

# EU MACRO-REGIONAL STRATEGIES

## LABORATORIES FOR A NEW EUROPE

A QUALIFIED NON-PAPER BY KEY STAKEHOLDERS IN THE FOUR MACRO-REGIONAL STRATEGIES

Anders **Bergström**, EUSBSR Policy Area “Education” and Horizontal Action “Capacity” coordinator, Norden Association, Sweden

Peter **Eggensberger**, Bavarian Coordinator EUSALP, Bavarian State Ministry of the Environment and Consumer Protection, Germany

Andreja **Jerina**, National Coordinator EUSALP, EUSAIR, EUSDR, Ministry of Foreign Affairs, Slovenia

Stefan August **Lütgenau**, President of the Danube Civil Society Forum, EUSDR, Director Foster Europe Foundation, Austria

Claudia **Singer**, EUSDR Priority Area Coordinator PA 10 Institutional Capacities & Cooperation, City of Vienna, Austria

### **Further inquiries:**

Stefan August Lütgenau

Danube Civil Society Forum

[luetgenau@foster-europe.org](mailto:luetgenau@foster-europe.org)

## INTRODUCTION

This non-paper emerged as a response to the request of the Chairman of the REGI Committee to a group of representatives of the four EU macro-regional strategies, during a meeting in Strasburg on November 25, 2019, to bring clarity into understanding of their contribution and insights from their implementation.

The macro-regional strategies come with a **crucial and unique contribution** to the evolution of the European project – through their participative nature, collaborative spirit, open information flows and flexible implementation formats.

The European Union is in transformation; overcoming stagnant realities of the Eurosclerosis and reforming the Union for better fit for the 21<sup>st</sup> century is what preoccupies European politicians and the European Commission. The Green Deal, the UN Sustainable Development Goals and the New Push for Democracy are three beacons that will guide us on the way to a new, integrated Europe. However, none of those are possible to achieve unless we use the spirit and collaborative tools that the macro-regional strategies bring to the table and EU citizens on the ground

The four macro-regional strategies today (EUSBSR, EUSDR, EUSAIR and EUSALP) reach out to 19 member states, 9 third countries including all applicant states, with a population of 236m inside and 33,5m outside of the Union. By now they are firmly embedded in the EU's institutional framework as an important and innovative factor in promoting EU Cohesion and Enlargement agenda. By design, the Strategies are connecting between sectors and disciplines, nations (even where there are open political issues), regions and municipalities. As they mature, the circle of stakeholders participating in macro-regional implementation formats substantially expand to include academia, economic entities and civil society – de facto bridging the participation gap between citizens and the EU.

In combination with a regular transparent and open information flows, top-down and bottom-up, within and between the strategies, among stakeholders and institutions, a higher participation, awareness and ownership of our common issues, will contribute to building up a nucleus of a European Demos.

The non-paper is also prompted by the recent (February 2020) EPRS briefing by European Parliament on Implementation of macro-regional strategies<sup>1</sup> – a well-informed document that presents the state of play in and a brief assessment of, the four EU MRSs through aggregated views of their high-level stakeholders - European Commission, European Parliament, Council of the EU, and Committee of the Regions (CoR). The brief concludes that the four macro-regional strategies, despite differences and documented progress, have four areas of challenges in common - governance, funding, political commitment and result orientation when delivering their value added.

While fully agreeing with the high-level analysis, this non-paper aims to provide input that might not be visible from the higher levels i.e. that from **the implementation level** which we hope will provide the down-to-earth perspective to those who explore the Strategies' contribution to a new Europe.

Among other things, the non-paper describes the challenges mentioned in the brief, and how the Strategies try to address them today. As experimental environments for multi-level governance, stakeholder-based policy-making and collaborative action, the four strategies prototype solutions for overcoming these challenges. Some of them might inspire European politicians as much as they already inspire stakeholders participating in macro-regional strategies. A brief account of such practices in the

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<sup>1</sup> Christiaan Van Lierop, EPRS, Member Research Service

four Strategies is presented in this non-paper, followed by executive conclusions and recommendations to the European Parliament.

On a more strategic note, the European Parliament is best positioned to assert their influence on the future of macro-regional strategies as integrated frameworks for policy and action that take international collaboration to a totally different level and brings the EU closer to citizens than ever before. After all, the European Parliament called for creation of the EUSBSR, the very first experimental strategy in Europe, back in 2006. For the implementers of the four Strategies today, it feels natural and timely to come back to the Parliament and include the members in reflecting on their current state, their development needs and discussions of new visions for Europe.

The non-paper provides some ideas for linking the European Parliament's work closer with the realities of the macro-regional strategies. It will also provide ideas that might be worth to consider when pondering the funding of macro-regional strategies for the coming years in ways that will enable them to use their full potential for Europe.

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## 1. CONTEXT TODAY

The European Union, not just because of the setback Brexit, is perceived to be in a crisis exacerbated by external and internal challenges, from climate change, migration, economy to nationalistic regression. Citizens start to question the value of the EU membership. Policy work is often detached from citizens' realities. Capacity of public institutions is largely defined by national interests. At the same time our large systemic challenges can only be solved by people coming together and pulling all available resources.

The European Union is dedicated to address these systemic challenges. This dedication is now expressed in the plan to implement a Green Deal to mitigate climate change and to position the European Union at the spearhead of Green Technology for the post-carbon era. Furthermore, the European Union is decisive in its efforts to promote a New Push for Democracy that will improve the quality of democracy in the Union and fuel closer integration and a new relationship with its citizens. The social cohesion is also a priority expressed in the European Pillar on Social Rights.

These strategic aims go hand in hand with the United Nations Sustainable Development Goals that the European Union is dedicated to implement. This requires new ways of thinking and leadership that need to be built into the current political structures of the European Union and its member states.

## 2. VISION EU 3.0

Which systemic forces can push forward a better integrated Europe? What can an EU 3.0 look like thanks to the EU macro-regional strategies? How will the pragmatic collaborative approaches to actions and policy making that the EU macro-regional strategies come with, enable systemic solutions to our common challenges even beyond current EU borders?

In a European Union 3.0, the mind-sets of citizens and institutions have shifted from a transactional to a more collaborative view of interaction between citizens, regions, national states and the European Union. As a result, public actors of all governance levels, civil society organisations and citizens perceive our common challenges as their own, and the EU 3.0 offers civic spaces to engage and be part of the solutions. Public and civic leadership come to the forefront – we see not only political and civil servant leaders, but also integrative leaders in business, education and professional communities, larger youth engagement and even citizen-driven policy initiatives. In a Europe 3.0, we have a comprehensive/holistic perception of the challenges that we are facing and acknowledging their systemic character. At the same time, we have developed co-creative tools and capacities to tackle them.

As the EU macro-regional strategies mature and grow in confidence in their role and value added for the European project, they develop and implement targeted initiatives 'beyond separate projects' - that are built on wide stakeholder engagement and pulled resources. Focusing on our common challenges and opportunities, in various places in the system, they contribute to co-creating systemic solutions at the interface of policy and action-on-the-ground. Such new, co-creative practices change the ways we think and do policy making. Amplified by media, the Strategies attract even more citizens and institutions – contributing to close the gap between people and the EU. EU macro-regional strategies become a core experimental area to exercise European policy and action in a trans-national, multi-stakeholder, multi-level framework with a strong emphasis on the local and regional dimension.

The 'push from the ground' eventually brings about the change in our institutions – as an inevitable result of the democratic processes already at work in the countries of Europe, enriched by strong participation/deliberation of civil society and citizens. Capacity of institutions on national, subnational

and European level eventually adjusts to the expanded practice of policy making and international collaboration across countries, levels and sectors. In particular, the EU funding institutions/programmes have strengthened necessary provisions for supporting larger-impact initiatives *'beyond projects'*.

Thus, the mature EU macro-regional strategies (MRS), by design, is the lever and a powerful force for further integrating Europe. It is a key factor to ease the accession of new member states and to bring neighbouring countries of the EU closer to the Union. Consequently, the EU 3.0 has reached a much more productive state where citizens are co-creators and natural owners of the European project 3.0.

### 3. WHAT IS A MACRO-REGIONAL STRATEGY?

A macro-regional strategy is an integrated framework endorsed by the European Council, to address common challenges faced by a defined geographical area relating to EU Member States and third countries in the same geographical area. With joined forces and strengthened cooperation, contributing to achievement of economic, social and territorial cohesion there is tangible benefit for the whole region.

At present there are four macro-regional strategies in Europe (year of adoption in brackets): EU Strategy for the Baltic Sea Region (2009), EU Strategy for the Danube Region (2011), EU Strategy for the Adriatic and Ionian Region (2014) and the EU Strategy for the Alpine Region (2015).

All adopted macro-regional strategies are also accompanied by a rolling Action Plan to be regularly updated in light of new, emerging needs and changing contexts. The four macro-regional strategies concern 19 EU member states and 9 non-EU countries, with some 236 million EU citizens (446 m EU 27) and about 33,5 million citizen third states, including all applicant countries.

Macro-regional strategies are often associated with three NOs: no new legislation, no new funding and no new institutions, which should correctly be considered as a big YES: to align funding and mobilize existing institutions for the implementation of the Strategies. This principle supports the integration of Europe and foster the development of new formats to develop and implement European policies.

Macro-regional strategies help stakeholders to make better use of the EU membership and to move closer to the EU, to be more cost-effective by sharing solutions rather than reinventing them in each country, by pulling resources together and finally helping us all to bring the European Union closer to its citizens.

Thematic progress in our common priority areas is urgent and important. But it is the HOW of macro-regional collaboration, practiced in the Strategies, that they can make their unique contribution to the European project.

### 4. HOW ARE MACRO-REGIONAL STRATEGIES IMPLEMENTED?

In essence, macro-regional strategies are referred to as *'implementers'* of the EU Cohesion Policy in the four European macro-regions. Until their emergence, the role of *'implementer'* was played by *projects* of various sizes and scopes. Judging by the fact that the lion share of the EU funding is allocated in national and regional funds, cohesion was assumed to be assured through raising living standards *within national borders and by implementing sizeable projects*. In reality, most of the challenges

pressing European development today, are much wider in geography and much more complex in scope and impact. Such challenges require ‘implementers’ with a much higher impact potential than any project regardless of its size. Furthermore, macro-regional strategies offer a framework that coordinates projects, networks, policies, strategies etc. at different levels to increase the impact of single policy instruments.

In practice, a macro-regional strategy is an integrated framework that can address macro-region-wide, common challenges, by working at two levels simultaneously and mutually effecting each other:

- the **policy level** – by sustaining and deepening generative, multi-stakeholder policy dialogues across the region, and
- the **implementation level**, where existing and new policies get enacted and produce tangible impact “on the ground”, by efforts of all types of actors gathered through the multi-level governance (MLG) principle inherent to the strategy, contributing to the same macro-regional objective.

In doing so, macro-regional strategies stand for a more pragmatic, needs-based approach to societal challenges, both social and natural. Seen as *strategic frameworks*, macro-regional strategies have become the implementers of appropriate size, scope and character – to match the level of the modern cohesion challenge in Europe, and the actual bulk of EU funding available for the purpose, at the various governance levels.

To be able to implement macro-regional strategies new formats needed to be developed - thematic policy/action environments able to bring together large group of stakeholders, various projects and policy-making processes. Effectively, they are drivers for long-term thematic collaboration, transnational, cross-sectorial and based on multi-level governance.

## 5. MACRO-REGIONAL STRATEGIES AND THEIR MATURITY

The 2017 COWI-study<sup>2</sup> presented a three-phase framework for assessing the maturity of macro-regional strategies in their connection to Cohesion Policy; each of the phases described through characteristic barriers to and drivers for development. The framework was further developed and operationalised in the EUSBSR, to be used for defining sets of strategic and operational activities in each of the phases as well as corresponding indicators for monitoring and evaluation thereof. The framework logic informs, to various extent, the other Strategies when they reflect on their maturity.

The maturity of the four Strategies is the defining factor in reflection on the four common challenges referred to in the briefing<sup>3</sup> - political commitment, governance, funding, and result orientation when delivering their value added.

### BRIEFLY ON THE MATURITY MODEL

In Phase I, a macro-regional strategy is **to build up its implementation machine** – establish Thematic Areas’ steering groups, scope roles and responsibilities, ensure institutional commitments to macro-

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<sup>2</sup> STUDY ON MACROREGIONAL STRATEGIES AND THEIR LINKS WITH COHESION POLICY, November 2017, by COWI at al. EUROPEAN COMMISSION DIRECTORATE-GENERAL REGIONAL AND URBAN POLICY

<sup>3</sup> Implementation of macro-regional strategies. Christiaan Van Lierop, EPRS, February 2020.

regional work, agree about implementation formats and success indicators, synchronise governance levels and overall commit to the Action Plan. This is the phase when the Strategy faces largest uncertainty and lowest awareness, engages stakeholders ‘by promises’ and uses very limited (if at all available) own resources. *No outer performance* is visible, *nor possible*, in this phase – and failure to recognise it almost certainly leads to lack of political support to the Strategy as such. If no ‘investment’ is made in this Phase, the Strategy is doomed to struggle and might die before it starts to produce expected outcomes.

Phase II is where the Strategy, and individual Thematic Areas, should reach its **systematic productivity**, due to successful implementation formats (macro-regional projects, impact-driven processes and others). The Strategy implementers shift attention *to producing results and outcomes* – and for that seek high-leverage formats, synergies and alignment of policy and thematic action in every format they choose. Embedding the Strategies in ESIF (mainstream programmes) becomes an imperative, and the Strategies engage in financial dialogues at every level to ensure alignment of funding for implementing their Action Plans (e.g. networks of ESIF Managing Authorities are created as a collaboration interface). The proportion of INTERREG B funding naturally decreases as the Strategies’ scope of impact increases. Phase II requires support as well – as the macro-regional strategies and ESIF mainstream and sector programmes are far away from being aligned yet. Investment in capacity of implementing stakeholders remains important until the macro-regional interests are embedded in the national institutions engaged in implementation.

In Phase III, the Strategy shows **stable efficiency and maximum scope**, it is delivered by mature Thematic Areas, with full engagement of the internal implementing actors AND external stakeholders in the macro-regional scale. All involved stakeholders have developed the capacity of implementing macro-regional actions as contribution to the bigger picture, i.e. integration and development of the region. It is mainly in Phase III that the impact of the Strategy becomes clear and visible to policy makers, media and the public. They can also be measured in terms of indicators such as income, inclusion, accessibility and environmental quality. The ESIF potential of aligning the MRS is fully explored – not only thematically/strategically but also operationally/tactically. The EU funding system has expanded from project funding to funding processes that ensure learning, coordination and cooperation between all stakeholders of the macro-region, along the lines of policy work and policy enactment. Provided Phase I and II are successfully consolidated, the Strategy requires no support in Phase III – neither for activities nor for governance.

## 6. THE FOUR MACRO-REGIONAL STRATEGIES IN LIGHT OF MATURITY AND THE FOUR CHALLENGES

The four macro-regional strategies are at different stages of maturity due to systemic interplay of various factors such as the number of years in operation, the level of development in the member countries, the composition of member countries and regions, regional legacy of all kinds, access to funding for key implementing stakeholders, assumed governance structure and others.

Besides, the maturity levels vary within each Strategy, between the Thematic Areas, which can be attributed to individual performance of Thematic Coordinators, Steering Groups and other key stakeholders engaged in the Thematic Area, as well as the presence or absence of support structures (and funding) available to them, such as EUSAIR Facility Point and EUSDR Strategy Point.

Degree of funds absorption and, most indicative, what type of funding is used, should also be analysed through the MRS maturity lens. The data presented here makes a strong case for full-scale embedding of macro-regional strategies in the mainstream ESIF system. Failure to do that will most certainly lead

to stalling in growth and development of the Strategies in the long run, and undermine their operational performance in a shorter-term perspective, too.

Below are the four Strategies' reflection in the light of the four challenges and in relation to the perceived degree of maturity.

## **CHALLENGE I: POLITICAL SUPPORT TO THE MACRO-REGIONAL STRATEGIES**

Political commitment and support to the macro-regional strategies is a necessary prerequisite for their success, even in the best of times. It tends to be clearly visible at the launch of a Strategy and during the first years of implementation while the political initiative-takers are still in office. Experience of the older strategies (EUSBSR and EUSDR) shows that political commitment eventually subsides, this is due to various reasons. National politics shift colours, international engagement vary which is especially noticeable today when national interests often overrule common European ones, even in a relatively homogeneous region like the Baltic Sea Region with its traditionally active international collaboration.

The Adriatic and Ionian Region and the Danube Region are those in which disparities in political commitment of the member countries (EU members and non-members) present clear obstacles to the implementation of the Strategies. Aware of that, the EUSAIR seeks to actively confirm the political commitment by **adopting political documents** such as the Catania ministerial Declaration of 2018 that guides their strategic actions. Clearly similar, well-informed macro-regional political documents could do their part in supporting the Strategies in the other macro-regions, too.

Another reason for decreasing political support is 'hidden' in **the lifecycle of a macro-regional strategy**. As the maturity model suggests, Phase I is internal in character – the Strategy is building up its implementation machine and the picture of produced external outcomes is 'blurred' leaving the stakeholders unable to attribute some of them to the Strategy's contribution. As a result, high-level political support eventually subsides and at the moment is less visible in all the four Strategies.

However, some of the Thematic Areas (those that managed to move to Phase II) have ensured political support within their domains, on the national, subnational and macro-regional levels. In the EUSBSR, the so called "**policy loops**" start to work between the 'flagships' (the main implementation format in the EUSBSR) and relevant policy institutions – which manifests itself in producing thematic policy briefs and continuously channelling them to the relevant policy institutions. Such Policy/Thematic Areas, as evident in all the Strategies, gain more visible support from line ministries/standing committees in parliaments, regional and local political assemblies. **National Coordination units** should play a more active role in aggregating the information about thematic policy alignment across the Strategy and bring it to attention of national politicians and political-level civil servants.

EU Commission encourages and enforces the ownership of the Strategies to be (re)assumed by the member states, which is sound and right. In the meantime, the operational level wears themselves out for producing results 'worth of attention' of national politicians - in hope for stronger political support which in turn will translate into larger capacity. Sadly, on the member state level this does not seem to be happening, or to very limited extend. To match the desired effect of macro-regional strategies as frameworks and vehicles of cohesion, strong political support must come from the European Parliament and other EU institutions. New ways of thoughts and leadership need to be built in the current political structures of the European Union and the national states. This will help to find new ways of supporting macro-regional experimental governance and their implementation structures – **both politically and financially** – while not institutionalising any of those structures.

## CHALLENGE II: RESULT ORIENTATION IN DELIVERING MACRO-REGIONAL VALUE ADDED

The four Strategies are operating either on the verge of Phase II or firmly in Phase II (2017 COWI-study); some of the Policy Areas of the EUSBSR seem to approach Phase III - as they have ensured alignment of funding for their 'flagships' and have tapped into ESIF mainstream funding. The EUSAIR and EUSALP are on the way to implement its Cross-Pillar matrix through a number of inter-pillar projects which is also indicative of mature Phase II implementation. However, most of the actions within all the four Strategies are implemented in projects, and most of them funded from a single source, often Interreg.

Phase II is characterised by rapid expansion of the circle of stakeholders that want to collaborate for tackling the common challenges. This pushes the Thematic Areas to seek formats *beyond projects* (naturally, projects are limited in time, scope and number of partners) and with higher policy impact.

In the EUSBSR, such formats are now called 'flagships' – they emerge as the Strategy's response to a certain common challenge articulated in the Action Plan. Flagships are driven by a vision of policy impact in this area which is impossible to achieve through a project's lifespan or by a limited set of stakeholders. Enacting **the multi-level governance principle**, flagships gather *all possible stakeholders* (cross-sectorial, multi-level, civil society-based – one of the EUSBSR engages 200 stakeholders) in long-term process of co-creation of both policy and action. Flagships become 'home' for projects and any other forms of action, such as thematic working groups, policy dialogues, policy-making workshops, public consultations and others). Flagships become areas for alignment of funding, too. Each flagship has a Flagship leader (an active thematic institution) and can be structured as platforms or membership-based networks.

Undoubtedly, flagship-like formats produce results of much higher value added than separate projects, as they produce on two levels at the same time – policy and action. And they certainly 'bring Europe close to the citizens' due to its broad engagement nature and open structure. In fact, they seem to be a more strategic format to deliver macro-regional value added. Arguably, such formats can be seen as **unique contribution of macro-regional strategies** demonstrating HOW the macro-regions can boost thematic progress in chosen focus areas. Strategic pursuit of **the participation agenda** – manifested in such inclusive collaboration formats – is the source of **legitimacy and sustainability** of the macro-regional strategies.

The EUSBSR experience shows that shifting '*from projects to policy/action processes*' takes time and effort of Thematic Coordinators. However, once they are launched, Flagship leaders take over the responsibility and practical thematic work, and the Thematic Coordinator can focus on the task of alignment and coordination. The implementation of the new Action Plan will, to a larger degree, consist of flagships rather than single projects; the goal is to have three flagships per Policy Area, in the EUSBSR. Whatever impact-driven formats the Strategies finally assume as their modus operandi, their design should be guided by desired policy impact and be spacious enough for engaging all groups of concerned stakeholders, including civil society.

What remains a challenge is to build such long-term, sustainable structures for engagement and participation, with limited or no funding available for the "construction work" as such, which once again raises the issue of funding the macro-regional governance infrastructure.

### CHALLENGE III: GOVERNANCE

Governance discussion in the context of macro-regional strategies, should be held on two levels: on the level of *underlying principles* (i.e. multi-level governance approach and active participation of civil society), and on the implementation level with the reflection on efficiency of the *internal governance structure*. Whereas the former is embedded in the DNA of a macro-regional strategy (in the EUSDR it is clearly articulated in PA 10 Institutional Capacity and Cooperation, EUSALP has a dedicated Governance pillar), the latter is supposed to bear the implementation of these principles and represent these principles in the set-up of the governance structure and the composition of stakeholders. Internal structures are seldom visible to an external eye; this reflection has actualised in connection with the recent process of revision of the EUSBSR and the EUSDR.

The governance structures of the four Strategies capture peculiarities of the macro-regions in terms of geography and composition of members (countries and regions) and neighbouring countries. The EUSBSR is comprised of EU member states only and engages the neighbouring Norway, Russia and Iceland through the Horizontal Action Neighbours. The other Strategies consist of countries and regions - member states, candidate countries and neighbouring countries – and their governing structures are set to leverage institutional strengths and offset potential weaknesses of the members.

**National Coordinators (NC)** exists in all four Strategies; their primary task is to oversee the national implementation of the Strategy in respective member state/member country/region and ensure that the Strategy is firmly anchored in the national/regional political environment. In this way, NC's job is on the one hand to facilitate high-level national political commitment to the Strategy, on the other hand to engage regional and municipal institutions as well as business, academia and civil society in the process and to establish a stable flow of information in the country to-down and bottom-up. Naturally, they cannot do this job alone but rely on Thematic Coordinators and Steering Groups (mainly consisting of line ministries) to do their part in anchoring and creating political commitment on their levels. Besides *the national task*, National Coordinators *as a group* effectively act as the executive board for the Strategy as a whole.

The four Strategies chose to place National Coordination units in different ministries and governmental offices, such as Ministry of Foreign Affairs, Ministry for European Affairs, Ministry of Economy/EU Funds, to a lesser degree – in Prime Minister's office. Considering the complexity of the NC-role, and taken from the implementation efficiency, it seems important to reflect on *the choice of ministry* charged with national coordination, as well as on *the degree of authority and discretion* given to the individuals-in-role in their home hierarchy. Primarily, considerations should be taken to the current maturity phase – as the NC-work is different in each of them.

When Strategies mature, the implementation gets better integrated in the domestic *thematic* policies – and often it is easier to coordinate the ministries' engagement from a 'neutral' place. There are benefits to get from placing the National Coordinators in the Prime Minister's office - to give them the necessary authority for coordination between the ministries, in respective member country. In the least, this power of this position enables the NC to assume the role of *a dialogue facilitator* between ministries with regards to the Strategy implementation, and the principle of *'primus inter pares'* can still apply.

Besides, in Phase II, funding shifts towards ESIF mainstream programmes, and the Ministries responsible for EU funds become more relevant to engage in the implementation. The EUSAIR's governance structure seems to be well positioned in this respect: National Coordinators work in duos that (a) represent member- and non-member countries which facilitate institutional alignment, and

(b) brings together two ministries that capture both Europe-perspectives and Economy/Funding perspective.

**Executive Board** might be an important element of governance of the Strategies; however, three of them (EUSAIR, EUSALP, and de-facto EUSDR although the NC group does not carry a special name) have governing boards while the EUSBSR does not. Whatever informed the decision of having/not having the governing board, one might explore the correlation with the degree of high-level political support and commitment given to the Strategies. Existence of a documented high-level political agreement about the Strategy (e.g. expressed in the EUSAIR Catania Declaration of 2018) is an integrating political factor in a macro-region; absence of such effectively puts the commitment-task on the lower governance levels and even the implementation level, which is less powerful.

**Thematic Coordinators**, although by different titles, exist in all four Strategies; they are tasked with thematic coordination for the actual implementation of the Strategy, i.e. they are responsible for 'production' and 'result' of the Strategy. Thematic Coordinators are often referred to as the "engines" of the Strategies. It is an extremely complex role – the individuals-in-role have to be able to reconcile the interests and practices of national levels with those of the macro-region. They have to be engaged on a macro-regional level with the relevant stakeholders, state and non-state; disregarding national borders or affiliation. Development in Phase I is totally dependent on Thematic Coordinators' capacity and capabilities, and almost always on their personal commitment and resilience. Failure to set up structures for sustainable operations (Phase I) jeopardizes the Strategy's performance as a whole. No high-level political declarations can save the Strategy – if the Strategy lacks proper 'production line' that is geared to produce right-level outcomes.

In strong contrast to their importance, Thematic Coordinators are clearly under-resourced; the vast majority is working part-time (20 to 50%) for MRS. Increasing the capacity of their institutions is crucial so that Thematic Coordinators have the resources to fully focus on their function.

When the Strategies were launched, the coordination function was assumed to be more reactive, overseeing the implementation of Thematic Areas - labelling of (often external) projects and reporting were assumed to be "the work". At that time, we simply could not know the true value of macro-regional strategies for Europe, nor did we know how to implement them. With present-day experience and knowledge, we should **re-visit our assumptions** on how Thematic Coordinators should be supported, both *internally* - i.e. supporting capacity of their home institutions, incl. their wages and managerial support, and *externally* – when we design capacity support units in our Strategies, i.e. Facility / Strategy Points.

In general, **investments are needed** in capacity and resources of the key implementers of the Strategies. Macro-regional strategies are positioned as "cost-efficient solutions for implementing cohesion policy" – investing in mindful recruitment and support of Thematic Coordinators as the key implementers would not make it less efficient. Rather, it is a wise investment decision that will produce huge impact on the Strategies' performance and overall reputation in the macro-regions. Failure to support Thematic Coordinators puts the Strategies at risk of energy deployment and dissipation.

There are other roles to be considered when we assess governance and implementation structures of the Strategies, such as **Thematic Steering Groups** (going by different titles in the four Strategies). Their members often represent line ministries in the countries/regions and thus they should be a natural contact point in the member countries. Other important functions are the (emerging) **Managing Authorities networks** for ESIF mainstream programmes, the **ETC Joint Secretariats** and the teams supporting the four Strategies at **DG REGIO**.

If we want to optimise or re-design governance and implementation structures of the Strategies, we need to properly consider the **interdependencies** of all the roles and functions above – none of them alone can make Strategies perform and deliver their value added to the macro-regions. Our macro-regions are in essence, complex adaptive systems and should be treated as such.

#### CHALLENGE IV: FUNDING

By design, macro-regional strategies are to consider and align all possible funding for their implementation - EU funds, international funding and funding available in member countries; both public and private. The Strategies are beginning to explore these opportunities for funding. The obvious starting point was the four INTERREG B programmes that covered the same geographical areas (with some minor differences) as the macro-regional strategies. IPA and ENI were added, where applicable, to the INTERREG B programmes. Scope and objective of these funding opportunities have to be taken into account and also derived limitations to be understood.

In recent years the lack of funding for horizontal governance and for capacity building among the MRS stakeholders community became obvious, seriously slowing down the development of MRS. For a period, EP funding via Pilot projects and Preparatory actions was almost the sole source of accessible funding to these two important pillars of MRS. The vast majority of non-state stakeholders is excluded from present funding due to the set-up of size and the regulations of funding in the programs.

The table below gives an estimated overview on allocated funding in each Strategy, one indication of the level of maturity (using INTERREG is characteristic of Phase I while tapping into ESIF programmes becomes natural in Phase II when implementation goes beyond projects towards larger policy initiatives). All the figures are approximate. The table covers the following funding: INTERREG B programmes, ESIF (mainstream programmes), IPA<sup>4</sup> and European Parliament. Sector programmes are not included. However, they are being used by the Strategies but there is no overview available.

<i>figures in m €</i>	<b>EUSBSR</b>	<b>EUSDR</b>	<b>EUSALP</b>	<b>EUSAIR</b>
INTERREG B	263,83	202,1	140,8	78,45
IPA II		19,83		14,18
ENI		10,00		
ESIF (ESF)	7,00	0,73		*
EP Funding (managed by EC)		5,4	2,3	2,5
<b>Total</b>	<b>270,83</b>	<b>291,33</b>	<b>143,1</b>	<b>95,13</b>

\*programming concluded before launch of EUSAIR

Below is a brief overview of the funds used today, ongoing preparations for next programme period (2021-2027) and a qualified guess on what can be expected in relation to funding in the next coming years.

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<sup>4</sup> IPA funding is not applicable for EUSBSR and EUSALP. Calls are still going on and at least in case of EUSAIR; apart of financial allocation in the table is still to be contracted

## EUROPEAN TERRITORIAL COOPERATION (ETC) PROGRAMMES

### Funding the MRS Action Plans/thematic initiatives

The INTERREG B programmes (including IPA/ENI) still play a key role in financing the implementation of the Strategies focusing on soft measures. As to **thematic support**, the entire scope of the Action Plans of the EUSDR, EUSAIR and EUSALP can be covered by the corresponding INTERREG B programme. The EUSBSR concluded that only half of the Thematic Areas could potentially be funded by the INTERREG Baltic Sea Region programme, and other funding solutions needed to be sought, both within ESIF mainstream programmes and sector programmes.

Starting in 2011, the EUSBSR has built four macro-regional networks of Managing Authorities of ESIF programmes (ESF, ERDF, EARDF and EMMF) and piloted a number of macro-regional projects and flagships using their co-funding. Now that the embedding discussions have started on a larger scale, the EUSBSR has prepared the ground for speedier implementation (even though the current ESIF absorption rate is not very high). To further smoothen the coordination and cooperation with the ESIF mainstream programmes, the EUSBSR has launched a process of structured dialogues (conferences and round tables in Brussels) and a capacity building programme for the MA networks (ESF, ERDF) and the Strategy's implementers.

The INTERREG B programmes remains the most important funding source for transnational projects creating networks and preparing further implementation measures for the four MRS also in the next programme period within the limitation of INTERREG B scope

### Funding the MRS governance

At present, the implementation of the Strategies is dependent on the support provided by the INTERREG B programmes for their **governance structures**; in early stage initial, kick-off support in case of EUSDR was provided by EP.

Not discussing the volume of technical assistance as such, it needs to be brought to attention that structuring this assistance in a standard INTERREG project manner is inefficient and time consuming. Thematic Areas within the Strategies are not structured as projects and should not be evaluated as such. Administration and reporting in compliance with the programme's requirements, in absence of support personnel in the coordinating institutions, is not justifiable use of time of Thematic Coordinators'.

Unlike the other Strategies, the EUSBSR has no Facility Point or Strategy Point, to provide support to Thematic Coordinators, in any form. On the one hand, this is good – working through all related issues by themselves, they expand in capacity which trains them to work efficiently and which also stays in their institutions. On the other hand, administration support to thematic coordination work is badly needed in most Thematic Areas so that the coordinators can use their time for building flagships-like formats and developing their Areas. As stated before, support is clearly needed for continuous capacity building of all engaged institutions (and employed individuals) as well as for strategic communication. Whether or not, and what extent, a **Facility Point** of some sort is a solution to capacity support, remains to be discussed.

The **INTERREG A** programmes are used to various degree in all four Strategies. At the moment, alignment with the MRS is less obvious, and the beneficiaries tend to give priority local and regional interests to macro-regional ones while there are no obvious actors in the Monitoring Committees to

speak 'on behalf' of the macro-regions. Further dialogue is needed for finding synergies and value added of the cooperation, the embedding work is still ahead.

The reformed **ENI/IPA II** funding is de-facto not working for beneficiaries in certain countries because of the regulation in place, blocking de-facto important countries as MD and UA due to incomparability of regulations and rules (First Level Control) and candidate countries due to "basics first" enlargement principle .

### ESIF (mainstream programmes)

The **ESIF** (mainstream programmes) are engaged by the macro-regional strategies into embedding dialogues, at all levels, and we can expect the new programmes to be better used for the implementation of all the four Strategies. A way to go is to use *Articles 17.3* and *57.4* of the new CPR provisions in each Specific Objective where there is a thematic match between the Operational Programme and the macro-regional strategies Action Plans.

Networks of Managing Authorities (MA) in each macro-region and for each of the ESIF programmes, prove to be a good **interface for financial dialogue** between Thematic Coordinators and the programmes (important because ESIF programmes do not have Joint Secretariats like ETC). The simplest way to cooperate already today is to facilitate synchronized calls. Such MA networks already exist in the EUSBSR (for ERDF-, ESF-, EARDF- and EMFF-programmes) and in the EUSDR (for the ESF-programmes). The EUSBSR uses funding from both ESF and ERDF macro-regional projects that are parts of the Strategy's flagships.

### OTHER PROGRAMMES/FUNDING

**Sector programmes** are used in all four Strategies although projects are few for (Erasmus Plus strategic partnerships and Horizon 2020). Unfortunately, the capacity of implementing stakeholders was not sufficient to influence the programming of next generation of the programmes, 2021-2027. More work to be done in the future also in terms of aligning calls from sector programmes with MRS priorities.

**European Parliament funding** is an important part of the financial support to the Strategies. Pilot projects and Preparatory actions have emerged to be an essential part of making horizontal governance and capacity building possible and of initiating small scale project which can transferred to larger implementation initiatives in the Strategies. This cornerstone of financial support needs to be continued (EUSALP, EUSAIR) and re-established (EUSBSR, EUSDR).

The macro-regional strategies are maturing. Phase I is completed – meaning that the implementation structures are largely in place, formats shift from single projects to more complex macro-regional initiatives, monitoring and evaluation systems underway. In Phase II, the Strategies are moving away from almost total dependency on one funding source, the INTERREG B programmes. They are firmly committed to finding ways of using the ESIF mainstream programmes and increasing the share of sector programmes funding.

The current bottleneck with the Strategies is that they have not yet learned to build thematic environments, or platforms, or complex structures – that can hold all types of projects and other kinds of actions (regional, national, transnational) in one coherent, impact-driven process. This experience of the EUSBSR (such formats are called 'flagships') seems to inspire the other Strategies to develop their own ones.

## 7. RECOMMENDATIONS

In order to enable the EU macro-regional strategies to overcome the four big challenges and reach the full potential for the benefit of the European project, these are our recommendations to the European Parliament and our hope that it will work with the following.

- Political support that communicates to the member states that the macro-regional strategies are acknowledged by the European Parliament as critically important vehicles for cohesion in Europe and for expansion of civic space where citizens are invited as co-creators, through broad stakeholder- and civil society engagement (**The new Push for Democracy/Europe close to citizens**).
- Political support should translate into the expanded financial dialogue with the EU mainstream and sector programmes, for the sake of **better thematic alignment** but also for opening up the existing (project-driven) EU funding paradigm **to accommodate formats beyond projects**, i.e. longer-term policy-driven collaborative processes, to facilitate alignment of funding and policy.
- In particular, EU Parliament discussions should result in provisions made in the current EU funding system, to support **the capacity of stakeholder institutions** engaged in governance and implementation of the Strategies.
- In relation to **National Coordinators** and their role in mobilising political support and commitment of the member territories for Europe and macro-regional strategies, the European Parliament can engage in dialogue with member states and support National Coordinators in this important work.
- In relation to **Thematic Coordinators**, investments are needed in enhancing their capacity to manage their Policy Areas in strategic and coherent ways. The European Parliament can in communication with the member states and funding institutions, stress the importance of this role and the need to provide sufficient funding for these “engines” of the Strategies.
- The European Parliament can in a more direct manner, support governance and capacity building within the Strategies, via **Pilot projects and Preparatory actions**. This financial support needs to be continued (EUSALP, EUSAIR) and re-established where it has been phased out (EUSBSR, EUSDR).
- The European Parliament can work to find, within the general cohesion policy regulation, a **systemic and long-term financial solution** to macro-regional strategy governance support, by allocation of a small (less than 15 ‰) share of dedicated funds in form of **technical assistance**, similarly to how it is arranged for European Cohesion Policy funds and their management/governance system.
- The European Parliament can contribute to financially strengthening **INTERREG B programmes** to enable their support to the needs of the strategies (first and foremost, in governance, capacity building and communication), where the programmes cover the same geographical area as the macro-regional strategies.

- The European Parliament may want to establish **Intergroups** to serve as a natural interface for closer linkage to and communication with, the respective four Strategies.
- The European Parliament may plan for holding regular **hearings** with the REGI Committee and implementing stakeholders of the Strategies, both state and non-state actors, to secure a well-functioning dialogue.

*DISCLAIMER: This NON-PAPER is prepared by a group of well-informed key stakeholders from all four Macro-Regional Strategies. The information, opinions and recommendations are of these persons alone.*