



The Concept of Macro-Regions: Practice and Prospects

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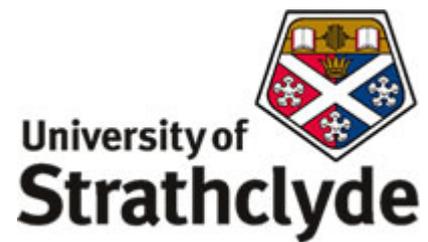
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Discussion Paper on Macro-Regions

1. INTRODUCTION

'Macro-region' is an established term in economic and political geography and spatial planning. As such, it is widely applied in a range of contexts. However, following the adoption of the macro-regional Strategy for the Baltic Sea Region and the identification of other potential macro-regions in the Danube, Alpine, Black Sea and Mediterranean areas, the concept of macro-regions has gained increased prominence in contemporary policy practice and debates.

There is no one agreed definition of the term 'macro-region'. For the purposes of this paper, the term is used in the context of EU Cohesion policy, where macro-regions are taken to mean regions comprised of adjacent territories from several different countries that share a number of common challenges. While there may be many such functional regions in Europe, especially connected with geographical features such as river basins, mountain ranges or seas, it is the development of a macro-regional strategy that establishes a macro-region from the European Union's perspective. The EU Strategy for the Baltic Sea Region, for example, defines a macro-regional strategy as "an integrated framework to address the challenges and opportunities" of a particular geographical area.¹

The Baltic Sea Strategy is often presented as a blueprint for other possible macro-regions.² It is the first, and so far the only, macro-region in the EU. The Strategy was adopted by the European Council in October 2009. The formal process leading to the Strategy's development has its origins in recommendations from the European Parliament (2007), a subsequent invitation from the European Council to the Commission to develop an EU Strategy for the Baltic Sea region, and a large-scale consultation of officials as well as private and public stakeholders. However, at the heart of the Strategy are the shared concerns of countries along the Baltic over the environmental degradation of the Baltic Sea and historical ties.

Based on the experience of the Baltic Sea Strategy and emerging policy thinking, in 2009, the European Council also invited the Commission to prepare an integrated strategy for the Danube area. Other potential macro-regions include the Alpine area, the Black Sea or the Mediterranean Sea. As well as being the subject of new policy initiatives, the potential development gains from territorial cooperation within macro-regions is an important element of recent policy debates, e.g. in relation to reducing barriers to economic growth, pursuing the EU objective territorial cohesion, and developing effective policy instruments to maximise the impact of territorial cooperation at this level. For example, the role of

¹ Commission of the European Communities, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Baltic Sea Region*, Brussels, 10.6.2009, COM(2009) 248 final.

² Commission of the European Communities, *Communication from the Commission, op. cit.*, p. 2.

macro-regions has recently featured prominently in debates on the future of Cohesion policy.

Macro-regions look to become firmly established in the policy landscape. Yet, in many respects, there are currently more questions than answers about macro-regions. Crucially:

- what is the precise role of territorial cooperation across macro-regions in promoting economic development?
- how can macro-regional strategies best ensure policy coordination across sectors and levels of governance?
- how can the operationalisation and implementation of macro-regional strategies best be managed?
- how will the macro-regions concept work alongside Cohesion Policy?

As a background paper for the Baltic Sea Region Programme Conference (The power of the Baltic Sea macro-region), being held in Jyväskylä on 30 November - 1 December 2010, this paper summarises key debates surrounding macro-regions.³ First, it outlines the conceptual background that underpins the emergence of macro-regions. Second, it highlights policy achievements to date. Lastly, it concludes by highlighting a number of areas for discussion and further debate.

2. POLICY CONCEPTS

Historically, 'macro-region' has mainly been used as a descriptive term applied to a geopolitical subdivision that encompasses several traditionally or politically defined regions. However, the evolution of thinking about regional economic development, the emergence of new policy concepts and approaches, and lessons drawn from existing cooperation programmes, mean that this previously somewhat 'abstract' term is increasingly being operationalised as a basis for policymaking. In the EU context, a number of factors are driving this approach.

2.1 Theoretical and policy debates

Since the 1990s, there has been a surge in interest in territorial cooperation, in the form of cross-border cooperation (between adjacent regions), transnational cooperation (involving regional and local authorities), and interregional cooperation (large-scale information exchange and sharing of experience).⁴ With greater freedom for trade and integration of markets, borders are increasingly being redefined as bridges or communication channels,

³ The paper was commissioned by the Ministry of Economy and Employment, Helsinki.

⁴ Perkmann, M. (2007), "Policy Entrepreneurship and Multi-level Governance: A Comparative Study of European Cross-Border Regions", *Environment and Planning C* 25 (6): 861-879; Scott, J. (2002) Cross-border governance in the Baltic Sea Region, *Regional And Federal Studies*, 12: 4 pp. 135-153.

rather than barriers.⁵ Major development challenges, such as climate change, pollution flooding, loss of bio-diversity, demand joint, coordinated action. Further, effective territorial cooperation can be a major economic and social resource, providing new opportunities for regions, nations and companies to compete and collaborate on economic, social and environmental activities.⁶

The spatial configuration of transborder linkages requires different thinking about the geography of economic development, most notably in the form of 'functional regions' - areas of interdependent territories that do not necessarily coincide with political-administrative territorial units and that span national borders.⁷ The concept of functional regions clearly illustrates the link between territorial cooperation and territorial development goals. This is particularly the case for border regions, which are, by definition, located on the geographical periphery of their state and are often less-developed than more central regions.⁸ Cooperation across borders can help to create synergies and to stimulate development impulses by encouraging mutual assistance between regional firms. But other forms of territorial cooperation, too, might help promote the development of cooperating areas because regions benefit from the networking and cooperation opportunities that the new European environment affords.

Related, place-based policy approaches are grounded in an awareness of the specific resource endowments, growth potentials and vulnerabilities of different regions'. Such approaches originate in thinking on how to stimulate development within different regions of the same country. However, the same logic can be applied to so-called functional regions, or cooperation areas between towns and regions of different countries. All territories are seen to have development potential, meaning that regions should try to identify and exploit their territorial capital, i.e. comparative advantages that allow them to grow.⁹ Such an approach requires sensitivity to local strengths and weaknesses in the design and implementation of policy measures, for example by adapting interventions to regional contexts, ensuring that they are undertaken at the appropriate level and taking into account institutional preconditions.

Cooperative links, learning opportunities and potential synergies can be regarded as assets forming part of a region's territorial capital.¹⁰ Still, the assumption that cooperation helps

⁵ OECD (2009) *Trans-border Cooperation in the Pan Yellow Sea Region*, Paris: OECD

⁶ Anderson, J.B. (2009) *Mid-term Evaluation of Nordic Innovation Policy*, Nordic Innovation Centre.

⁷ E.W. Schamp, 'Die Bildung neuer grenzüberschreitender Regionen im östlichen Mitteleuropa - eine Einführung', in G. Gruber, H. Lamping and E.W. Schamp (eds.) *Neue grenzüberschreitende Regionen im östlichen Mitteleuropa*, Frankfurt (Main), Selbstverlag Institut für Wirtschafts- und Sozialgeografie der J.-W.-Goethe Universität, 1995.

⁸ AEBR, *European Charter for Border and Cross-Border Regions*, Gronau, 2004; W. Molle, *European Cohesion Policy*, London, Routledge, 2007.

⁹ S. Davoudi, 'Polycentricity in European Spatial Planning: From an Analytical Tool to a Normative Agenda', *European Planning Studies*, 11, 979-999, 2003.

¹⁰ R. Knippschild, 'Grenzüberschreitende Kooperation: Gestaltung und Management von Kooperationsprozessen in der Raumentwicklung im deutsch-polnisch-tschechischen Grenzraum', *IÖR-Schriften*, 48, 2008; W. Molle, *European Cohesion Policy*, London, Routledge, 2007.

regions to identify their endogenous growth potential has rarely been subjected to empirical scrutiny, and the precise role of territorial cooperation in regional development has not yet been examined in any great depth.¹¹

- *To what extent would the use of functional regions facilitate better cooperation?*
- *What is the precise role of territorial cooperation across macro-regions in promoting economic development?*

2.2 Spatial planning approaches

The objective of territorially coordinated interventions and actions is well established in spatial planning circles. Since the late 1980s, there has been acute awareness of growing disparities at subnational, national and European levels and a perception that the continent was divided into a geographical and developmental cores and peripheries. The need for a greater commitment to balancing these disparities was recognised, reflecting a growing sense that “some sort of spatial justice” should be promoted at the European level of governance.¹²

By the 1990s, the spatial planning debate was in full swing. In 1991, the European Commission published its *Europe 2000* analysis of the European territory, highlighting existing disparities and anticipating future trends.¹³ The follow-up document *Europe 2000+* argued that there was a growing acceptance of EU-level spatial planning and presented policy options to promote territorial equity.¹⁴ In particular, the report argued that Member States were increasingly taking cross-border and transnational issues into account in their land use planning. Highlighting past experiences of transnational coordination between Member States, the report argued that planning coordination between countries was needed to promote balanced development.

The European Spatial Development Perspective (ESDP) was the first landmark on the way to EU-level planning coordination. Agreed by the ministers responsible for spatial planning in Potsdam in May 1999,¹⁵ the ESDP was a non-binding framework to streamline those policies that have a differential spatial impact in European cities and regions. The ESDP had the main aim of achieving ‘the balanced and sustainable development of the territory of the

¹¹ However, a current ESPON project on ‘Territorial cooperation in transnational areas, between regions and across internal/external borders’ aims to do just that.

¹² P. Doucet, ‘Cohésion territoriale de l’Union européenne - La gestation ambiguë d’un ambitieux projet politique’, *Les Cahiers de l’Urbanisme*, 64, 6-11, 2007; M. Jouen, ‘Territorial Cohesion: From theory to practice’, *Notre Europe Policy Paper*, 35, 2008, p. 2.

¹³ Commission of the European Communities (CEC) *Europe 2000: Outlook for the Development of the Community’s Territory*, Office for Official Publications of the European Communities, Luxembourg, 1991.

¹⁴ CEC, *Europe 2000+: Cooperation for European territorial development*, Office for Official Publications of the European Communities, Luxembourg, 1994.

¹⁵ CEC, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the EU*, Office for Official Publications of the European Communities, Luxembourg, 1999.

EU'. In the ESDP, territorial cooperation was, above all, seen as a useful tool to coordinate sectoral policies and to ensure consistency in planning between different countries. Thus, spatial planning coordination in such areas as the Baltic Sea or North Sea regions was praised as ways of reaching this goal.

Up until this point, the spatial planning debate at the European level had largely been driven by the Member States. The ESDP in particular was conceived in an intergovernmental process that did not envisage a leading role for the European Commission. Nevertheless, the intergovernmental process stalled not long after completion of the ESDP.¹⁶ It was at this point that the Commission published its Second Cohesion Report, which heralded a period of much greater Commission activism than before.

- *To what extent does the mobilisation and operationalisation of macro-regional cooperation require, or benefit from, the involvement of an 'external' coordinator, such as the European Commission?*

2.3 Policy objectives

Territorial cooperation, across various regional scales, is central to addressing the European Commission's objective of Territorial Cohesion. In the Constitutional Treaty and follow-up Lisbon Treaty, the triple goal of social, economic and territorial cohesion was enshrined as an area of shared competence between the EU and the Member States.

The concept of territorial cohesion was first proposed by the Assembly of European Regions as a way of coordinating all sectoral policies that have a territorial impact. It became much more prominent from 2001 onward, when DG Regio's Second Cohesion Report was published. The report devoted a chapter to territorial cohesion, arguing that spatial imbalances could be conceived not only in terms of GDP per capita but also geographically, that is by focussing on regions that faced particular challenges such as border regions, mountainous regions or islands. Similarly, the Third Cohesion Report argued that the objective of territorial cohesion was "to help achieve a more balanced development by reducing existing disparities, avoiding territorial imbalances and by making both sectoral policies which have a spatial impact and regional policy more coherent."¹⁷ In both cases, territorial cooperation was seen as an important tool for achieving territorial cohesion, not simply by coordinating planning activities, but also by promoting cooperation in different policy sectors as an end in itself.

Despite the high policy profile of territorial cohesion, the concept was still not clearly defined. To this end, the Commission's Green Paper on Territorial Cohesion was launched officially in October 2008. Based on a large-scale member state consultation, the Green Paper defines territorial cohesion as three interrelated goals:

¹⁶ P. Schön, 'Territorial Cohesion in Europe?' (2005) *Planning Theory and Practice*, 6(3), 389-400.

¹⁷ CEC, *A New Partnership for Cohesion: Convergence, Competitiveness, Cooperation*, Third Report on Economic and Social Cohesion, Office for Official Publications of the European Communities, Luxembourg, 2004, p. 27.

- 1) achieving balanced and harmonious development;
- 2) overcoming divisions and territorial inequalities; and
- 3) assisting regions with specific geographical features.¹⁸

These goals were to be achieved through investments in infrastructure, horizontal policy coordination and, above all, territorial cooperation at all geographical scales and across borders, involving also neighbouring countries and larger regions such as the Baltic Sea area.

It is argued that territorial cooperation in macro-regions and territorial cohesion are closely related: "While the macro-regional approach is not an alias for territorial cohesion it is clear that there are significant synergies between the two concepts. Each is place-based, inclusive and, in principle, prepared and implemented on a multi-level basis."¹⁹ Indeed, promoting territorial cohesion is one of the key aims of the Baltic Sea Strategy, and it is defined as follows in the Strategy: "Territorial cohesion applied to a macro-region such as the BSR is ... about ensuring that policies at all levels - local, regional, national and European - contribute to a competitive, cohesive and sustainable development of the area, whether maritime or terrestrial."²⁰ In other words, cooperation should not merely facilitate spatial planning but also policy coordination more generally across sectors and across levels of governance.

- *How can macro-regional strategies best ensure policy coordination across sectors and levels of governance?*
- *Is the concept of macro-regions getting 'taken over' by the EU goal of territorial Cohesion? Could cooperation be simplified and more effective, if more narrowly targeted?*

2.4 Development and evolution of policy interventions

Academic and policy debates highlight the potential value of macro-regions. However, policy practice and experience is informing decisions on the operationalisation of macro-regions. In the EU context, EU Cohesion policy is the key driver behind territorial cooperation. Mainstream Cohesion policy programmes are required to integrate the theme of territorial cooperation. However, the inter-regional cooperation programme (INTERREG) has had the greatest impact by providing dedicated resources to territorial cooperation

¹⁸ CEC, *Green Paper on Territorial Cohesion: Turning territorial diversity into strength*, 6.10.2008, COM(2008) 616 final.

¹⁹ Macro-regional strategies in the EU - A Discussion Paper presented by Commissioner Pawel Samecki in Stockholm on 18 September 2009, available at http://ec.europa.eu/regional_policy/cooperation/baltic/documents_en.htm, p. 3.

²⁰ European Union, Regional Policy, *The European Strategy for the Baltic Sea Region: Background and Analysis*, May 2010.

initiatives and embedding institutionalised networks of cooperation involving public administration from local, regional, central and EU levels.²¹

Territorial cooperation has a long-standing tradition in the EU. INTERREG I was first introduced in 1990 and supported 31 cross-border programmes. The initiative was both expanded and diversified for the 1994-99 programming period. The introduction of Phare CBC in 1994 and Tacis CBC in 1996 also offered scope for external integration efforts, with INTERREG IIA and Tacis or Phare CBC programmes attempting to mirror each other across the two sides of the relevant borders.

In the 2000-06 period, INTERREG continued into a third phase, with three strands:

- A - cross-border cooperation, promoting cooperation between adjacent regions with the aim of developing social and economic cross-border integration through common development strategies;
- B - transnational cooperation, involving national, regional and local authorities with the aim of promoting better integration within the Union through the formation of large groups of European regions whose integration is strengthened through a range of strategic and conceptual initiatives; and
- C - Interregional cooperation, newly introduced with the aim of improving the effectiveness of regional development policies and instruments through large-scale information exchange and sharing of experience (networks) = focused on learning about policy rather than delivering it.

A fundamental change in the 2007-13 period is a shift in the status of INTERREG from a Community Initiative to the 'European Territorial Cooperation' objective (Objective 3), which is thought to give the cooperation element 'higher visibility' and a 'firmer legal base' than in the past.²² The three-strand structure of INTERREG was retained, to fund cross-border, transnational and interregional cooperation.²³

The benefits and value of INTERREG are debated.²⁴ However, widely recognised gains are:

- the high political and symbolic added value of the programmes;
- activities tend to be additional to domestic policy initiatives and offer the scope for specific problems to be tackled which could not otherwise be addressed through other policies or support programmes;

²¹ OECD (2009) *op cit*.

²² DG Regio, *From INTERREG III to European Territorial Cooperation*, Brussels, 2007, available at [http://ec.europa.eu/regional_policy/sources/slides/2007/terrcoop.ppt#262,6,Cross-border cooperation](http://ec.europa.eu/regional_policy/sources/slides/2007/terrcoop.ppt#262,6,Cross-border%20cooperation).

²³ K. Mirwaldt, I. McMaster and J. Bachtler, *Reconsidering Cohesion Policy: The Contested Debate on Territorial Cohesion*, European Policy Research Paper, No. 66, March 2009.

²⁴ Ferry, M. and Gross, F. (2005) *The Future of Territorial Cooperation in an Enlarged EU*, Paper prepared for the Benchmarking Regional Policy in Europe Conference, Riga, 24-26 April 2005

- programmes and projects bring together financial means from different sources;²⁵
- considerable opportunity for learning and exchange of experience, e.g. through exchange of ideas, best practice and learning;²⁶ and
- significant increases in the number, intensity and dynamics of cross-border contacts at national, regional and local levels.

While cooperation in macro-regions is not funded under INTERREG/Territorial Cooperation, there are several important commonalities. Cooperation in macro-regions shares many of the aims of territorial cooperation in the EU, though it is distinct from cross-border, transnational and interregional cooperation in that no INTERREG/Objective 3 funding is dedicated to macro-regional cooperation. Yet, transnational cooperation is strikingly similar to cooperation in macro-regions. This is particularly true for the Baltic Sea region, where a transnational 'Baltic Sea Region Programme 2007-2013' overlaps geographically with the Baltic Sea Strategy. An initial report on the first 24 transnational projects that are being realised explicitly recognises that these projects contribute towards the Baltic Sea Strategy.²⁷

Having such close links means valuable lessons can be drawn from past and current experience of implementing INTERREG programmes. However, it also poses questions and challenges.

- *How can lessons from INTERREG best be applied to the case of macro-regions?*
- *How can INTERREG, as well as mainstream programmes, be developed to complement and take into account of new macro-regional strategies?*
- *What, if any, systems should be in place to ensure programmes are complementary?*
- *Are INTERREG programmes and macro-regional strategies 'doing the same thing'? if so, should resources be directed away from one programme to the other?*

²⁵ Bundesamt für Bauwesen und Raumordnung (BBR), (2008) *Analysis of the impacts, benefit and implementation of INTERREG IIB projects*, available at <http://www.bbr.bund.de/nr_25950/EN/ResearchProgrammes/DemonstrationProjectsSpatialPlanning/Studies/ImpactsINTERREGIIBprojects/03_Results.html> ; Martin, R. and Tyler P. (2006) 'Evaluating the Impact of the Structural Funds on Objective 1 Regions: An Exploratory Discussion', *Regional Studies*, 40(2), 201-10; CEC (2007) *Growing Regions, Growing Europe*, Fourth Report on Economic and Social Cohesion, European Commission, Brussels.

²⁶ Faludi, A. (2007): Making sense of the Territorial Agenda of the European Union. European Journal of Spatial Development Refereed article no. 25. <http://www.nordregio.se/EJSD/refereed25.pdf>

²⁷ Baltic Sea Region Programme 2007-2013, *First 24 transnational cooperation projects and their contribution to the EU Strategy for the Baltic Sea Region*.

3. MACRO-REGIONS IN PRACTICE: CHARACTERISTICS AND POLICY ACHIEVEMENTS

The preceding section highlights some of the potential and theoretical gains from the adoption and application of macro-regions, e.g. potential economic gains, coordinated responses to common challenges. However, it is also important to consider actual experience and recognise achievements to date.

For the moment, the Baltic Sea Strategy is the only official macro-regional strategy at EU level. However, a Danube Strategy is currently being prepared, and there are suggestions that an Alpine macro-region might be established. Despite the small number of cases, several commonalities and policy achievements from the Baltic Sea Region and the Danube Region can already be identified: (i) an inclusive consultation process; (ii) new policy principles; (iii) flexible membership; (iv) the allocation of responsibilities; (v) policy 'experimentalism'; and (vi) territorially coordinated policy interventions. Each of these are worth considering in turn.

3.1 Inclusive policy process

The first feature that the Baltic Sea Strategy and the future Danube Strategy have in common is the inclusive consultation process preceding the drawing-up of the respective strategy. Since the Convention on the Future of Europe was established in 2001 to consult on a future Constitutional Treaty for the EU, public consultation of policy-makers, non-governmental organisations and other stakeholders has become increasingly common. For example, a public consultation was held on the future of Cohesion policy in 2007-2008 and another is currently underway following publication of the 5th Cohesion Report. The aim of public consultation is to identify genuinely local concerns and to build consensus from the bottom-up.

In the case of the Baltic Sea region, this process lasted from 30 September 2008 until 6 February 2009 and involved the submission of non-papers from governments and other official bodies, stakeholder events and a public consultation through the Europa web site. Regions, municipalities and their associations were particularly encouraged to contribute²⁸. Similarly, a public consultation was held on the scoping paper for the Danube strategy in early 2010.²⁹ Similar to the Baltic Sea strategy, national, regional and local authorities as well as stakeholders, NGOs and members of the public submitted their contributions. The results are being analysed by the Commission, and a Danube Strategy is expected by the end of 2010.

²⁸ Directorate General for Regional Policy, *EU Strategy for the Baltic Sea region at a glance*, Inforegio, Panorama, Special edition.

²⁹ European Commission, EU Strategy for the Danube Region. Scoping paper for the public consultation, 2010, available at: http://ec.europa.eu/regional_policy/consultation/danube/doc/scoping_danube_strategy.pdf (accessed September 2010).

3.2 New policy principles

The consultation on the Baltic Sea region led to the establishment of three policy principles that are relevant to macro-regions in the EU more generally:

- 1) No new institutions or laws: before the establishment of the Baltic Sea Region as a macro-region under the EU umbrella, a plethora of institutions already existed in the Baltic Sea Region, including the Council of Baltic Sea States, the Helsinki Commission, the EU's Northern Dimension and the Nordic Council. To be sure, none of these institutions took an integrated approach to coordinating all the sectoral policies that are relevant to the Baltic Sea region. Nevertheless, it was felt that adding another administrative layer would not succeed in integrating this institutional network. Instead, it was decided to build the Baltic Sea strategy on existing institutions, notably the EU and, for cooperation with the external partners such as Russia or Norway, the Northern Dimension.
- 2) No new funds: on the one hand, it was recognised that achieving concrete goals requires funds to match policy priorities. On the other hand, it was felt that better coordination of the considerable existing resources was more important. These include, above all, EU Structural Funds, Member State resources, funds from the European Investment Bank (EIB) and other international and regional financial institutions, such as the Nordic Investment Bank and the European Bank for Reconstruction and Development. The Danube Strategy is not associated with any additional funds either; it relies instead on funds already available through the ERDF, the Cohesion Fund and the Instrument for Pre-accession.
- 3) Policy action: in order to ensure that the Strategy has tangible effects, it was decided to take concrete, visible actions to address the challenges facing the region.³⁰ Thus, the Baltic Sea Strategy identifies four main priority areas for cooperation, namely 1) environmental sustainability, 2) competitiveness and prosperity, 3) accessibility and attractiveness, as well as 4) safety and security. An action plan based on the four pillars has been drawn up that defines 15 goals to convert these priorities into concrete policy action (see Table 1).

Eighty so-called flagship projects are distributed over the fifteen actions in order to implement them. Over and above the action priorities, there are a number of horizontal actions that cut across priority areas, including urban, rural and maritime issues, territorial cohesion and spatial planning.³¹

The Danube area, by contrast, will focus on three priorities: (i) connectivity and communication systems, including also transport, energy and information society; (ii) environment and natural risks; and (iii) socio-economic development.

³⁰ European Commission, *The European Union Strategy for the Baltic Sea*, *op. cit.*

³¹ European Commission, *The European Union Strategy for the Baltic Sea*, *op. cit.* R. Bengtsson, *An EU Strategy for the Baltic Sea Region: Good Intentions Meet Complex Challenges*, European Policy Analysis, September 2009, 9-2009.

Table 1: Priorities and actions of the Baltic Sea Strategy		
Priority	Action	Earmarked funding ³²
1) Environmental sustainability	Reducing nutrient inputs to the sea to acceptable levels	€9.8 bn.
	Preserving natural zones and biodiversity including fisheries	
	Reducing the use and impact of hazardous substances	
	Becoming a model region for clean shipping	
	Mitigating and adapting to climate change	
2) Competitiveness and prosperity	Removing hindrances to the internal market in the Baltic Sea Region	€6.7 bn.
	Exploiting the full potential of the region in research and innovation	
	Implementing the Small Business Act to promote entrepreneurship, strengthen SMEs and increase the efficient use of human resources	
	Reinforcing sustainable agriculture, forestry and fishing	
3) Accessibility and attractiveness	Improving the access to, and the efficiency and security of, the energy markets	€27.1 bn.
	Improving internal and external transport links	
	Maintaining and reinforcing the attractiveness of the Baltic Sea Region	
4) Safety and security	Becoming a leading region in maritime safety and security	€697 mn.
	Reinforcing protection from major emergencies at sea and on land	
	Decreasing the volume of, and harm done by, cross border crime	

3.3 Flexible membership

In both cases, the priorities do not necessarily have to be embraced by all actors. In the Baltic Sea region, some members focus on a select few, depending on their priorities and problems. This brings us to a third policy feature of macro-regions, namely the principle of flexible membership: 'the frontiers of a macro-region do not have to be precisely defined. Moreover, there is no requirement that any given territory be part of only one macro-region.'³³ In other words, the physical boundaries of the target area may vary according to the relevance of the policy area in question.³⁴ For some policies, all countries of the Baltic Sea region are involved. For others, policy might focus on a few regions, while some policies might be defined locally. In this sense, macro-regional strategies take the call for

³² From the structural funds and other EU sources. Directorate General for Regional Policy, *EU Strategy for the Baltic Sea*, *op.cit.*, p. 5.

³³ Macro-regional strategies in the EU, *op. cit.*, p. 3.

³⁴ Macro-regional strategies in the EU, *op. cit.*, p. 1.

policy to focus on functional regions (i.e. territories that are interdependent territories along functional lines) seriously.

3.4 Allocation of responsibilities

As for policy implementation, it has been argued that there should be no distinction between EU members, regardless of whether they are members of the Baltic Sea region or not. For this reason, the Council of Ministers was put in charge of general oversight. The Commission is responsible for the coordinating, monitoring, reporting and regular updating of the strategic documents³⁵ This ties in with a fourth policy feature, namely that of responsibility. Responsibility for implementation on the ground is generally placed at national or subnational levels of governance. In the Baltic Sea region, national contact points are established to coordinate with the Commission. Specific actors are identified and made responsible for certain policy actions. In particular, priority areas have coordinators such as national administrations and, sometimes, regions or inter-governmental bodies, which oversee and report on progress in implementation and which ensure smooth implementation by performing coordination tasks and calling for meetings. Moreover, there are lead countries or partners for flagship projects. Typically, lead partner are agencies or institutions that are involved in the project. They fulfil tasks such as recruiting other partners for the project, securing funding and reporting to the coordinators. The responsibility principle allows actors to focus on their proper task, while maximising motivation and enabling policy ownership close to the ground.

3.5 Policy experimentalism

Another feature of macro-regions is the inherent experimentalism in the policy, no doubt a result of its relative novelty. For example, the Commission is expected to prepare regular reports and to identify areas where the strategy or action plan for the Baltic Sea Region could be improved. Moreover, the Commission prepares annual reports on the basis of coordinator reports. Annual forums then take place for partners and interested third parties to review the strategy and progress and to make recommendations on implementation. An overall review of the strategy is scheduled for 2011 "in order to show progress and focus on how the scope and impact of the strategy may be adapted to focus on changing needs."³⁶

3.6 Territorially-based policy coordination

Better coordination and more strategic use of resources are identified as key ingredients to the success of the macro-regional strategies. In particular, the European Commission stressed the importance of the strategic use of Community programmes. In the case of the Baltic Sea Strategy, the Commission has even put in place requirements for relevant EU programmes (e.g. INTERREG) to report on how they are responding to the Strategy and helping to meet its objectives. Sensitivity to the territorial impact of policies and the need for improved coordination are also stressed in the Fifth Cohesion Report.

³⁵ Commission of the European Communities, *Communication from the Commission, op. cit.*, p. 10.

³⁶ European Commission, *The European Union Strategy for the Baltic Sea, op. cit.* p. 24.

The 2010 Annual Report from the European Commission on the implementation of the Baltic Sea Strategy highlights examples of this more territorially coordinated approach to the application of Community policies. The report identifies significant progress in gaining a new momentum for existing projects, the creation of new macro-regional networks in areas previously dominated by national approaches, the extension of networks in otherwise established areas, and the establishment of macro-regional dialogues.³⁷ In addition, key flagship projects have been launched, in line with the Strategy's action plan.

4. POLICY DEBATES

Macro-regional cooperation is a young field in EU policy-making. It is still at the experimental stage and, for many aspects of the policy, there remain more questions than answers. Questions have been raised, for example, about a lack of focus in the policy agenda and about whether macro-regional cooperation is really as 'bottom-up' as it seems.³⁸ However, the most intense debates are related to the place of macro-regional cooperation in the context of other forms of cooperation, funding and institutional choice.

4.1 Overlaps with other forms of cooperation

The large number of different cooperation arrangements and links between and across regions, and the potentially diverse institutional, economic and political priorities in place, means that the distinct 'drive' and 'rationale' behind macro-regions needs to be clear. It is important that efforts are not duplicated and that existing programmes of support are not inappropriately undermined.

When the Baltic Sea Strategy was first drawn up, the Baltic Sea region was already host to a large existing network of cooperative institutions. On the one hand, these institutions had been criticised for not taking a comprehensive approach to the region's complex problems. On the other hand, academics have argued that, had the political will been there, these institutions would have sufficed to promote policy coordination across all relevant sectors. This raises the question of whether the political will to tackle the substantive goals of the Strategy exists at this point. Or, to put it differently: "can a different approach with the same actors (national governments in the front row) have greater efficiency than existent inter-governmental institutions?"³⁹

Cooperation in macro-regions does not fit neatly with other forms of policy coordination in the EU, notably the Maritime strategy in the case of the Baltic Sea region and, more generally, EU Cohesion policy. As already pointed out, there are many commonalities

³⁷ CEC (2010) Annual Report on the Baltic Sea Strategy, CEC: Brussels, <http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/events/tallinn/annual_report_041010.doc>

³⁸ Bengtsson, *An EU Strategy for the Baltic Sea Region, op.cit*; AER, *Recommendations on the Future of Cohesion Policy post-2013, Towards a territorially-based policy for all Europeans*, Adopted on 26 November at the AER General Assembly.

³⁹ Andrea Stocchiero, 'Macro-Regions of Europe: Old Wine in a New Bottle?', CeSPI Working Paper 65/2010.

between macro-regional cooperation and EU-funded forms of territorial cooperation, including for example policy goals and target areas. Transnational cooperation in particular overlaps with macro-regional cooperation. Thus, in the Baltic Sea region, a transnational 'Baltic Sea Region Programme 2007-2013' coincides with the Baltic Sea Strategy.

In practice, the Commission has found that the alignment of Structural Funds programmes with the implementation of the Strategy has 'generally proven to be more challenging than expected'.⁴⁰ While there have been notable exceptions, "the readiness to engage in dialogue on how to focus future funding in line with the Strategy's objectives varies, and there is insufficient discussion among the different programme authorities on finding complementarities with respect to their funding decisions."⁴¹ From the point of view of established programmes, requirements to 'adapt' to a 'new' Strategy mid-way through their own programming period and undertake an additional form of reporting has not always been welcome.

Nevertheless, transnational and macro-regional cooperation have as much potential to complement each other as they do to cause clashes. The aim of macro-regional cooperation to promote territorial cohesion is also foreseen for territorial cooperation more generally. Thus, the Baltic Sea Strategy seeks to reduce disparities, ensure equal living conditions and provide a place-based framework for regional development, building on the area's strengths.

In considering the future role of existing macro-regions and the establishment of new macro-regions the European Commission's Fifth Cohesion Report emphasises that 'further work on new macro-regional strategies should be based on a thorough review of existing strategies and the availability of resources'.⁴² With this in mind, key questions/issues are:

- *In which policy areas can macro-regional strategies add-value to existing regional development interventions?*
- *What systems should be put in place to coordinate efforts, maximise complementarities and minimise policy clashes?*

4.2 Funding

Funding is one of the issues that have triggered the most animated debate. The obvious question is how macro-regional strategies can achieve any of their goals without any designated funding. However, a range of funds is usually available from the member countries, the EU and other supranational or international organisations. Macro-regional strategies simply seek to coordinate policy activities and thus allocate existing funds more

⁴⁰ CEC (2010) Annual Report on the Baltic Sea Strategy, CEC: Brussels, <http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/events/tallinn/annual_report_041010.doc>, p. 4

⁴¹ *Ibid.* p. 4

⁴² CEC (2010) Fifth Report on Economic and Social Cohesion: Investing in Europe's Future, CEC: Brussels, p. xvi

effectively than before. Therefore, in some ways, the 'no additional funds' rule is an asset, as priorities can be identified free from any competition for limited funds: 'The development of the strategy, unencumbered by negotiations on division of funds or detail of regulations, could become a genuine search for areas of agreement on what needs to be done'.⁴³

In the Baltic Sea Region, EU Cohesion policy is one of the main funding sources for the macro-regional strategy. Cohesion policy contributes more than €50 million to the Baltic Sea region between 2007 and 2012.⁴⁴ The Strategy affects different programmes differently. The aims of territorial cooperation programmes, and especially transnational cooperation, are almost identical with the actions envisaged in the strategy. It is more difficult to bring Convergence or Regional Competitiveness & Employment funding in line with the Baltic Sea Strategy.⁴⁵ However, the Commission and programming authorities are generally willing to fine-tune aspects of the programmes to make them more compatible with the strategy, e.g. by modifying the programme, changing allocation criteria and facilitating selection of relevant projects through targeted calls, pro-active project stimulation or giving preference to certain types of projects.⁴⁶

Given obvious overlaps, macro-regional approaches have recently featured prominently in debates on the future of EU Cohesion policy after 2013. Pawel Samecki, then European Commissioner for Regional Policy, suggested that a share of Cohesion policy could be allocated to macro-regions.⁴⁷ However, as previously noted, it is important to avoid any duplication of efforts. Coordination of different policy sectors and between different levels of governance is the main innovation of macro-regional strategies. This does not in itself require any funds - apart perhaps from funding for implementation activities (e.g. Technical Assistance) - but it could be used as an overarching framework for Cohesion policy programming. It has been suggested that this could be organised by interlinking financial instruments beyond national or administrative borders so that funding instruments would complement each other via a 'chain of funding'.⁴⁸ A more limited option would be to merge or link macro-regional and transnational territorial cooperation that share many similarities already. This would allow combining strategic coordination and EU-funded cooperation programmes.

At the same time, it is not certain what funding for cooperation will be available from 2014 onwards. Even though territorial cooperation is universally accepted as adding value to

⁴³ Macro-regional strategies in the EU, *op. cit.*, p.5.

⁴⁴ Bengtsson, *An EU Strategy for the Baltic Sea Region*, *op.cit.*

⁴⁵ P. Schwartz, *Central Baltic INTERREG IVA Programme 2007-2013: EU Strategy for the Baltic Sea Region and its implication for ETC Programmes/Social Funds*, Presentation, Bratislava, 16-17 March 2010.

⁴⁶ Commission of the European Communities, *Communication from the Commission*, *op. cit.*, p. 11; Schwartz, *Central Baltic INTERREG IVA*, *op. cit.*

⁴⁷ Press release, From the Baltic Sea to the Danube Basin - a macro-regional strategy for the EU: Commissioner Samecki to present new type of EU cooperation at Ministerial conference (Stockholm), IP/09/1326, Brussels, 16 September 2009.

⁴⁸ Schwartz, *Central Baltic INTERREG IVA*, *op. cit.*

Cohesion policy, there is a general trend for cooperation funds to be reduced in relative terms whenever the budget is decided. Moreover, the lion's share of Territorial Cooperation funding is reserved for cross-border rather than transnational cooperation. This raises question marks about the feasibility of funding macro-regions using INTERREG/Territorial Cooperation funds. An indication of the European Commission's thinking on the funding of macro-regional strategies can be gained from the Fifth Cohesion Report, which states that: 'Macro-regional strategies should be ... supported by a reinforced trans-national strand, although the bulk of funding should come from the national and regional programmes co-financed by cohesion policy and from other national resources.'⁴⁹

- *What, if any, financial resources should be available for (a) the management and administration of macro-regional strategies and (b) the implementation of policy interventions?*

4.3 Institutional choice

When the European Parliament first called for a Baltic Sea Strategy, it referred to a strategy for the Northern Dimension, i.e. the coordination forum that brings together Germany, Poland, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia, Russia, Belarus and Norway.⁵⁰ Instead, the EU was chosen as the umbrella organisation, and this choice of institution has profound implications both internally for the Baltic Sea Region and for the EU as a whole and externally for cooperation with other adjoining states that are not members of the EU.

Internally, even though many of the countries cooperating in a macro-region are already EU members, it is not immediately obvious why the European Union was chosen as the coordinating institution for the macro-regions. In the case of the Baltic Sea Region, there had already been plethora of institutions relevant to this region before the Strategy was adopted in 2009. Thus, a key question concerns the added value of introducing yet another strategic forum.

The weakness of existing 'shared' institutions in the Baltic Sea region was a main argument in favour of EU involvement. In particular, these institutions were generally unsuited to coordinating sectoral policies that influence each other, such as agriculture, environment, energy, infrastructure and so on. Pawel Samecki has argued that sector-by-sector coordination has not been successful. Instead, an integrated strategy was necessary, coordinating existing policies and using existing funds more effectively than before, through a longer-term strategy.

The EU is certainly one of the few organisations with a track record in coordinating different policy areas. Eight Baltic States are already EU members: Finland, Sweden, Denmark, Germany, Poland, Lithuania, Latvia and Estonia. This facilitates coordination through existing structures. Moreover, supranational - as opposed to merely

⁴⁹ CEC (2010) Fifth Report on Economic and Social Cohesion: Investing in Europe's Future, CEC: Brussels, p. xvi

⁵⁰ Bengtsson, *An EU Strategy for the Baltic Sea Region*, *op.cit.*

intergovernmental – governance has been commended as a way to safeguard the common interest. In this view, the Commission acts as an independent supervisory authority and an ‘honest broker’ of the European interest.⁵¹ In macro-regions, for example, the Commission would be able to ‘name and shame’ responsible actors that are not fulfilling their assigned tasks effectively in its progress reports. This possibility alone could encourage the responsible authorities to put more effort into fulfilling their tasks.

Yet, a question remains over whether macro-regions add any value for the EU as a whole? Thus, how do countries such as Romania or Ireland benefit from a Baltic Sea Strategy? The fact that the Baltic Sea Strategy serves as a test case for the establishment of other macro-regions might encourage all Member States to help make it a success. However, Rikard Bengtsson has argued that, ultimately, this arrangement might lead to a situation where agreement to a decision that does not affect one circle of countries might be traded for agreement to a different decision that does affect it:

“To be true, the format of the strategy as far as finances go – no additional funding – effectively reduces any major obstacle to the adoption of the strategy. Nonetheless, there is a challenge in convincing the entire EU that the Baltic is a special case to be dealt with in a new way.”⁵²

Externally, existing frameworks are used to cooperate with third countries. In the case of the Baltic Sea region, this includes above all Russia but also Belarus and Norway. The Northern Dimension is foremost among these, but the Council of Baltic Sea States may also be used.⁵³ It is clear that cooperation with Russia is particularly important, first because Russia’s policies have a crucial influence on the mutually dependent countries of the Baltic Sea region. Second, it can be particularly difficult to bring Russia on board. For example, Russian environmental regulations are usually not as strict as for EU Member States. In previous years, policy coordination with Russia has been particularly difficult, due to the lack of common membership in the EU and because Russia’s interests and preferences often diverge from the others’.

The Northern Dimension, while not without problems, has been praised for its regional approach where all players meet on an equal footing.⁵⁴ Conversely, the current institutional arrangement ensured that macro-regional cooperation in the Baltic Sea cooperation would take place under the EU umbrella. Cooperation with Russia then takes a bilateral, rather than regional, form. In other words, the decision to make Baltic Sea cooperation an internal EU matter, effectively led to a ‘decoupling of internal and external policy spheres.’⁵⁵ In other words, the border that separates Russia – and not least the Russian exclave

⁵¹ Macro-regional strategies in the EU, *op. cit.*, p. 4.

⁵² Bengtsson, *An EU Strategy for the Baltic Sea Region*, *op.cit*, p. 7.

⁵³ Commission of the European Communities, *Communication from the Commission*, *op. cit*, p. 4. Directorate General for Regional Policy, *EU Strategy for the Baltic Sea*, *op. cit*.

⁵⁴ M. Vahl, ‘Models for the European Neighbourhood Policy: The EEA and the Northern Dimension’, *CEPS Working Document*, No.218/February 2005.

⁵⁵ Bengtsson, *An EU Strategy for the Baltic Sea Region*, *op. cit*, p. 2.

Kaliningrad - from the EU, now constitutes a triple barrier; it is the external border of the common market, the border of the Schengen zone of passport-free travel, and now the border of the Baltic Sea Region.

Other possible macro-regions, notably the Danube Region and the Mediterranean, are bound to include smaller but more non-EU member countries. Unless the EU-Northern Dimension twin structure proves a success in integrating Russia into the Baltic Sea Region, it may become necessary to reconsider the bilateral institutional structure in favour of a more multilateral, regional approach in other macro-regions.

- *How can 'external' non-EU partners best be represented?*
- *How strong should the role of the EU be in driving macro-regional strategies*

4.4 Strategy implementation

The European Commission is responsible for co-ordination, monitoring, reporting, facilitation of the implementation and follow-up of the Strategy. In partnership with stakeholders, it prepares regular progress reports, and uses its power of initiative to make proposals for adaptation of the strategy and action plan when these are required.⁵⁶ Meanwhile, implementation on the ground is the responsibility of partners already active in the region, with organisations from the various Member States taking responsibility for different priority areas. By adopting this implementation approach an additional and potentially unnecessary layer of administration and institutions has been avoided. However, the Strategy has also been criticised as lacking clear ownership and leadership and the need for new institutions to more effectively administer and implement the strategy has been highlighted.⁵⁷

Having an institution or institutions that is/are in a position to drive the strategy forward and ensure that its implementation is a key resource for territorial cooperation programmes. In order to achieve this, there must be sufficient institutional, as well as financial, resources and capacity to manage the task. In particular, with the focus on cooperation, the organisations involved must be well-connected, well-positioned and well-recognised within the region enabling them to take a strategic, facilitatory role. These requirements are especially important in the context of macro-regions, due to the large geographic areas to be covered, the number of territories involved and a complex web of existing cooperation. At a strategic level, the European Commission fulfils this role for the Baltic Sea Strategy. However, the actual implementation process is more fragmented, to the point that the implementation process to date has been focused on the individual

⁵⁶ CEC (2009) Communication from the Commission to the European Parliament, the Council, The Economic and Social committee of the Regions, Concerning the European Union Strategy for the Baltic Sea Region

http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/baltic/com_baltic_en.pdf
p. 10

⁵⁷ Centre for European Studies, (2010) Baltic Sea Strategy: a Pilot Project for Macro-Regionalisation in the EU, June 22 2010.

Priority Areas rather than on cross-cutting and cross-sectoral themes and the Strategy as a whole.⁵⁸ In addition, the way in which different priority areas of intervention have been managed varies, as implementation responsibilities are spread across the Member States. For example, 'the ease with which the Priority Area Coordinators have been able to identify the relevant networks and Flagship Project Leaders seems to a large extent to have depended on the maturity of regional cooperation within the area'.⁵⁹

Complementing a clear leadership, bottom-up initiatives and ideas are equally important, especially for an organisation that focuses on the specific needs of the territory. Building awareness and dissemination activities amongst key actors in the region is also something that has to be continually revised and up dated, taking into account changing policy frameworks and objectives. To facilitate this process it is necessary to build in lesson-learning, follow-up on projects and events, monitoring and evaluation activities. Such processes will provide evidence about the results, impact and influence of cooperation in the region, which can be disseminated and used to develop new ideas in the future and perpetuate productive cooperation. However, for a Strategy with no dedicated financial resources as yet, a balance needs to be struck between monitoring and regulation and keeping the administrative burdens of cooperation in check.

- *Are the current administrative arrangements adequate?*
- *Is the quality of service, capacity variable across priority areas? Do specific technical assistance/capacity building measures need to be put in place?*
- *Is the implementation of the Baltic Sea Strategy at risk from domestic cost cutting exercises linked to the economic crisis?*

5. OUTLOOK: MACRO-REGIONS AND COHESION POLICY

It is too early to tell exactly where the concept of macro-regional cooperation will go, but it looks set to become an established aspect of EU Cohesion policy in the future. As highlighted throughout this paper, the course of Cohesion policy and macro-regions are closely interwoven and already macro-regions are increasingly featured in the ongoing debate on the future of Cohesion policy. On the one hand, they are obviously linked to other forms of territorial cooperation, notably transnational cooperation. On the other hand, the EU Structural Funds are one of the main funding sources for macro-regional cooperation.

As other macro-regions besides the Baltic Sea region are emerging, it has been proposed that a share of the Cohesion policy funds could be earmarked for cooperation in such

⁵⁸ CEC (2010) Annual Report on the Baltic Sea Strategy, CEC: Brussels, <http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/events/tallinn/annual_report_041010.doc>

⁵⁹ *Ibid*

macro-regions. This is a controversial question,⁶⁰ and, until this major issue has been resolved, no details on the exact relationship between macro-regional and territorial cooperation can be decided.

Even apart from the funding question, macro-regions are increasingly discussed as important tools of the delivery of Cohesion policy. For example, the Fifth Cohesion Report establishes a link between the goal of territorial cohesion and macro-regions. Thus,

“further work on new macro-regional strategies should be based on a thorough review of existing strategies and the availability of resources. Macro-regional strategies should be broad-based integrated instruments with support from a reinforced trans-national strand, although the bulk of funding should come from the national and regional programmes co-financed by Cohesion Policy, and other national sources.”⁶¹

In particular, macro-regions are place-based policies that seek to promote development in functional regions, based on the strengths of these regions, and involving policy coordination at multiple levels. As such, they fit neatly with the Europe 2020 objectives of smart, inclusive and sustainable growth, while recognising the objectives of social, economic and territorial cohesion.

Looking to the future, the profile, presence and role of macro-regions as operational entities seems increasingly assured. However, questions and issues remain:

- *Will the profile of the policy be backed up by resources?*
- *Could the stress on links between macro-regional strategies and mainstream strategies and programmes undermine the distinctive contributions of INTERREG, for example?*
- *Are particular themes better suited to macro-regional strategies than others?*
- *What management and implementation arrangements are best suited to macro-regions?*
- *How applicable is the concept to other, less geographically well defined, areas of the EU?*

⁶⁰ ‘Cross-border “macro-regions” unlikely to get own funding’, EUObserver, 13 April 2010.

⁶¹ CEC, Communication from the Commission: Conclusions of the Fifth Report on Economic, Social and Territorial Cohesion, Commission of the European Communities, Brussels, November 2010.