Macroleon: Main challenges in the post-2020 period

In a nutshell

This note takes a look at the main challenges facing the macroregional and sea-basin strategies, as well as other similar cooperation frameworks, in the context of the post-2020 period. Chief among them are the governance and the availability of funding. However, there are many more areas where the strategies could and should make progress, ranging from the ownership to the coordination. The document suggests possible avenues for improvement with the aim to contribute to the discussions on the future role of strategies in the years to come.

1. Introduction

Over the last decade the concept of “macroregion” has come to acquire a distinct connotation in the context of the EU policies with the establishment of the first Macroregional strategies. These integrated policy frameworks are designed to foster a closer cooperation between national/local authorities from a defined geographical area in order to tackle common challenges.

In parallel, separate “sea-basin strategies” have been launched or developed under the maritime policy of the EU to promote the growth and development of large sea regions. These strategies are structured cooperation framework aimed to address issues ranging from problems of sea and ocean pollution to maritime safety and energy. For the sake of clarity, this document will refer to both types of strategies when using the term “strategy”.

The EU has adopted four macro-regional strategies since 2009: The EU Strategy for the Baltic Sea Region (2009), the EU Strategy for the Danube Region (2010), the EU Strategy for the Adriatic and Ionian Region (2014), the EU Strategy for the Alpine Region (2015). Sea Basin Strategies, mainly focusing on maritime-related issues, have also been put in place, notably in the Atlantic. Other cooperation initiatives of a similar kind, mostly maritime, are emerging and consolidating in other geographical areas (Black Sea synergy and Western Mediterranean initiative) or rely on existing cooperation arrangements (North Sea).
These strategies represent an innovative and integrated framework for policymaking and coordination. They sit on a peculiar model of governance involving a variety of stakeholders of different kind and actors from subnational, national and European levels. They have thus attracted increasing attention and generated expectations.

However, their potential is far from being completely exploited. To date the implementation of the strategies has encountered considerable challenges ranging from the availability of sufficient funding to flaws in terms of administrative capacity and political commitment. Likewise, emerging initiatives are coping with obstacles that may slow down or hamper their evolution into fully-fledged strategies.

This note takes a close look at the elements of both existing and emerging strategies that are of particular interest for the CPMR members (section 3). An overview of cohesion policy regulatory elements with respect to the macro-regional and sea basin strategies is provided in the following section. In the last section, the document will also suggest scenarios and avenues for improvement with the aim to contribute to the discussions on the future role of strategies in the 2021-2027 programming period.

Over the years the CPMR has produced various political positions and technical documents on the topic, including at the level of geographical commissions. The latest position adopted at the CPMR political bureau held in Gozo in March 2017 laid down several key political messages.

In this document the CPMR called for:

- A stronger coordination among the strategies
- More alignment with INTERREG programmes in the area covered by a strategy
- More incentives for ESIF mainstream programmes to fund the objectives of the strategies
- Establishment of smart specialisation strategies at macro-regional level
- Improved access to EU direct funding programmes
- Increase the ownership of the strategies

2. A glance at the cohesion regulatory framework for 2021-2027

Drawing from the experience of the current period, the proposal for 2021-2027 cohesion policy is geared towards two objectives in particular:

- Establish more synergies between the strategies and Interreg programmes covering the corresponding areas, in particular through a full or nearly full thematic alignment with the concerned transnational programmes
- Strengthen the contribution of mainstream programmes to the strategies, where applicable, considering that territorial cooperation is a horizontal objective in post-2020 cohesion policy

The inter-interinstitutional negotiations on the package, which are entering into the final stage, appears to be confirming this orientation although a few provisions are still being discussed.
2.1 Alignment with Interreg programmes

The new ETC regulation seeks a reinforced link between the strategies and the relevant ETC programmes by introducing specific thematic concentration requirements. The original proposal of the Commission provided for programmes supporting a macro-regional or sea basin strategy to allocate to its priorities 100% (under component 2A – transnational cooperation) or 70% (under component 2B – maritime cooperation) of the total amount. The European Parliament and the Council have introduced more flexibility in the level of alignment, agreeing on a single threshold of 75% respectively.

However, the agreement sets out that the requirement will only apply to transnational programmes whereas the European Parliament had proposed its scope to be extended to cross-border programmes that could potentially support a strategy (e.g.: Italy-Croatia in the case of EUSAIR). This is no minor difference, especially given that an agreement has been already found in the trilogue to reinstate the maritime cooperation under the cross-border strand against the Commission’s proposal to place it under the transnational component.

The agreement would thus entail less funding could go towards the strategies as the maritime cross-border programmes linked to the strategies would not be subject to any thematic target. This would be further aggravated by the cuts to the ETC allocations for 2021-2027 resulting from the Council agreement on the MFF (-6% compared to the European Commission proposal from May 2018), which expects now to be negotiated with the EP. On the other hand, the increased emphasis on the strategies put by the new regulation, including in relation to mainstream programmes, should lead to more funding available for their priorities.

A second requirement set out by the new legislation is for Member States to allocate at least 15 % of ETC resources to the two new Interreg-specific objectives, one of which includes a dedicated action on the administrative capacity of public authorities and stakeholders involved in the strategies (“A better Interreg governance”). This provision is intended to ensure that adequate institutional support is provided to the implementation of Interreg programmes and the strategies. This aspect remains a great challenge in part due to the fact that the strategies are not allowed to have dedicated institutions or structures. The action under the Interreg-specific objective could thus be used to support the governance/administrative capacity of the strategies. The EP and the Council have still to find an agreement on the percentages, whereas the Council defends a minimum 10% threshold and the European Parliament considers a maximum of 15 % (at a time of writing, it seems that an agreement will be found at 10%).

The Council and the European Parliament have already agreed to introduce a new obligation – proposed by the EP – for the programmes authorities to consult all the relevant macro-regional actors in the preparation of programmes covering macro-regional and sea basin strategies.

2.2 Synergies with mainstream programmes

The inter-institutional negotiations have confirmed the new provisions aimed at strengthening the embedding of macro-regional or sea basin strategies priorities in the ESIF mainstream programmes.

The new programmes shall indicate how the actions foreseen under each specific objective shall contribute, where applicable, to the strategies. This requirement is a positive step further compared to the obligation in the previous period to set out the overall contribution in a separate section of the
programme. However, the risk remains that this provision could result in many instances in a mere tick-boxing exercise.

Another positive element is that no limits are set on funding interventions outside the programme area against a ceiling of 15% in previous programming period. This should further encourage synergies across funds and programmes and make more funding available to finance projects in the framework of the strategies.

3. Main areas

This section provides an overview of the main aspects of interest for the CPRM in relation to the strategies.

3.1 Governance

Relying on a well-functioning governance remains a common challenge across all strategies, albeit to varying degrees. Each strategy has very different and complex governance arrangements. This may have also contributed to a series of well-known difficulties faced by the strategies: an insufficient level of representation and commitment provided by some Member States, a weak implementation chains between decision makers and key implementers, a relatively low ownership among the civil society and the citizens.

One fundamental issue is that the governance of the strategies are still dominated by a top-down approach. In fact, the development of the strategies remains in large part a national governments affair. Local and regional authorities are involved to a very little extent in shaping the strategic and political decisions as they generally do not seat in the governing bodies and if they do it is with an observatory status (with the exception of EUSALP and the Atlantic Strategy). Yet they are key implementers. Both the Council and the European Parliament as well as the CPMR and its Geographical Commissions have called for a greater participation of local and regional authorities.

A governance with a limited role for territorial actors carries clear risks: it erodes the territorial focus of the strategies and their capability to design targeted actions to the detriment of the overall impact; it prevents to ensure a higher political backing across strategies’ areas which is key precondition for a successful implementation; it impinges on the ownership of the strategies.

It must be said that given the peculiar nature of the strategies it remains intrinsically problematic to build an efficient and effective governance system. This requires a high degree of coordination across different levels: trans-national, national and thematic on the one hand, political, coordination and operational on the other hand.

Despite important efforts, the strategies in many ways cannot yet count on a robust ownership across both the decision-makers and the stakeholders, not to say among the citizens. According to the latest Eurobarometer on regional policy, the awareness of the strategies is very low, between 5 and 15%, even in countries covered by a strategy, the only exception being the Baltic Sea countries. This proves that more needs to be done to expand the bottom-up and participatory approach informing the very concept of the strategies.
3.2 Access to funding

Another area where significant obstacles have been met by all strategies is the availability of funding. Despite the “three NOs” rule prohibits the set-up of new dedicated funds, the Commission has stepped up efforts to ensure strategies can tap more easily into existing EU resources, in particular flowing from ESI funds. This effort has culminated in the proposals under the framework 2021-2027 for a full alignment with ETC corresponding programmes and stronger embedding of strategies’ priorities in mainstream programmes (see previous section). These provisions are a step in the right direction but cannot make up entirely for the investment needs of the strategies.

For instance, transnational programmes supporting a strategy wouldn’t be able to address all its priorities due to the higher thematic concentration. Looking at the ongoing negotiations on post-2020 programmes this has an impact in particular on the priorities in terms of mobility/transport leading to their exclusion on the grounds they require investments of a scale exceeding the financial capacity of the programmes.

On the other hand, the Commission has stopped short of introducing a requirement for mainstream programmes to earmark a share of their envelope for the strategies they are involved in. Furthermore, no specific provisions have been proposed building on the range of good practices emerged in the current period such as: targeted calls, bonus points to projects of macro-regional relevance, direct support to strategy projects, and the participation of MRS representatives in programme monitoring committees.

In the previous years, several projects identified in the framework of strategies have also benefitted from EU schemes other than the ESIF funds, in particular from programmes such as Horizon 2020, TEN-T or LIFE. A limited number of calls published under the EMFF and Horizon 2020 have enabled the financing of projects with a macro-regional dimension. Nevertheless, the Commission has so far refrained from supporting in a structured manner the strategies’ priorities through the direct management programmes, for instance via targeted calls or specific criteria within broader calls. The mobilisation of more national or private resources remains also an issue.

3.3 Other issues

A weak mainstreaming at EU level: While strategies span a wide range of thematic areas they remain largely addressed under the cohesion and maritime policy at European level. Up to now the EU sectorial policies have paid a relatively little attention to the macroregional dimension. A weak mainstreaming across the EU policies has direct implications for the implementation of the strategies. On the one hand, it could affect the projects’ capacity to comply with the objectives set by the EU policies and receive resources available under the relevant funding schemes. On the other hand, the EU does not fully exploit the potential of the macroregional strategies in helping implement the EU strategic priorities in the countries or regions covered.

A lack of coordination: Linked to the point above is the historical lack of a coordination at EU level among the existing strategies. Since February the 4 Macreregional strategies meet in the format of the Trio Presidencies of the 4 MRS to discuss about common challenges, needs and possible cooperation. This formal framework goes in the right direction and should be reinforced and expanded in the future. This lack of coordination in the past have certainly affected the possibility to have a better alignment and complementarity among the priorities of the various strategies and an easier exchange of know-how/practices that would be highly beneficial. The Commission has so far shied away from taking on a coordination role.
It maintains that the strategies should be fully run by Member States - being a purely intergovernmental initiative - with the Commission operating as strategic advisor. In fact, it has been forced to step in on multiple occasions and areas vis-à-vis the lack of political initiative or operational flaws experienced by many strategies.

**Going beyond the “3 Nos”?** The rule of the 3NOs was designed with the view to make Member States more responsible and accountable towards the strategies and avert overlaps/complexities in their implementation. In retrospect, the three tenets have all proved at times an obstacle to the development of the strategies. Today the “3 NOs” have been maintained but in many ways softened. Proof of this are the specific provisions laid down in the ETC regulations, the proposal to devote the entire amount of the ETC programmes to the strategies, and the existence of dedicated technical structures financed with the EU funds supporting the strategies. There is however a clear need to look beyond. For instance, the lack of a dedicated regulatory framework has been one of the main stumbling blocks for the strategies.

**Third countries:** The strategies are also providing a key contribution to deepening the links with non-EU countries, in particular accession countries, strengthening their connection to the EU. The participation in the strategies have generated benefits for non-EU countries in terms of capacity building and economic integration, and helped smoothening the obstacles that lie across the external borders of the EU. Many countries have taken an active role, for instance on the thematic coordination. Yet substantial improvements are needed on the institutional capacity and availability of funding. The work done at political level is not always matched at the level of operations and the resources invested.

**Brexit:** The existing sea basin/macroregional strategies, more specifically the Atlantic, could provide a useful and agile framework for cooperation between the EU and the UK local/regional authorities and other stakeholders. Alas, the UK-EU withdrawal agreement does not bear any reference to the macroregional approach. In addition, UK decision to opt out from all territorial cooperation as well as direct management programmes would make any cooperation under the strategy more difficult.

**No island dimension?** Most macroregional or sea basin strategies or initiatives, chief amongst them the EUSAIR, cover a substantial number of islands. Nevertheless, none of the strategies have yet developed a specific approach to islands or launched a comprehensive reflection on the opportunity to design dedicated actions.

**4. The way forward**

The aspects discussed in this note show that there is still a long way to go for the strategies despite the important achievements of the past years. In this section the CPMR general secretariat outlines a number of options that should feed in the debate on the future of the strategies in the context of the post-2020 period.

**Governance:** A greater involvement of regional actors in the governance of the strategies could unleash tangible benefits as explained in the previous chapter. Ideally, one regional authority for each participating MS should sit in the governing/steering bodies of the strategies. Local and regional authorities’ associations could also be given a role in the governance contributing to a greater coordination and mobilisation of territorial actors.

**Direct management programmes:** There is ample scope for reinforcing the contribution of direct management programmes to the strategies. This objective could be pursued under the next MFF in
two ways: a) Design calls for projects specifically oriented towards the strategies; b) include in broader calls specific criteria to attract projects with a macro-regional dimension.

**Cohesion Policy:** The Commission is in the position to take an active role in encouraging the mainstream programmes to provide more support to the relevant strategies so as to give full application to the new provisions. This could be achieved by developing ad hoc guidance (for instance on setting up targeting calls) and fostering the exchange of know-how/practices among MAs within new or existing platforms (such as in the Baltic Sea Network).

**Mainstreaming:** The previous chapter explains why incorporating, where possible, a macroregional dimension, including where applicable the sea-basin approach, into the EU sectorial policies would be beneficial. To this end, two preliminary actions would be required. Firstly, the Commission should lay out a global approach and outline the future steps through an overarching plan or communication. Secondly, it should set up a transversal Task Force, “Strategies with a macro-regional dimension” between the various Directorates General of the European Commission.

**Cross-strategies coordination:** The Commission could facilitate the establishment of a network of strategies to discuss common challenges and formulate recommendations.