



18<sup>th</sup> May 2011

# **The EU Strategy for the Baltic Sea Region**

## **The second year of implementation**

### **Position paper of the BSSSC**

*The EU Strategy for the Baltic Sea Region launched in June 2009 was aimed to build cooperation among strategic partners across a broad range of policy areas, including environmental sustainability, economic prosperity and security. The Strategy stands for a new and innovative approach to integration and if successful may become a model for other regions within the EU and worldwide. The BSSSC Board decided at its meeting in Oslo to ask the Board member regions for their experiences and opinions about the implementation of the strategy until now. The aim of this questionnaire was to obtain the view of the Board member regions as leaders of their local and regional communities on early results of the implementing process of the strategy. The results have been used as a basis for the further discussion in the Board and resulted in developing a common position of the BSSSC towards the developments of the Strategy. It will serve hopefully for the Commission as a source of information for necessary changes and improvements of the Strategy.*



## **1. The impact of the Strategy on fostering cooperation between regions**

The cooperation between the regions around the Baltic Sea has always been strong and the BSSSC has been engaged in Baltic Sea cooperation since the very beginning of political Baltic Sea cooperation after the end of the cold war. But the EUSBSR added a new momentum to and sustained and deepened the cooperation.

With the EU Strategy for the Baltic Sea Region the main challenges and opportunities of the Baltic Sea region have been defined, and supported by concrete actions and involving players at all levels. The EU's Strategy for the Baltic Sea Region has thus elevated the cooperation to a new political level. The assignment of responsibilities for different subject areas is an especially innovative element, and the political expectations have been great. The Baltic Sea region has thus become a model region for a new macro-regional policy approach of the European Commission. The associated focus on the region strengthens the political commitment to the Baltic Sea Strategy.

A good point was to create new contact groups as the one between DG Regio and the Informal Baltic Sea Group and to intensify the work of existing ones and also organizing many events in the process of public consultation for the Strategy in many Baltic Sea Region cities. It resulted in a better exchange of information and driven attention to the Strategy.

The European dimension of the BSR cooperation was remarkably deepened and the cooperation strongly profited from the new macro-regional policy approach presented by the European Commission.

Another positive effect is the increasing recognition the Baltic Sea Region Programme has experienced since the implementation of the Baltic Sea Strategy has been under discussion and now is in progress. This has had positive effects not only on the quantity of applications to the programme but also on the quality of partners and projects.

The EU strategy for the BSR has put renewed focus on the BSR – with Europe wide interest – and this has encouraged regional cooperation.

In some regions the new approach of the Commission fostered cooperation among various institutions within the region and much effort has been given to promote the idea of the Strategy and improve the general understanding of the Strategy.

However the positive effect has been much stronger on a national level than on a regional as the regions have cooperated in the Baltic Sea Region long before the strategy. For regions with well-established partnerships the Strategy did not greatly influence the quality and quantity of cooperation links.

Therefore BSSSC calls for broader involvement of the regions in the implementation of the action plan as new priority area coordinators and new project leaders. Involving regional authorities in the



implementation of the Strategy will direct the use of financial instruments towards the cooperation between regions.

## **The external challenge**

The EU Strategy for the Baltic Sea Region was developed as an EU-internal strategy, but three out of the four pillars of the Strategy – environmental protection, attractiveness and accessibility and safety and security depend on political developments outside of the EU. The aims of the strategy assigned to those three pillars cannot be realised without including countries outside the EU, especially Russia. Involving Russia in the implementation of the Action Plan via the Northern Dimension seems insufficient and ineffective.

Also in Norway the feeling is that the country has not been included as much as it could. The national authorities are not very involved and are updated via CBSS and the Northern Dimension Steering Group. This situation naturally influences the level of involvement from Norwegian regions. On the other hand the EU regions are not always aware of the possibility of involving the Norwegian regions in the cooperation projects of the strategy. Therefore the Norwegians have had less interest and less participation in BSR cooperation projects.

To increase the interest, a clearer message from the EU members to the non-EU member countries (such as Norway and Russia) in the region should be sent. They should be involved in the Baltic Sea Strategy as partners.

## **Recommendations**

- BSSSC calls for broader involvement of the regions in the implementation of the EUSBSR. Involving regional authorities in the implementation of the Strategy will direct the use of financial instruments towards the cooperation between regions.
- The aims of the strategy cannot be realised without including countries outside the EU, especially Russia. Involving Russia in the implementation of the Action Plan via the Northern Dimension seems insufficient and ineffective.
- To increase the interest and participation in the BSR cooperation of non -EU member countries, a clear model of their participation should be developed. They should be involved in the Baltic Sea Strategy as partners.



## **2. The influence of the Strategy on strategic planning in regions**

The ability to include the EUSBSR objectives into regional strategies varies from region to region and is often determined by the identification of financing possibilities from the available EU measures.

The main problem the regions have faced was the fact that the EUSBSR was launched in the middle of the current planning period from 2007 to 2013. The original design of the programmes had already been decided by European, national and regional authorities at that time.

But still in some regions the Strategy has influenced the engagement of regions for the operational programmes within objective 2 and objective 3. For example the objective 2 operational programme of Schleswig-Holstein is currently under evaluation – one parameter is the alignment with the Baltic Sea Strategy. It is intended to better align the Operational Programme with the Baltic Sea Strategy for the rest of the current funding period– and this applies even more to the next funding period. Concerning objective 3, Schleswig-Holstein is a member of the Monitoring Committee of the Baltic Sea Region Programme and in this function engaged with the use of the programme for the implementation of the Baltic Sea Strategy. This continues for the last two calls of the programme and even more for the future funding period.

Many ideas provided by the regions fit easily into the running programmes and led for example to the Interreg project (Clean Baltic Shipping initiative in Schleswig-Holstein, digital IDs for cross-border use in Estonia)

For the ERDF programming things developed a bit slower due a different programme structure, but there is also considerable progress. Two concrete projects under the environmental pillar have been identified (“Clean Overspray”, which focuses on more sustainable ways to varnish big ships and another project that supports the development of the cogeneration of heat and power with renewable energy sources, further projects are in the making).

For Danish Regions most of the priorities of the Baltic Sea Strategy proved to be in line with the priorities of the Danish regional development strategies. Especially economic development and accessibility are important but also climate issues and energy development. But this was also the case before the development of the Baltic Sea Strategy. This means that the different actors are working in the same direction. Also, the strategy has meant a greater focus on international cooperation for some of the Danish regions in the Baltic Sea Region.

In Skåne some parts of the Strategy for the Baltic Sea Region Action Plan are integrated in Skåne's regional goals and the Region is active as a project partner and lead partner in several flagship projects of the EUSBSR Action Plan. Also in West Pomerania, operational programmes reflect the priorities of the Strategy.



## **Recommendations**

- The aims of the strategy should be reflected in regional strategies. Local and regional strategies respond on one hand to local and regional priorities and needs and on the other hand reflect the overall priorities of the Strategy for the Baltic Sea Region aims.
- The EU strategy for the Baltic Sea Region should also be implemented through regional programmes. This will only be possible by linking priorities of the Structural funds to the Strategy. After 2013 the transnational programmes should also be programmed specifically for the support of the macro-regional strategies.



### **3. The impact of the Strategy on creating a new way of Multi-level-governance in the Baltic Sea Region.**

The Baltic Sea Region has got well-established structures of inter-governmental, interregional and cross-border cooperation but the regions themselves are very different in the countries around the Baltic Sea. Constitutionally and also de facto, the regions have different status, different legal ramifications and different competences. The new governance model in the region means not only the traditional vertical multilevel governance model: EU institutions, governments, regions but also the horizontal dimension: private actors, governments, civil society. A new governance model is a necessary instrument in the implementation of the strategy and the regions saw the creation of such an instrument necessary for the success of the strategy (e.g. in BSSSC position paper on the Baltic Sea Strategy).

BSSSC regions agree that during the phase of setting up the EUSBSR the regions around the Baltic Sea and their organisations were the strongest and the most active players that provided the most input and manpower. This changed when the strategy reached the implementation phase. The Commission turned more to the national level of the member states and only two regions took over responsibilities as Priority area coordinators (i.e. Hamburg for education and Mecklenburg-Vorpommern for tourism). The states that are in most need of a well-functioning strategy – the Baltic States- are the ones least involved in its coordination.

For Hamburg this is to a certain extent a natural process seeing that some of the problems addressed in the EUSBSR are clearly international and therefore most likely to be dealt with on an international or at least federal level. Furthermore, existing structures like the Northern Dimension or HELCOM are most fit to start actions without having to set up a new working structure.

Schleswig-Holstein quotes the positive example of fostering political and intergovernmental cooperation—the BSSSC initiative to kick off cooperation in the maritime policy field between the regional, the national and the parliamentary level. The first result was a joint event of the maritime working groups of the CBSS (Council of the Baltic Sea States), the BSPC (Baltic Sea Parliamentary Conference) and the BSSSC on the occasion of the European Maritime Day 2011 in Gdansk. The presentation was conceived to be the start of an increased dialogue on maritime policy among the three political levels in order to bundle efforts and identify common interests and possible joint activities.

In Estonia some local government researchers and specialists think that it is an important topic, and multi-level governance should be implemented in Estonian local governance. They are lobbying towards it and believe that the impact will be positive.

Other regions (Danish Regions, West Pomerania) do not acknowledge that the Strategy created is able to create a new efficient system of multi-level-governance in the Baltic Sea Region, in this shape. The governance of the Strategy is being carried out mainly by the national level and the Commission. It does not directly involve the local and regional level as well as organizations and the private sector, even though the Commission continues to state that this should be improved.



Furthermore, the governance model does not create a good enough transparency of the decision-making process.

As a result of the lack of a clear mechanism of multilevel governance in the Strategy implementation process, the Swedish regions proposed the new horizontal Action "***Strengthening multi-level governance, place-based spatial planning and sustainable development***". The action looks to establish dialogue amongst actors at all levels of governance in the Baltic Sea Region (a Baltic Dialogue) in order to consolidate findings and disseminate good methods and experiences. The aim of this dialogue is to ensure the involvement of all levels of governance, including the European Commission, national ministries and authorities, local/regional authorities, macro-regional organizations, financial institutions, VASAB and HELCOM. A second component is to work with showcases, building on the regions' special fields of expertise, spatial (strategic) planning and water management, and through this work establish good examples and methods that allow generalization. A third component is a "Local signal panel" enabling the Priority Areas and Flagship Projects the possibility to reach all levels of governance. In this action the project INVOLVES supported by the BSSSC is intended to be realized.

## **Recommendations**

- Multi-level governance is the key factor in retaining the involvement of regions in the implementation of the Strategy.
- Regional, local as well as non-governmental actors around the Baltic Sea possess useful experience of bilateral and multilateral cooperation in many areas as for example energy, transport and infrastructure, research and development, and environmental issues. It is important to take advantage of these assets when implementing the strategy.
- Growth is not created by national policies alone, but also through the efforts of individuals, companies and organisations. With their knowledge of the specific conditions in the region and municipality, stakeholders at the regional and local level are vital for the realisation of European and national strategies.
- For regions to become more involved and to develop a real multilevel governance system, there should be more focus on involvement of all actors of governance in each of the priority areas (where applicable) and in the projects (where relevant).
- BSSSC emphasises the importance of giving regions and municipalities the opportunity to constructively contribute to the formulation of objectives and the actions needed to realise them in relation to the Strategy.



#### **4. The value added to the Strategy for BSR Regions.**

The evaluation of the Strategy is being carried out by the Commission to be presented in the report in June 2011. But already at this point in most regions additional positive side effects of the Strategy have been noticed.

Among them:

- the increasing recognition the Baltic Sea Region Programme has experienced since the implementation of the Baltic Sea Strategy. This has had positive effects not only on the quantity of applications to the programme but also on the quality of partners and projects,
- deeper understanding of the interconnection between regional and European policy making. Contributing to the design of the strategy, for which only very few parameters were set in the beginning, sustained and deepened the working relationship at the regional and especially the European level,
- a greater focus on international cooperation for some of regions previously not so involved in these type of activities,
- new cooperation possibilities and the expanding and strengthening of the cooperation and partner networks,
- new experience for organizations and workforce to engage in interesting and innovative activities in the process of participation in projects as lead partners or partners,
- a better understanding and more attention from public opinion to the protection of the Baltic Sea environment caused by discussions in media.





## **5. The priority commitments of the Strategy in the coming years**

BSSSC regions support the priorities listed in the Action Plan of the Strategy for the Baltic Sea Region.

For many regions the environmental situation is of the highest importance. The improvement of the environmental situation of the Baltic Sea is regarded as the basis for wealth and life in the region. The overall success of the EUSBSR will most likely be judged by visible results in this field. The next step shall be the fostering of an environmentally sustainable economy as sustainable environmental development and infrastructure are very important issues. – green growth shall be a vision for the future.

Another issue of high importance for other regions, is the priority of creating a prosperous region. It is a prosperous region that is considered to have a greater possibility of solving the environmental problems, creating better accessibility and ensuring a safe and secure region. Therefore measures that will stimulate research and development and actively contribute to innovative and knowledge based development and entrepreneurship should be given priority in all funds and programmes.

Also maritime issues, accessibility and well-functioning and secure transport systems are of great interest to the BSR.

It is also proposed to add an additional energy priority area to the Action Plan – mitigation and adaptation to climate change (as it is in the current Action Plan) is only one side of the energy and climate topic – energy saving, fostering energy efficiency and in particular fostering the development and use of renewable energies should be the other side.

Another additional priority considered as well is culture – as culture should not only be regarded as a horizontal action but also in its own field of action, contributing to strengthening of the business situation in the Baltic Sea Region.

More focus should be on young people – on education, knowledge, mobility, intercultural dialog, young entrepreneurship and access to the labor market.

### **Including Russia in the implementation process**

The exclusion, in particular, of Russia in the developing process of the Strategy is a severe deficit of the Strategy. Meanwhile agreements between the EU and Russia on potential fields of cooperation could be achieved. It should be considered to include the respective projects to the Action Plan and to involve Russia in the implementation structure and bodies of the Strategy and herewith repair the defect.



## 6. The alignment of funding

According to one of the principles of the EUSBSR, no new founding has been provided for the implementation thus the Strategy relied on existing funds – mainly Structural Funds and the Cohesion Fund. The intention of the Commission was to induce better use and coordination of existing funds. This is still work in progress and much more has to be done. The lack of dedicated funds even for technical assistance, refrained many potential project leaders, in the initial phase of implementing the Strategy, from developing projects.

The regions agree that the next EU Financial Perspective between 2014-2020 should influence the development of the Strategy.

The regions of the BSSSC have the following proposals to contribute to the success of the Strategy:

### Communication and coordination

- The information level of the Strategy should be improved. The procedures of updating the Action Plan should be more transparent, which in turn will result in a better involvement of regions in developing and implementing the Strategy and Action Plan.
- The information about possible funds should be more accessible. This will enable the project leaders to obtain funds from different sources not only ERDF and but also Community programmes. The publication of various funds and financial instruments can, wherever possible and appropriate, be coordinated by the relevant authorities.
- The issue of fund alignment is interconnected to improving multilevel governance in some regions. Therefore promoting this new way of governance on local, regional and national level is of utter importance and will influence a more effective use of funds and visible results of the Strategy.
- The European Parliament should maintain a budget post for the coordination of the implementation of the Baltic Sea Strategy, as in the EU budget for 2010.
- The EU budget should foresee funding in the transnational programmes intended to co-finance initiatives and flag-ship projects under the macro-regional strategies, for example the Baltic Sea Strategy. The financial support for the Strategy for the Baltic Sea Region is not satisfactory at present because various programmes, e.g. national programmes, have supported the strategy without any coordination.
- The European Commission should give clear guidelines to national and regional authorities to allocate a certain amount of EU funds to cross-border projects, as INTERREG is too limited to solve all problems. Norway can contribute to the alignment of the EEA-financial mechanism sources by including this issue in the dialog with each of the beneficiary countries in the BSR (Estonia, Latvia, Lithuania and Poland) – and in the Memorandum of Understanding between these countries and Norway/EEA countries.



- Available funds for the Baltic Sea Region must be used to contribute to the implementation of the Baltic Sea Strategy, i.e. first and foremost:
  - financial resources from the Structural Fund with its mainstream programs ERDF (European Fund for Regional Development) and ESF (European Social Fund),
  - funds from the European Research Framework Program.
  
- The coherence of the Baltic Sea Strategy with the EU 2020 Strategy and the Trans-European Networks are other points of importance.

A matter of particular importance is the coherence of the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) with the main objectives of the Baltic Sea Strategy, notably the improvement of the ecological state of the Baltic Sea. An adequate reform in particular of the Common Agricultural Policy ensuring that the objectives of the Baltic Sea Strategy can be achieved in due time. Eutrophication is one main problem of the Baltic Sea. The major solution to the problem is land based and lies in more ecologically compatible farming

For some regions the European Territorial Cooperation (INTERREG) should be considered to be the key instrument for financing the Baltic Sea Strategy.

The successor of the Baltic Sea Region Programme in the next programming period should:

- earmark a majority of the funds for the implementation of the Baltic Sea Strategy,
- foresee an extra budget for horizontal measures (e.g. for strengthening the Baltic Sea identity),
- establish a contact point in charge of facilitating the cooperation between priority area coordinators and existing flagship projects of the Baltic Sea Strategy with project applicants to the Baltic Sea Region Programme.

By some regions however, it have been pointed out that any resource allocation to these strategies do not restrict the opportunity to work within the framework for European territorial cooperation in geographical areas that do not fall within the framework of macro-regions.

The limiting of territorial programmes to macro-regional priorities implies that a variety of regional and local actors will be excluded from participation in future programmes.

## **Simplification and clear targets**

The simplification and adaptability of EU programme management should be a byword when establishing the framework for funding in the future. Synergies should be encouraged between related structural funds and other EU-instruments/programmes so as to facilitate and to simplify applications for EU funds. This can be a way to make it easier to access funds for research and innovation development from several different sources.



## **Participation of regions outside the EU**

BSSSC stresses that without the active participation of other neighbouring countries outside the EU the Strategy cannot be realized for the whole Baltic Sea Region. A coherent and harmonious development of the Baltic Sea region requires the participation of all Baltic Sea States including Russia, Belarus and Norway.

Special attention should be given to the involvement of Russia and Belarus. INTERREG and EU funding from the European Neighbourhood and Partnership Instrument must be available for Russian and Belarusian partners in the next financial perspective.