometimes one area is located within another, for example the Adriatic and the Mediterranean; sometimes they overlap, for example in the case of the North Sea - English Channel - Atlantic) but also in terms of type: some are thematic, others more holistic. Certain EU Member States are openly enthusiastic about these initiatives, but appear legitimately to wish to take time to think about them – and in this they are supported by the European Commission and the sub-national actors – before making any formal commitment.

The fact of so many differences raises the question of whether a more widespread adoption of the macro-regional approach in Europe is feasible; and although the strategic opportunities opened up by this debate go some way to explaining the current enthusiasm, a number of elements point to the need for an overarching and detailed reflection on the subject before any decision as to whether or not it is in fact politically opportune to extend the approach:

- the emergence of the Baltic Sea Strategy and subsequently other initiatives. This undoubtedly reflects a widely-held view that the current instruments have failed to satisfactorily coordinate policies in a given space – or have only done so with great difficulty;
- these initiatives raise the question of what is the most appropriate scale for policy implementation. Suppose the emergence of the macro-regional scale (or the strengthening of the existing but little-exploited transnational scale) stems not from a desire to add a new, artificial, layer to the “*mille-feuille*” of European governance, but is a natural outcome of the increasing complexity and interdependency of the challenges facing Europe today? Far from being a minor detail, the question of the geographical scale of political action is, together with sectoral integration and decision-making mechanisms, one of the three prisms through which any policy response must be examined if it is to be coherent and efficient;
- in a Europe that could comprise thirty Member States by 2020, is it not true to say that allowing “territorial diversity” freedom of expression is a pre-requisite for the pursuit of the European adventure? In other words, should not the macro-regional strategies be seen as “enhanced geographical cooperation initiatives”, along the lines of how the Baltic Sea Strategy sees itself – an initiative with the potential to give the European project a more human face?

It will, of course, be up to the Member States to decide on the appropriateness of developing one or more of these Strategies. Nevertheless, the clearly European dimension underpinning these initiatives merits the organisation of a reflection on this subject, to be carried out by the European Commission, at the very least to shed some light on the concept of the “macro-region”.

The aim of this document is to propose a number of points around which a reflection on this subject could be organised, in relation to the debate on the future of territorial cooperation in the framework of regional policy. It first reviews the implementation of this policy (I) before proposing some guidelines in terms of the architecture after 2013 (II).

These proposals should therefore be read in the light of the CPMR’s previous policy positions on regional policy and the application of the territorial cohesion principle after 2013. In this respect it is useful to point out that:

- the development of macro-regional strategies can only be envisaged in the context of an ambitious regional policy that benefits the whole of the European territory;
- territorial cohesion is a political principle founded on solidarity between the different territorial scales; the macro-regional dimension can therefore provide only a partial response in delivering it. In this respect, further reflection will need to be given to the sub-regional scale, which is not the subject of this document but which is a tier of crucial importance in the delivery of territorial cohesion.

## **I - TERRITORIAL COOPERATION: A POTENTIAL THAT REMAINS UNEXPLOITED**

Since 2007 when it was made a keystone of the Lisbon agenda, both through the close link established between the National Reform Programmes, the National Strategic References Frameworks, and the Operational Programmes, and through the introduction of earmarking, the EU’s regional policy, in promoting the ownership of the Lisbon objectives by territorial actors, has become a key tool in achieving these objectives. It also, of course, conserves its key and equally fundamental role in the implementation of a territorial approach to European policies. In fact, because of its cross-cutting and territorialized nature, it is today more than ever a central and strategic instrument, much more than just a tool to finance the implementation of the Europe 2020 strategy.

Within regional policy, however, and despite its potential in the current context, the “Territorial cooperation” objective is for the moment struggling to produce the results commensurate with the aims assigned to it. The quantum leap anticipated in 2007 as a result of its promotion from Community Initiative to fully fledged Objective of the Cohesion Policy did not happen, because the required modifications in terms of strategic planning and monitoring, governance, financing and administrative modalities were not made. With the same causes producing the same effects, territorial cooperation programmes continue for the most part to be hampered by the shortcomings of the previous programming period:

- the cross-border strand, conceived in programme terms rather than in terms of cross-border project territories, is handicapped by the small size of the areas concerned (NUTS3), which are too small for large-scale projects such as transport or environment projects, etc. In addition to this, no special modalities were introduced to accompany the creation of programmes across maritime borders, which are by nature quite different from terrestrial cross-border programmes in terms both of challenges and functioning.
- In an aim to give a more strategic dimension to the transnational programmes’ priorities, these have invariably been aligned with the Lisbon and Gothenburg agendas, thus removing any possibility of an approach tailored to the specific characteristics of each area. The transnational programmes are also handicapped by a system of governance that is often ill-adapted to strategic decision-making, and by the low degree of involvement of Member States in the delivery of projects. As a result the number of “structuring” projects is considerably reduced.
- The interregional programme has evolved to a greater degree. More precisely targeted than before and with limited financial resources, it has adopted an approach based on the criteria of excellence. This has resulted in nearly 90% of submitted projects being refused, and raises the question of how

to find a balance between improving project quality and an approach that favours “awareness-raising and mobilisation” of new actors in European territorial cooperation.

In addition to these specific difficulties, each programme is also hampered by the excessive red tape involved. This has a direct impact on the projects, since the share of the budget allocated to project management is constantly growing and the share allocated to actual activities is correspondingly reduced.

Article 37.6.b) of the ERDF regulation in theory opens up the possibility for regions whose Member State so permits this to allocate part of their Regional Operational Programme envelope to cooperation actions – in particular those falling outside the scope of the Objective 3 programmes. However, certain provisions (for example a Region may not commit ERDF funding outside its territory for investment expenditure) and a lack of operational framework have meant that a number of Regions do not in fact use this possibility, while those that do seem to be doing so principally in terms of a “soft” initiative, far removed from the objectives of the mainstream programmes.

In order to exploit the potential of territorial cooperation in the framework of a regional policy that aims to contribute to the objectives of the Europe 2020 Strategy, the quantum leap partially initiated in 2007 needs to be completed, by integrating territorial cooperation into the mainstream of regional policy.

## **II - TAKING THE PLUNGE: INTEGRATING TERRITORIAL COOPERATION INTO THE MAINSTREAM**

In order to exploit the potential of territorial cooperation we need first of all to understand the challenges surrounding it today. To do this, we need to recognise the fundamental dynamics that are at work and that modify these challenges:

- The initial objective of territorial cooperation – to foster the emergence of a “European awareness” as close as possible to the level of the citizen by means of exchanges of experiences and networking – has become less marked, but has not disappeared. As a result of successive enlargements, it is now within the States that have most recently acceded to the EU that a European awareness and culture of cooperation needs to be developed. Furthermore, in a context of widespread disenchantment with Europe, the continued promotion of this kind of “ground level” cooperation across the whole continent is essential.
- Growing globalisation now offers territorial actors opportunities that extend far beyond Europe’s borders. The special relations that already existed with neighbouring EU territories are being strengthened, while an increasing number of cooperation initiatives between European territories and those of other continents are emerging. These cover a wide range of activities: economic, cultural and actions of solidarity.
- Lastly, in the face of the complexity and inter-dependency of the economic, environmental, climate- or energy-related, and social challenges which the European Union and its territories must now tackle, and which require the intervention of various tiers of competence and therefore of different actors working in partnership, these cooperation opportunities are today becoming an indispensable condition for territorial development.

This section therefore proposes reorganising and reworking an existing set of tools in such a way as to give substance to these three dimensions of cooperation and to integrate cooperation into the instruments of territorial development, in relation with the sectoral and external policies of the EU, especially the neighbourhood policy, while still conserving more flexible cooperation arrangements aimed at attracting a maximum number of actors into cooperation activities. And all, of course, with no increase in the budget.

### **II.1 – BOOSTING CROSS-BORDER COOPERATION BY DEVELOPING MULTI-REGIONAL OPERATIONAL PROGRAMMES**

Such multi-regional Operational Programmes (OP), involving several Regions, either “Convergence” or “Regional Competitiveness and Employment”, exist today in certain Member States. Some of them are in fact national programmes applied to a category of territories within a given State (for example the “Knowledge Economy” OP aimed at Convergence Regions in Spain). Others involve territories that share a common characteristic which justifies joint programming but where there is not an integrated territorial vision (for example the Aegean Islands/Crete OP in Greece). Others do have a real territorial approach, based on the challenges arising from a particular geographical feature such as a river basin or mountainous

area (for example the Loire, Rhône, Alps, Massif central OP in France). This last category of OP proposes an integrated vision on a coherent geographical scale.

The example of the French multi-regional OP could be further developed in the future:

- Between several Regions in a given State, as is the case today. It would be particularly interesting to reflect on the opportunity of implementing such programmes on the scale of the coastal areas;
- At the cross-border level, especially at a larger scale (e.g. Euroregion). Such initiatives, varying in size according to the objectives, would permit a more strategic and more flexible approach than the current programmes operating within the framework of the territorial cooperation objective. The OP's objectives would be tailored to the specific needs of the area concerned;
- With no additional costs for the regional policy budget: this would involve (a) re-distributing the national and regional envelopes, including these OP (as is the case today within a given State), and (b) integrating part of the envelope of the current cross-border strand of the territorial cooperation objective into the mainstream of regional policy.

In practice, these proposals raise a number of questions in the case of cross-border multi-regional OP, for which several options may be envisaged:

- In a case where the OP area involved Convergence Regions and Regions from the Regional Competitiveness and Employment objective (RCE), it is difficult to imagine the same method of calculation being applied to both types of Regions. It would also appear to be difficult to conserve, in the case of a joint OP, methods of calculation that apply to traditional regional OP (in the case of two regions with a similar population, the financial envelope for a Convergence Region is approximately nine times that of a RCE Region). Possible solutions could include reducing this ratio to one of 1 to 5, and/or adjusting the co-financing rates.
- This kind of OP could be managed by a European Grouping for Territorial Cooperation, so as to set up a joint structure in the framework of a shared system of governance.

## II.2 – GIVING TRANSNATIONAL COOPERATION A MORE STRATEGIC DIMENSION: THE OPPORTUNITY OPENED UP BY MACRO-REGIONAL STRATEGIES

Two macro-regional strategies have been officially launched to date – the Strategy for the Baltic Sea and the Strategy for the Danube. One of these is in preparation; the other has only been in operation since the start of 2010. The effectiveness of these instruments can therefore only be assessed from a limited perspective.

However, two key lessons can already be learned from the procedures under which the Strategy for the Baltic Sea has been developed so far:

- The lack of synchronisation between the 2007-2013 programming period and the timeframe for the Strategy has had the effect of restricting the strategy's potential. The changes in priorities (in content or in timeframe) in the Operational Programmes imposed by the action plan came into effect while the OP and their management structures had already been in existence for more than two years. This made things particularly difficult in view of the complexity of such procedures under regional policy. It is therefore fundamental that any strategies developed in the future should be developed before the end of the current programming period, so that their priorities can be integrated into the 2014-2020 Operational Programmes as soon as the preparation of these begins.
- The low level of involvement of the territories has been highlighted. This is partly a consequence of the problem described in the previous paragraph, but is also a consequence of the intergovernmental nature of the pilot arrangements, which assign only a limited role to the sub-national authorities. As a result, the ownership of the strategy by the territorial actors is weak – and for those who have played an active role in the open consultation phase and now find themselves excluded from the implementation phase, the disappointment is real. And yet, as has been observed with regard to the Lisbon Strategy, "ownership" is a pre-requisite for the effective delivery of such top-down strategies.

Seizing the opportunity represented by the macro-regional strategies should not therefore consist in replicating exactly, in other areas of the EU, the process developed around the Baltic Sea, but rather, taking inspiration from the spirit of this process (better coordination of policies in the framework of strategic objectives that correspond to a given area), in promoting the preparation of equivalent initiatives, at the instigation of the States concerned and in line with strategic governance, management and partnership

modalities commensurate with the area in question. A possible process for the design and practical implementation of such macro-regional strategies is outlined below.

#### *II.2.1 – Preparatory phase*

In order for the strategies to be ready in time for the start of the 2014-2020 programming period:

- The European Council, in September 2010 at the latest, would need to ask in its conclusions that all the macro-regional strategies to be implemented as from 2014 should be developed by the end of 2012 at the latest. In order for this to happen the European Commission should submit, by June 2011, a proposal for the conceptual and operational framework (the latter to be integrated into the proposed regulations expected mid-2011) for the implementation of the strategies.
- The debate on the potential geographical areas to be covered by such strategies could be organised by each of the 13 existing transnational areas by the end of 2011. Thematic conferences held in each area would identify a limited number of priority axes specific to each strategy area, while a general debate would take place on the (re)definition of the area in question.
- Following these conferences, the Member States concerned would decide on the macro-regional strategies to be developed. These would then be prepared during 2012, on the basis of the axes identified at the thematic conferences.

#### *II.2.2 – Integration into the overall strategic framework and implementation arrangements*

It is crucially important that these macro-regional strategies become part of the strategic “corpus” of regional policy, and are integrated into the Strategic Community Guidelines - NSRF-NRP - Operational Programmes chain. They must also be integrated into the timetable for reform of the European Neighbourhood Policy, since certain macro-regional areas also cover territories situated at the borders of the European Union.

From an operational point of view:

- A macro-regional Operational Programme, drawn up for each area that is to be the subject of a strategy, would give substance to the priority axes of each strategy. Since the main aim of the strategies is policy coordination, it is important that no additional costs are generated. It is therefore envisaged, as for the multi-regional OP, that the maximum amount to be allocated to these OP would be equivalent to the envelopes currently allocated to the corresponding transnational OP.
- The financial envelope of these OP would thus be allocated as follows:
  - o A “technical assistance” envelope, aimed at developing a body to be responsible for strategic monitoring, coordination, and capitalisation,
  - o A “project” envelope, aimed at funding a limited number of strategic projects under each priority.
- The monitoring bodies would be organised according to criteria specific to each area. In order to optimize ownership and strategic monitoring, representation of the territories on the strategic monitoring body would be compulsory.
- The remainder of the strategy would be directly implemented through the regional OP and possibly multi-regional OP through earmarking. The Regions would thus commit themselves to contributing x% of their OP envelope to the objectives of the macro-regional strategy. The earmarked amounts should be sufficient not only to reflect the importance of the strategy’s political priorities for all the territories, but also to ensure tangible results. Given the considerable difference in the financial volumes concerned, different levels of earmarking could be envisaged for Convergence and non-Convergence regions.

Lastly, in the context of the “Territorial Pact” proposed by CPMR in 2008, which consists in encouraging regional and local leaders to sign a charter committing themselves to implementing EU strategic priorities in the fields of their own competence, it would be appropriate to envisage such a “Pact” between the territories of a given macro-regional area.

#### *II.2.3 – Link between regional policy and the other community policies in a macro-regional framework*

Not all sectoral policies need to be taken into account in all the macro-regions. Depending on the guidelines defined at the thematic conferences, only the corresponding policies will have to be coordinated on the macro-regional scale. This section does not aim to address this question in full. It does however offer some

thoughts on the possible complementarities between the macro-regional approach and three other European policies that have a transnational dimension: the Neighbourhood Policy, the Integrated Maritime Policy, and the trans-European transport networks.

- *Macro-regional strategies and the Neighbourhood policy*

The macro-regional strategies concern the territories not only of the European Union but also of the neighbouring countries (Baltic, Black Sea, Mediterranean). The anchoring of the neighbourhood countries at the periphery of Europe has in fact become a strategic concern. It is a matter of developing convergence areas between countries whose development already impacts, and will increasingly impact, on the development of the single European market and on Europe's place in a globalised world. In this context, it is important to take account of the wide range of institutional situations, governance systems, and above all policy integration in the partner States concerned, and to propose ways in which they can take part in the effective implementation of a macro-region that will help respond to issues that are of concern to them.

A pertinent proposal could therefore be that those States that wished to do so, according to modalities to be defined for each one, could devote part of their national envelope for the neighbourhood instrument ("action plans") to implementing certain priorities of a macro-regional OP in their area. Alongside this, the cross-border cooperation programmes also carried out under ENPI, in particular those organised by "sea basin", would have to evolve so as to integrate them into a wider macro-regional reflection, undertaken in coherence with the Structural Funds. In these areas, on the borders of Europe, it is a matter of linking territorial cooperation initiatives carried out by European sub-state authorities and the various relevant instruments of the Neighbourhood Policy – especially the current "East" and "South" regional programmes – in order to build a macro-regional OP specific to each of the "functional areas" mentioned above.

- *Macro-regional strategies and the Integrated Maritime Policy*

Since 2005, the Commission has been promoting an Integrated Maritime Policy (IMP) and has been gradually putting in place the appropriate tools. CPMR has contributed to the development of the IMP, always emphasising the necessity that it should be implemented in an *integrated* manner at two levels: that of the *Regions*, with leadership entrusted to the regional authorities, and that of the "sea basins" or "regional seas".

On whatever basis the macro-regions are geographically delineated, the example of the Strategy for the Baltic Sea shows the pertinence of certain macro-regions encompassing, or even being centred on, sea basins. There is a coherence therefore between sea basins and macro-regions, and this should be established in terms of the concepts and the community tools that will be used to deliver these two approaches.

The macro-regional instrument that this document proposes to develop is built essentially on the basis of regional policy. However, applying the IMP at the scale of a sea basin requires the coordination of a wide spectrum of community policies, certain of which have a substantial budget, others of which tend rather to generate recommendations and "soft law":

- Environment policy (for the management of ecosystems and integrated coastal zone management), which, together with regional policy and the IMP constitutes the hard core around which the sea basin approach can be applied,
- To a lesser extent the maritime transport policy (which includes maritime safety) and the Common Fisheries Policy. The latter, at first glance highly sectoral, is nonetheless of interest in two respects: firstly it is the *raison d'être* of the Regional Advisory Committees (RACs), which are promising mechanisms for transnational governance, and secondly it has – in the shape of axis 4 of the EFF – a financial instrument which could also be used to fund coastal territorial cooperation projects.

While there is a high degree of conceptual compatibility between macro-regions and sea basins, the maritime dimension of a macro-regional strategy calls for appropriate governance mechanisms to be put in place:

- To adapt to the specific situations of each of the basins; these could possibly be based on the existing bodies such as the RACs or regional agreements such as Helcom or the Barcelona Convention,
- This would require active coordination between the EC General Directorates concerned, a condition which does not appear today to be completely fulfilled.

Lastly, the link between these macro-regional and sea basin dynamics could also be articulated by promoting a maritime axis or priority in each of the macro-regions concerned. The “weight” of this priority would depend on the importance of the marine or coastal element in the geography and economy of the macro-regional areas.

- *Macro-regional strategies and the Trans-European Transport Network (TEN-T)*

Early in 2011, the Commission will propose new guidelines for the TEN-T. These are expected in particular to identify a core network comprising a set of point to point routes. These will be inter-connected, in contrast to the current approach of 30 priority projects that are not inter-connected.

These infrastructure choices will determine the mobility of goods and people in the medium and long term. Even within the European Commission, opinions differ as to the direction to give to the TEN-T. Should the network essentially benefit the fluidity and rapidity of flows, by focusing on tomorrow’s traffic as predicted by anticipatory trends? Or should it serve a policy of transnational territorial cohesion and a policy of modal shift towards less polluting and less dangerous transport modes?

If Member States and the Commission do decide to develop the macro-regional instrument, it is imperative that a reflection on infrastructure be included. The work currently being carried out by DG TREN, in charge of the TEN-T review, does not take this dimension into account. It seems to give priority to connections between capital cities and economic centres, and to place greater emphasis on technological improvements to the ecological performance of road transport than on investing in maritime and rail transport.

### II.3 - CONSERVING A FLEXIBLE AND BETTER FUNDED INTERREGIONAL COOPERATION INSTRUMENT

Although mainstreaming cross-border and transnational cooperation is essential to ensure their success, it is essential also to retain a more flexible cooperation instrument suitable for:

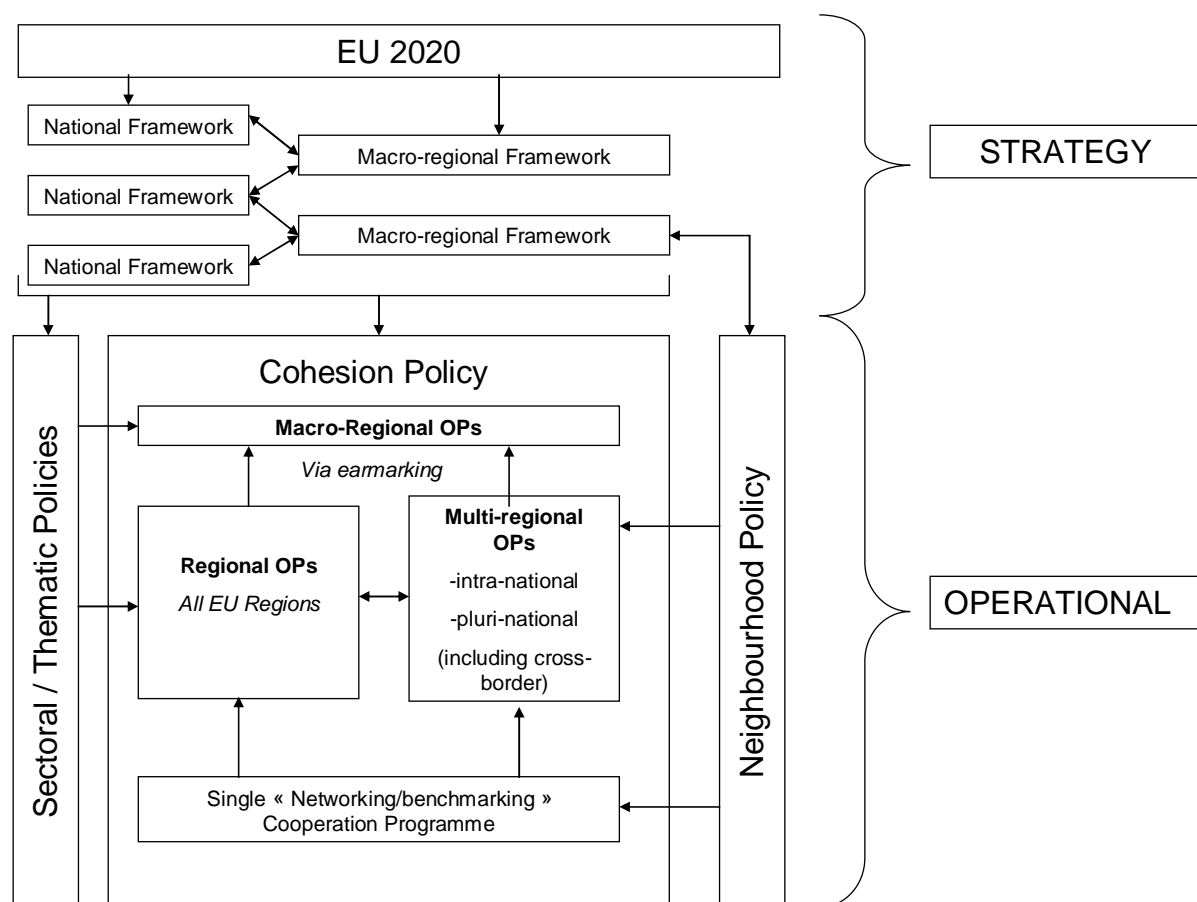
- Thematic cooperation;
- “softer” cooperation actions such as networking or benchmarking, which can be thematic or geographic, but which in the latter case are of a type that does not fall within the scope of a mainstream programme.

It could be possible for example to maintain a programme such as the existing Interreg IVC programme, but with wider-scope priorities, which would have a financial envelope equivalent to that of the remaining envelopes of the territorial cooperation objective.

Decision-making on such a programme could be made more fluid by establishing that decisions in the Monitoring Committee could be taken by a qualified majority and restricting the use of the veto by members to cases in which a project was contrary to national legislation.

It is also necessary, to avoid these programmes becoming over-subscribed and so as not to overlook the entrance of potential new cooperation actors, to reflect on the existing complementarities between such a tool and the “Culture” and “Active Citizens” programmes (DG EAC).

## II.4 – SUMMARY DIAGRAM



## CONCLUSIONS

It is up to the Member States, therefore, to decide on the scope they wish to give to the macro-regional dimension of the European Union. It remains, nonetheless, the responsibility of the Commission to guide their steps and integrate the reflection on this question into the wider reflection on the future of territorial cooperation.

Maintaining the status quo with regard to territorial cooperation – which in terms of its potential is much more significant than the 2.5% of the regional policy budget that it represents on paper – would without doubt merely result in the renewal of an unsatisfactory arrangement, one that falls well below the expectations raised by the Europe 2020 Strategy.

CPMR remains at the disposal of the European Commission and the European Parliament for further discussions on these different proposals in the framework of the discussion groups set up by the European institutions and Member States on topics such as simplification, the Baltic Sea Strategy, cohesion policy, etc.