

# Options for building a Macro - Region

SCENARIOS FOR THE DEVELOPMENT OF THE  
ADRIATIC - IONIAN MACRO - REGION

Prepared by: t33 Srl

## Acknowledgments

The Paper was prepared by the following experts: Pietro Celotti, Giovanni Familiari, Francois Levarlet, Alice Colin, Andrea Gramillano and Alessandro Valenza.

It expresses the reflections and ideas of the authors and do not necessarily represents the views of the company and its clients.

### Our thanks go to:

- **Marco Bellardi** for his support in understanding the institutional process underpinning the Macro-Region
- **Paolo Rotoni** who extrapolated and elaborated the data from database of projects of Internationalization Service of Marche Region
- **Tim and Gina Wills** for their patient linguistic revision

### We were also deeply inspired by three studies, in particular:

- 'Macro-regioni Europee: del vino vecchio in una botte nuova?' by **Andrea Stochiero**, CESPI background paper, 2010
- 'Analysis of needs for financial instruments in the EU Strategy for the Baltic Sea Region' by **Ulf Savbäck, Kai Böhme and Ulf Johansson**, SWECO report, 2011
- 'Analysis of needs for financial instruments in the EU Strategy for the Danube Region' by **Peter Schneidewind, Marlene Hahn and Alice Radzyner**, METIS report, 2011

The article '*Le strade del Crimine non hanno confine*' of Rosario Aitala and Paolo Sartori (LIMES 1/2012 LA GUERRA IN EUROPA NON E' MAI FINITA) was enlightening on the issue of security

The study refers also to a number of ESPON studies.

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# **Acronyms**

**CBC:** Cross Border Cooperation

**CESPI:** Centro Studi Politica Internazionale

**EGTC:** European Grouping of Territorial Cooperation

**ESPON:** European Spatial Planning Observatory Network

**EU:** European Union

**GDP:** Gross Domestic Product

**IPA:** Instrument for pre accession

**IVC:** Interreg IVC Interregional Program

**MED:** Mediterranean Transnational Program

**MLG:** Multi Level Governance

**MS:** Member State

**NGO:** Non-Governmental Organisation

**NRP:** National Reform Plan

**OP:** Operational Program

**SEE:** South East Europe Transnational Program

**SVIM:** Development Marche Region Agency

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# 1. Foreword

This paper aims at boosting the political debate on the Adriatic Ionian Macro-Region by proposing operational and concrete scenarios in the light of experiences in the Baltic and Danube Macro-Regions. However, there is no intent to provide an exhaustive analysis of the socio-economic context or to assess the feasibility of the Macro-Region.

The following reflections are mainly based on the professional experience developed by t33, in working with structural funds and in particular in the framework of European Territorial Cooperation. Even though, in the current debate, the emphasis on ‘results’ and ‘impact’ tends to underestimate the importance of achieving political learning and governing processes, our participation to many European Programme experiences has made us aware of the fact that some of the most significant results are intangible, such as the exchange of good practices, definition of intervention models and the establishment of permanent networks. Macro-Regions are key political tools which can regenerate Europe through ‘suasion’, ‘learning’ and ‘governing’, rather than directly providing material resources, if there is a common understanding of what is realistic to expect from this experience, what the costs might be and how to share responsibilities and tasks.

Quantitative information in the paper mainly comes from EUROSTAT, ESPON and local databases and has been integrated and discussed in a workshop which was held in Ancona (Portonovo) on the 3<sup>rd</sup> of October 2012. The workshop has been an opportunity to share different opinions, to discuss with international experts engaged in the Macro – region of Danube and Baltic and to involve regional public officials. The paper is divided into the following sections:

- **the institutional process:** the key institutional steps and main initiatives of the area;
- **common needs and challenges:** maps and charts in order to provide insights on the most relevant needs and trends in the area (economic and demographic indicators, traffic and flows, environment);
- **areas and means of cooperation in the Adriatic area:** analysis of the cooperation projects in the area to identify the main sectors, objectives and results of cooperation in the last period;
- **which strategy:** proposals for consulting stakeholders and drafting an action plan;

- **a step towards the Macro–Region, governance and resources:** insights from the Danube and Baltic experiences, particularly on the type of coordination and the organisation of financial resources.

To make transparent the ideas of t33 and the contribution of the workshop, in the beginning of each paragraph you find a box reporting the key messages and in the end a box containing the main insights from the workshop.

## 2. The Institutional Process

### Key messages on the institutional process

- Adriatic cooperation has matured and for the past 10 years has aimed at a more structured policy coordination.
- There are already several institutional initiatives in the Adriatic supporting the collaboration among Member States, Regions, Municipalities, Universities and Chambers of Commerce.
- Since 2010 in a MLG context, the political actors have focused on the idea of Macro-Region with the involvement of EU Institutions.
- On 14<sup>th</sup> December 2012, the European Council, invited the European Commission to develop a macro-regional strategy for the Adriatic and Ionian area before the end of 2014.
- There is a clear 'window of opportunity' opening with the new programming period for exploiting the EU resources coming from 2014-2020 OPs.

The geographic area of the Adriatic-Ionian Macro-Region includes three EU Member States (Italy and its Adriatic and Ionian regions, Greece and Slovenia) plus Croatia, which will enter the EU on 1<sup>st</sup> July 2013, as well as Bosnia and Herzegovina, Serbia, Montenegro and Albania, which are all at the pre-accession stage for entry into the EU.

The political and economic fundamentals of the idea for an Adriatic Macro-Region are rooted in the history of the region where the sea connected more than just a divided people. The crisis following the dismantling of the Berlin Wall produced a well-known, troubled and extremely dangerous situation in the Balkan area. Thus, the first forms of cooperation were primarily devoted to: assist people and areas affected by the war, initially on an emergency basis; then promote reconstruction and development. Following this, during the process of European Enlargement, several EU programmes were put in place to facilitate multilateral and regional / sub regional cooperation among Adriatic States.

The need for political coordination became more evident and urgent. Within the so-called 'Stability Pact for South Eastern Europe' promoted by the EU, during the Finnish EU Summit of October 1999 in Tampere, the AII was presented by the Italian Government.

The AII represented an important institutional step toward more political coordination in the Macro-Regional process. AII was established at the Summit on Development and Security for

the Adriatic and Ionian Seas, held in Ancona, Italy on 19<sup>th</sup>-20<sup>th</sup> May 2000. The main result of the conference was the 'Ancona Declaration' signed by Italy, Albania, Bosnia and Herzegovina, Croatia, Greece and Slovenia in the presence of the European Commission. As the Declaration states, strengthening regional cooperation helps to promote political and economic stability, thus creating a solid base for the process of European integration. The initiative was later extended to Serbia and Montenegro.

There are other important initiatives for integration and cooperation:

- the **Adriatic and Ionian Forum**, which was established on April 30, 1999 at the initiative of the Municipality of Ancona and the National Association of Italian Municipalities (ANCI) with the approval of the 'Charter of Ancona'. This association brings together coastal cities from the seven countries that are part of the Adriatic-Ionian region: Italy, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Albania and Greece;
- the **Adriatic and Ionian Chambers of Commerce Forum**, which is a transnational network founded in 2001 bringing together 36 Chambers of Commerce, from Italy and abroad, from Trieste to Brindisi and from Slovenia to Greece with two supporting members, the Province of Ancona and the Assonautica-Rome;
- the **Adriatic-Ionian Network of Universities (UNIADRION)**, which has 36 universities from nine countries: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Macedonia, Montenegro, Serbia and Slovenia. UNIADRION was founded in 2000 as part of the AII. This network was created to establish a permanent link between the universities and research centres of the Adriatic-Ionian region and to strengthen inter-university cooperation between them;
- the **Adriatic Euroregion** is an association of regional and municipal local authorities from six countries along the coast of the Adriatic Sea: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy and Montenegro. It was founded in 2006 with the intent of supporting the countries of the Adriatic during European integration and promoting the development of mutual relations between people and institutions in this area.

Following the successful example of the adoption of EU Strategy for the Baltic Sea at the beginning of 2010, the idea of a Macro-Region for the Adriatic-Ionian basin matured. Based on the common shared need to strengthen political coordination and the common goal to make this basin an 'internal sea' of the EU, the Ministries of Foreign Affairs of the eight countries of the AII at the end of the Italian Chairmanship approved a Declaration of Support



for the EU Strategy for the Adriatic Ionian Basin on 5<sup>th</sup> May 2010 in Ancona.

Since then, national and regional authorities, forums and the AII have started to work to raise awareness of the necessity for establishing a Macro-Region for the Adriatic-Ionian basin. This initiative is supported by all Adriatic-Ionian actors at all levels of government. In order to bring it to the attention of the EU authorities, the last Adriatic-Ionian Council was successfully held on 23<sup>rd</sup> May 2011 in Brussels at the premises of the Committee of the Regions, at the end of Montenegro's term as President [of the AII].

An important decision in the process of approval for the Macro-Region was taken by the European Council on 23<sup>rd</sup> and 24<sup>th</sup> June 2011, declaring that Member States urged 'to continue to work in collaboration with the Commission, to create possible future Macro-regions, particularly in reference to the Adriatic-Ionian region'.

Therefore, on 14<sup>th</sup> December 2012, the European Council, invited the European Commission to develop a macro-regional strategy for the Adriatic and Ionian area before the end of 2014.

#### **Insights from the workshop**

The participants agree on the fact that the Adriatic – Ionian Macro- region was an issue which has matured in the last ten years. Concerning the future evolution of the institutional process, two points were raised:

- the process is in continuous evolution and change;
- the launch of the Macro-Region should be considered and evaluated with the transformation of other programmes (pre-accession and cooperation).

An important step toward the Macro Region is the Communication of the Commission “**A Maritime Strategy for the Adriatic and Ionian Seas**” (COM(2012) 713 final Brussels, 30.11.2012) based on 4 pillars:

- 1) Maximising the potential of the blue economy,
- 2) Maximising the potential of the blue economy, healthier marine environment,
- 3) A safer and more secure maritime space,
- 4) Sustainable and responsible fishing activities.

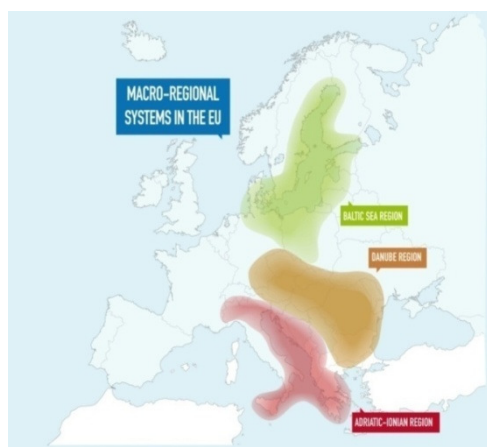
### 3. Common Needs and Challenges

#### Key messages on the common needs and challenges

- Demographic and economic conditions are very different inside the Macro-region.
- The Macro-region has a performance at a not lower level than European average, but in the case of life expectancy, in spite of the very good performance of the Italian side.
- Commercial flows have a different relevance for the countries in Macro-region and in the past few years, trade within the Macro-region have been declining in relative terms.
- The Adriatic area is marginalised and isolated in terms of transport accessibility.
- The Macro-region is expected to be highly affected by climate change; loss of biodiversity and pollution hot spots.
- Crime flows and hotspots raise important challenges.

The European Union introduced the Macro-Region cooperation tool to develop specific strategies strengthening the process of integration in specific macro areas. After the Baltic and the Danube areas, the 'Adriatic-Ionian' is the third Macro-region to be proposed. It officially began on 5<sup>th</sup> May 2010 with the 'declaration of Ancona', a strategic proposal of the Adriatic-Ionian Initiative (AII), launched by the heads of government and the foreign ministers of Greece, Italy, Croatia, Slovenia, Albania, Bosnia and Herzegovina.

#### Map 3.1 -Danube, Baltic and the Adriatic – Ionian Macro–regions



The Adriatic-Ionian Macro-region consists of the following countries: Albania, Bosnia and Herzegovina, Croatia, Greece, Slovenia, Serbia and Montenegro and the Italian regions of Abruzzo, Friuli Venezia Giulia, Veneto, Emilia Romagna, Marche, Molise, Puglia, Basilicata, Calabria and Sicily. The next table displays an overall outlook of the main context indicator of the Macro-region providing a comparison with the EU Level and within the area.

Source: the AII 'Macro-region Report'

**Table 3.1 - Outlook of the Macro–Region performance**

Indicator	Vs EU average	Disparity within the Macro-region
Average growth rate, 2000-2010		Yes (Best performer: Italy; worst performers: Serbia and Croatia)
Expected average growth rate, 2010-2025		Not relevant
Urbanization rate, 2010		Yes (Best performer: Italy; worst performer: Bosnia-Herzegovina)
Life expectancy at birth by sex, 2010		Yes (Best performer: Italy; worst performer: Montenegro)
R&D expenditure on GDP, 2007 (%)		Yes (Best performer: Italy; worst performers: Bosnia-Herzegovina and Albania)
Fixed broadband Internet subscribers (per 100 people), 2010		Yes (Best performers: Italy, Slovenia; worst performer: Albania)
Internet users (per 100 people), 2011		Yes (Best performers: Slovenia, Croatia; Worst performer: Albania)
Employment to population ratio, 15+, total (%), 2010		Yes (Best performer: Slovenia; Worst performer: Bosnia-Herzegovina)

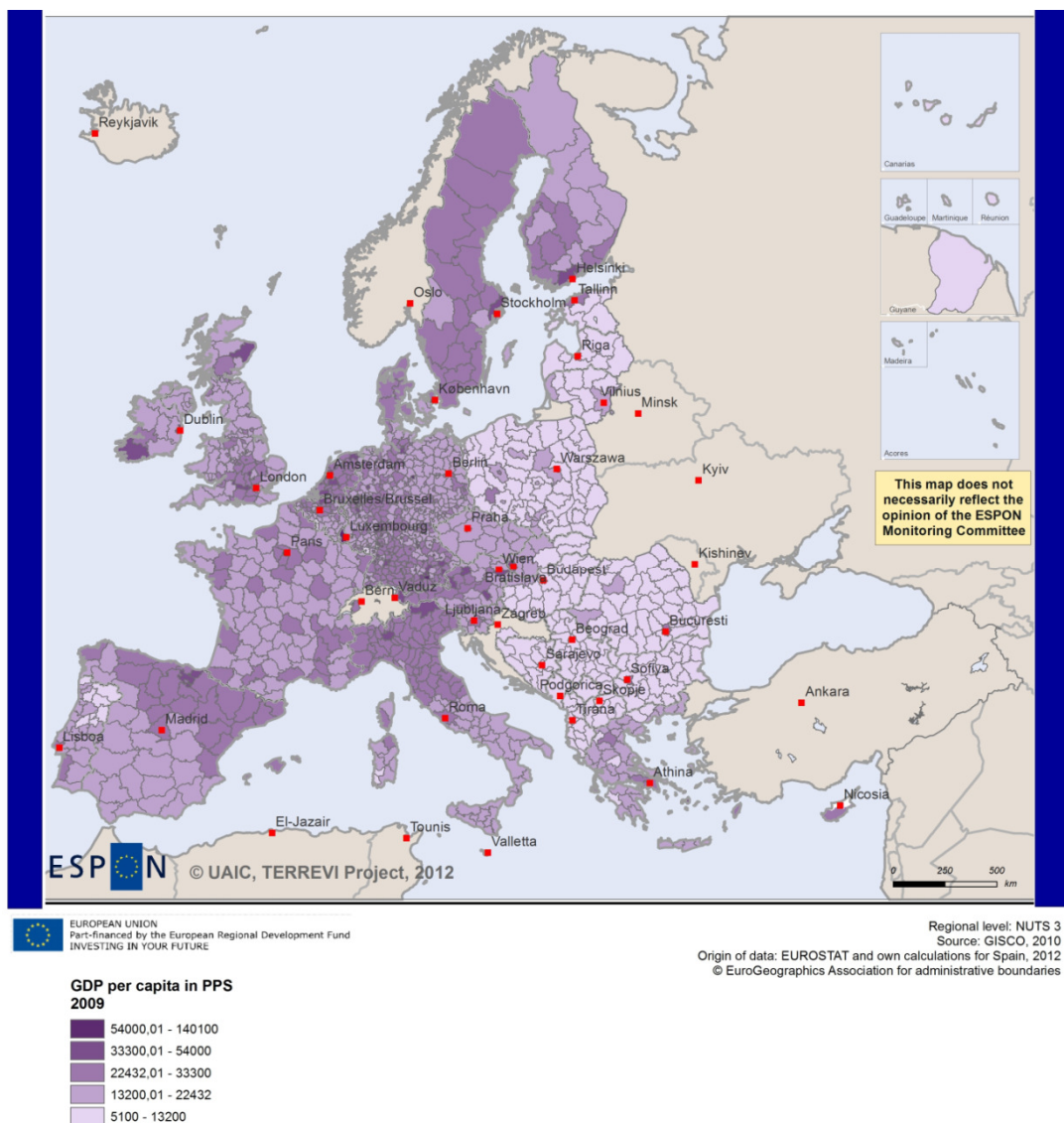
	Above EU level		Around EU level		Below EU level
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Source: Our elaboration on Eurostat data

As in almost all the Macro-Regions and transnational cooperation areas, the disparity is a relevant aspect (see the ESPON TERREVI project), but the case of the expected average growth rate 2010-2025, which is also in line with the European average. It is important to highlight that in the table above, Italy is analysed at a national level. As a consequence disparity inside the Macro-Region is wider for the Italian infra-national disparities. Concerning the performance in respect to EU average, the Macro-Region has a better position in many aspects, as internet connection and use, employment ratio, R&D expenditure and urbanization. In terms of average GDP growth and expected average demographic growth has similar performance to European average. In spite of the very good performance of the Italian side, it reaches a lower level than the European average in terms of life expectancy. The following paragraphs provide more details at sub-national level on various aspects of analysis.

### 3.1 ECONOMIC AND DEMOGRAPHIC INDICATORS

Map 3.2 - GDP per capita in PPS (2009) – ESPON TERREVI

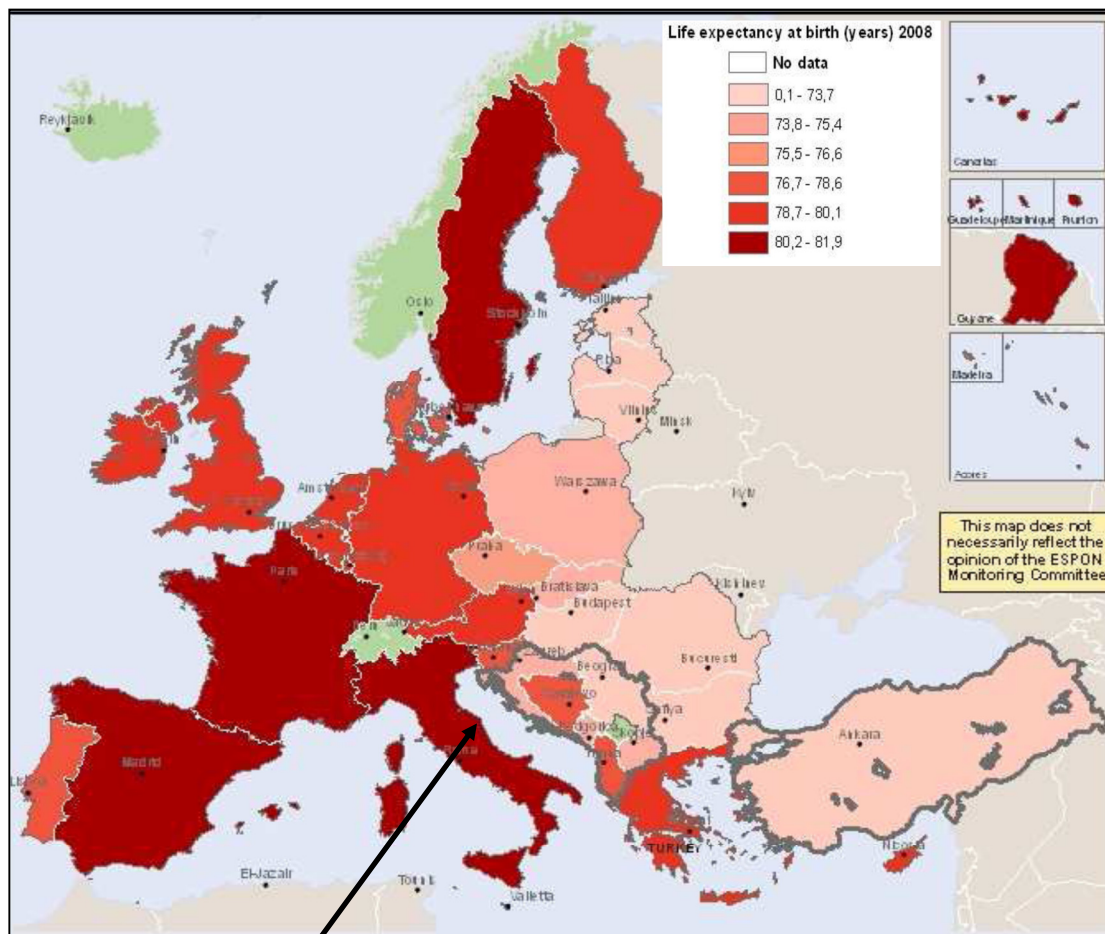


Source: *Espn, Terrevi project – CBC factsheet*

The map above identifies three patterns in terms of GDP per capita in 2009:

- an ‘intermediate level’, in the Southern areas of Italy, Greece and almost all Slovenia;
- an ‘upper intermediate level’, in the Central and Northern part of Italy;
- a ‘lower intermediate level’, in the rest of the Macro-Region and the Balkan regions.

**Map 3.3 – Life expectancy at birth (years), 2008 – ESPON INTERCO**



**Map 3.3.a**



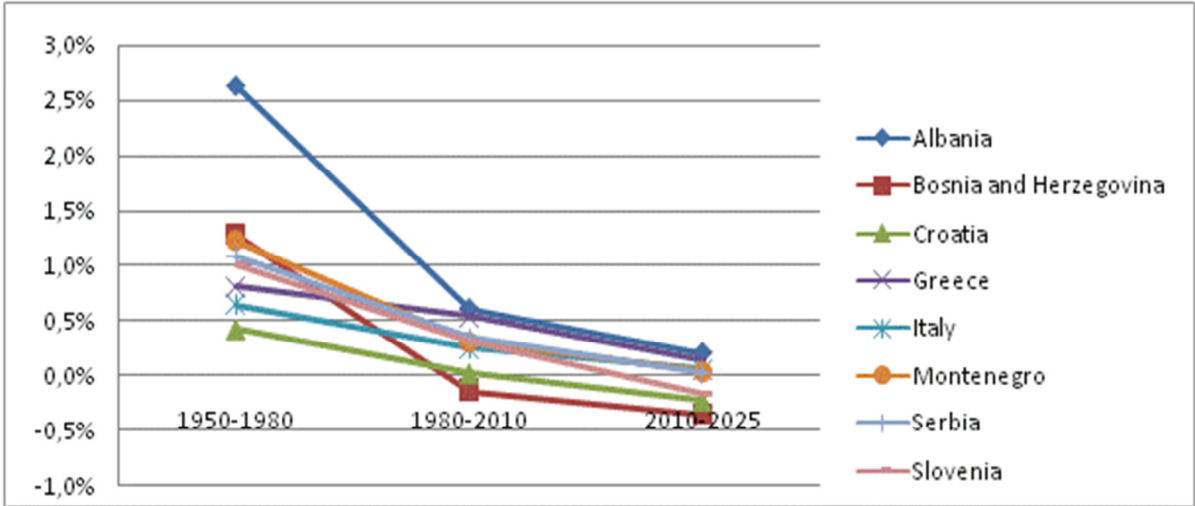
Source: Espo Project INTERCO project

In terms of life expectancy, the Italian side, except partially for Sicily, has the best performance in Europe. An intermediate performance is in Southern, Slovenian and Greek part of the Macro-Region. The rest of the Macro-Region, in particular the Western Balkan countries, has a performance lower than the European and Espo average. Concerning



population change, all countries are showing very low growth or tending to decline, in particular, Croatia, Bosnia and Herzegovina, Montenegro and Slovenia (see the following chart).

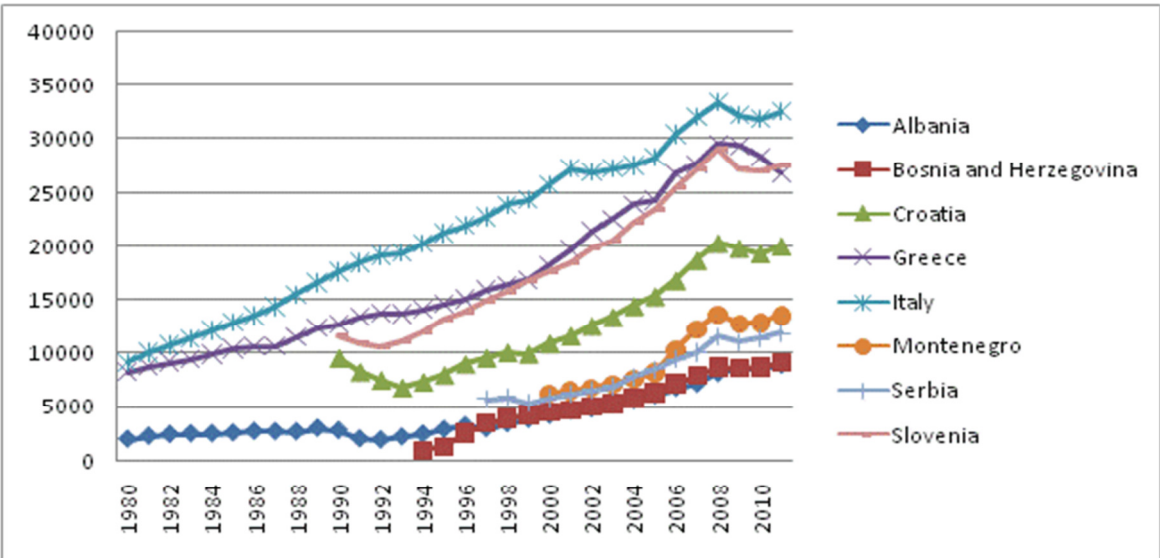
**Chart 3.1 - Population change, 1950-2025**



Source: our elaboration from World Bank database

The Adriatic-Ionian Macro-Region also shows huge internal differences in economic terms (see the following chart). While Italy, Slovenia and Greece rank quite high, with figures around the EU-27 average, Western Balkan countries are among the countries with the lowest GDP per capita. GDP per capita in PPP in Western Balkan countries has been steadily rising since 1994. While Italy, Slovenia and Greece have mostly enjoyed the same, their situation deteriorated in 2008 with the crisis.

**Chart 3.2 - GDP per capita in PPP (current international \$)**

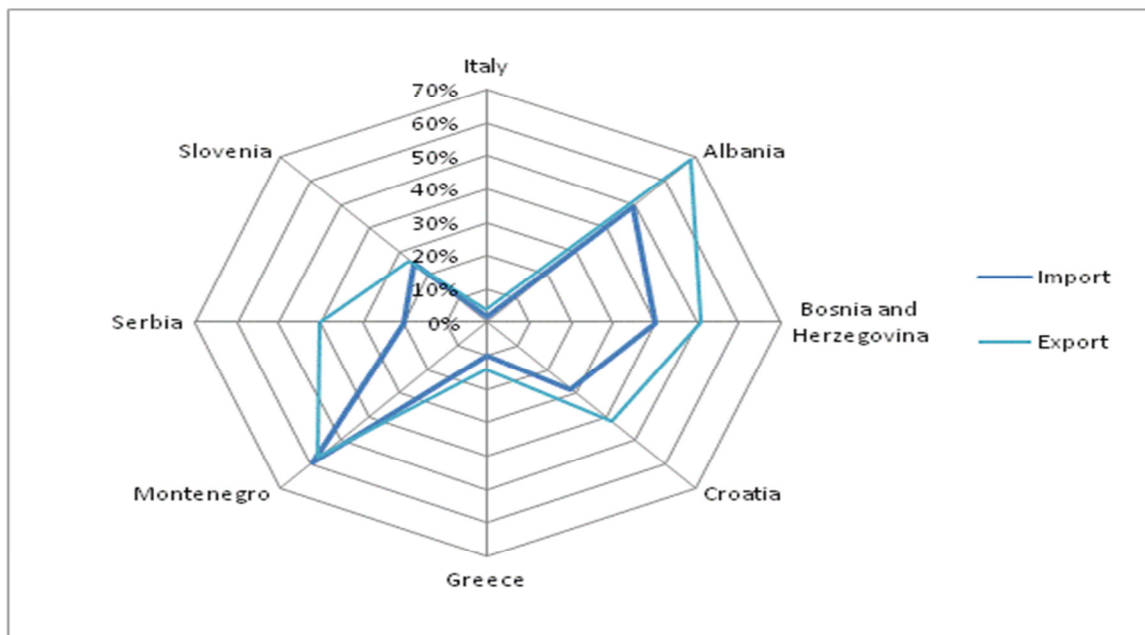


Source: our elaboration from World Bank database

### 3.2 TRAFFIC AND FLOWS

Strong trade relations exist within the area. While for EU Members the Macro-Region represents less than half of both imports and exports, for countries such as Montenegro and Albania, this share is above 50% and between 20% and 50% for Serbia and Bosnia and Herzegovina. However, trade links have decreased during the past few years, i.e. business is conducted more and more outside the Macro-Region area. It is also to note that most of the countries are actually exporter rather than importer (see the following chart).

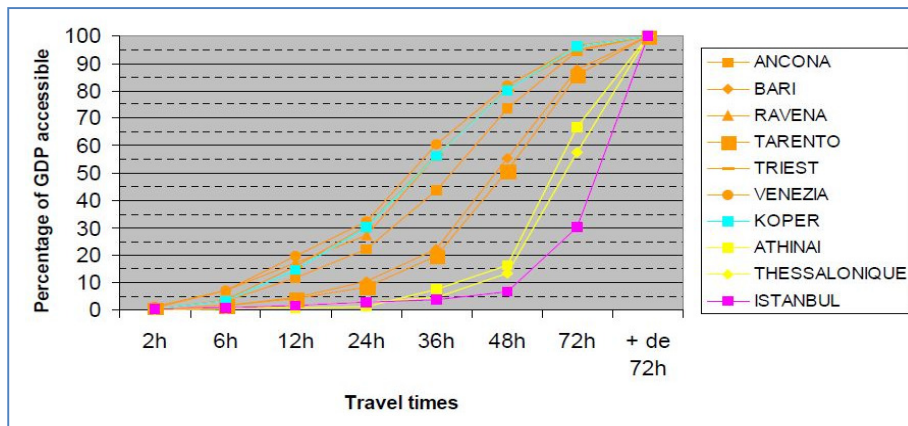
**Chart 3.3 -Trade within the Macro-Region, as a share of global exchanges, 2011**



*Source: our elaboration from UN Comtrade*

Another important issue of interest is the distance from the richest Northern parts of Europe, measured by 'travel time to wealth' is of utmost importance for harbours and ports. Most Northern European ports can reach the threshold of 50% of accessible GDP within 24hours. In comparison, only a few Adriatic ports can claim the same.

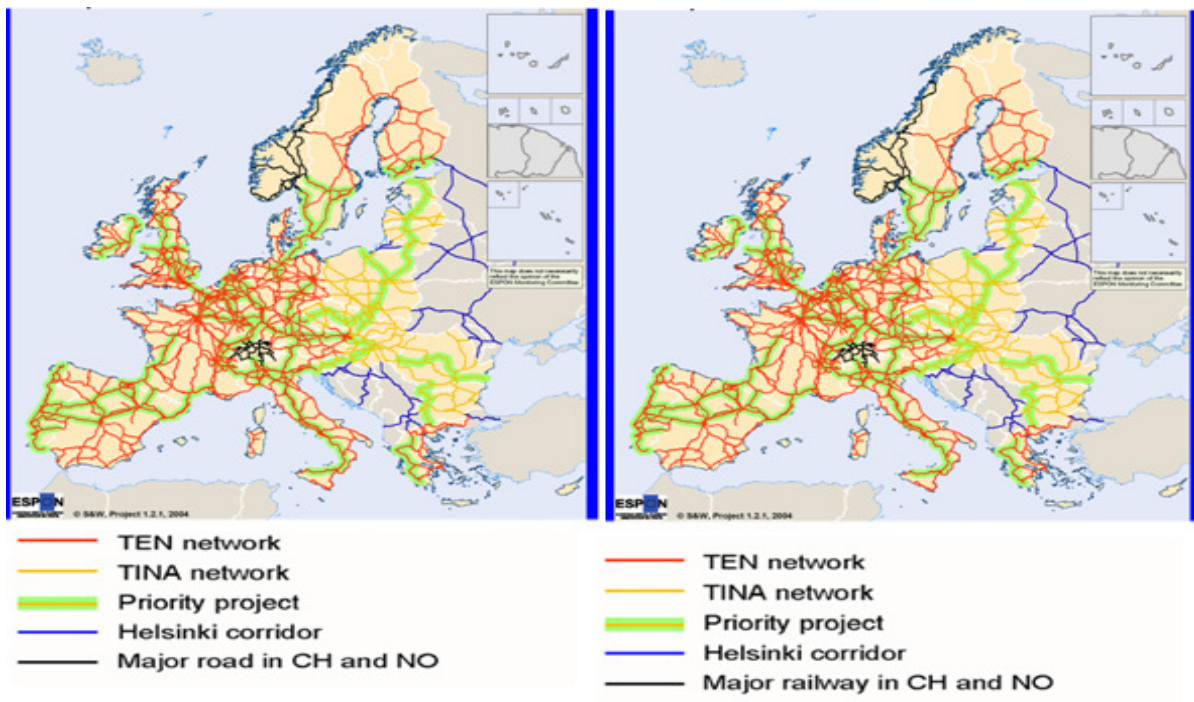
**Chart 3.4 - Accessibility to wealth from Mediterranean ports**



Source: ESPON Project 1.2.1, 2004

If a harbour's initial location is an important factor in terms of accessibility, inland accessibility is even more crucial. Major road and rail investments have been planned across Europe to make the Trans European Network (TEN) a reality.

**Map 3.4 - Trans-European road (left side) and rail (right side) network**



Source: ESPON Project 1.2.1, 2004

Yet, the maps show that the Macro-Region is partially isolated from the productive and prosperous core of Europe. Furthermore, investments also tend to skirt the Macro-Region, which could eventually increase the isolation of this area.



### 3.3 ENVIRONMENT

Environment is a crucial issue for the Macro-Region. Major issues are related to water management, air and water pollutions, natural risks and biodiversity loss in both internal and coastal areas. Pollution is affecting the maritime and coastal ecosystems of The Ionian and the Adriatic seas. As a matter of fact, coasts of all Macro-Region include many pollution hotspots.

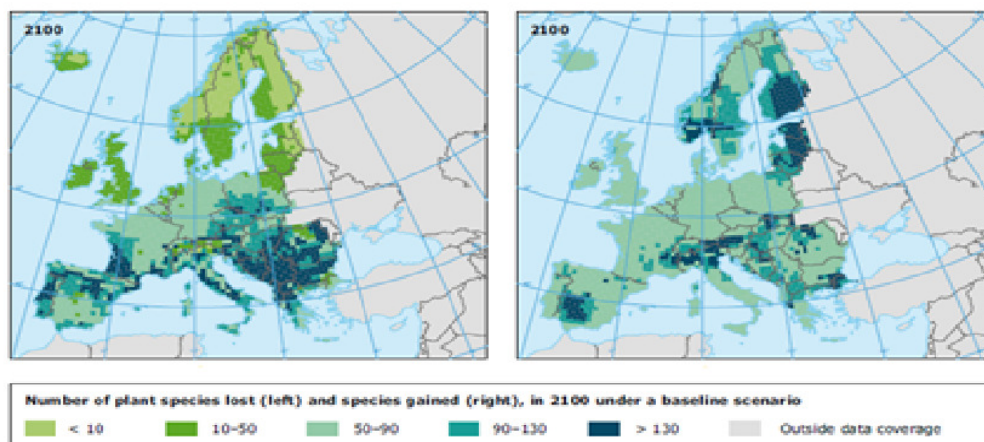
**Map 3.5 - Pollution hot spots along the Mediterranean coast, 2005**



Source: EEA 2011, Origin of Data A. Zambela 'Pollution Hot Spot', Mediterranean-Hellenic Research Centre

The consequence of damaged ecosystems is a loss of biodiversity, which also reduces the capacity of the region to adapt to climate change. This is especially risky since the area is deemed to be one of the most affected by climate change. The following map illustrates the expected effects of loss of biodiversity (number of plant species lost and gained by 2100). As it can be noted, the Macro-Region is expected to be particularly affected compared to other European areas.

**Map 3.6 - Impact of climate change on number of plant species, 2100**

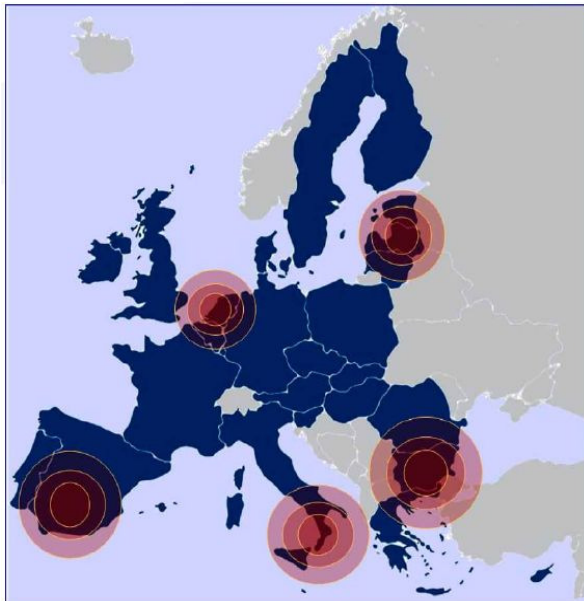


Source: EEA report 2005b, map. 4.1

### 3.4 CRIME AND SECURITY

Crime and security are two crucial topics of cooperation in the area. In particular, the two following maps highlight that is a crucial issue for the Macro-Region because it is one of the main European hotspots is in Sicily and the most important criminal flows pass through the Adriatic Sea.

**Map 3.7 - Criminal Pol hotspots**



Source: Criminal Pol<sup>1</sup>

**Map 3.8 - Crime flows - Limes**



Source: LIMES (Review of geopolitics)

#### Insights from the workshop

He participants note the lack of information and reliable statistics. However, the main fields of interest in the context analysis are:

- internal disparity;
- climate change and adaptive capacity also associated to the topic of energy production and consumption;
- demographic structure (immigrants, growth and old population ratio);
- security and crime.

<sup>1</sup> Rosario AITALA e Paolo SARTORI – Le strade del crimine non hanno confini in LIMES “La guerra in Europa non è mai finita” N. 1, 2012. Serie Classici.

## 4. Areas and means of cooperation in the Adriatic area

### Key messages for the Macro–Region

- The Adriatic cooperation is supported by several EU sources and IPA CBC Programme is not the most important one. The average size of the project is between 1.5 and 3 million Euros. Since the projects are supported by several partners, the local financial allocation is far less than 1 million Euros.
- The main sectors in which the cooperation has taken place are: environment protection, SME Support, Innovation, Cultural heritage, Transport. Moreover, the sectoral dispersion is high: 8 sectors weigh for more than 10%.
- The most recurrent objective is linked to the building competences of the Public administration (local / regional planning and management).
- The key perceived results are mainly related to knowledge and transport.

Institutional cooperation in the Adriatic began in the middle 1990s, firstly in the form of international aid to provide rescue and relief to populations hit by war and then to improve the development of war-affected areas. During the last 20 years, this cooperation has come into the framework of European territorial cooperation and has been supported by Pre-Accession and Structural Funds. This chapter provides some evidence about the cooperation already developed in the Adriatic and supported by the European Funds. This will surely not cover all the experiences of collaboration between private and public actors and does not represent necessary the whole and sharp imagine of the cooperation in the Adriatic – Ionian. In fact, it does not take in consideration ways of cooperation which do not take necessarily the ‘form’ of projects, for example, agreements between countries and other of legislative / policy coordination. Furthermore, the EU territorial cooperation tends to mainstreams the projects in to “pre-defined” top down priorities (see our consideration below).

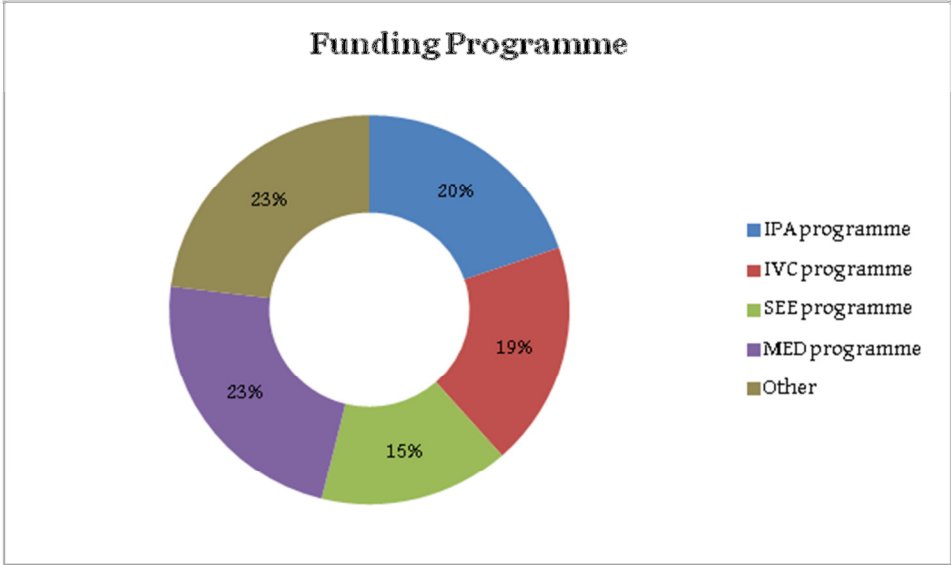
Although each programming period is different from the others, a plausible proxy of the more experimented and addressed thematic is defined by the analysis of the last Programming Period. In the current programming period, according to the database of projects of Service Internationalization of Marche Region elaborated by SVIM<sup>2</sup> there are four

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<sup>2</sup> SVIM is the Development Agency of Marche Region. The database contains information about projects financed by Eu Programmes.

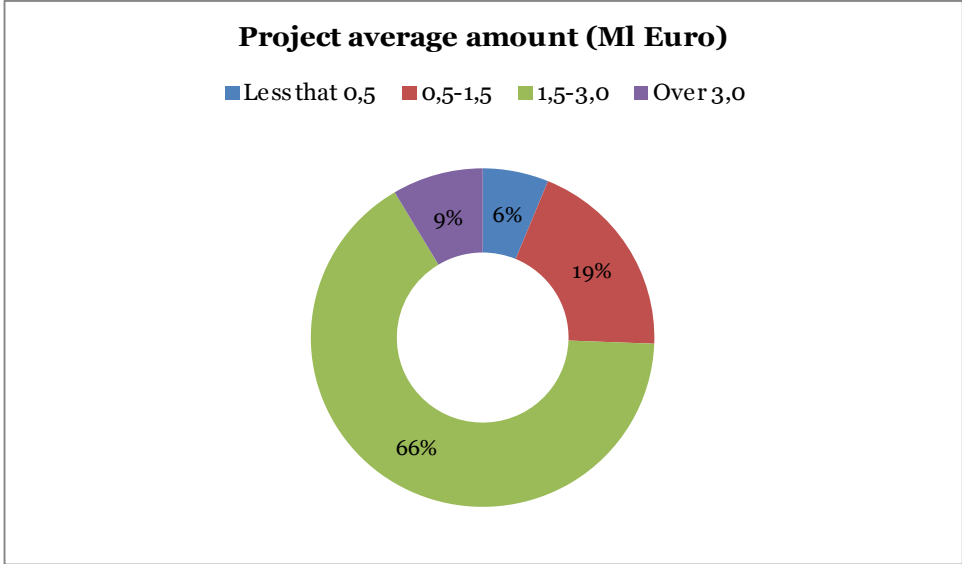
main sources of funding; the IPA Programme, Interreg IVC Programme, SEE Programme and MED Programme (see the figure below). Each of these programmes represents around 20% of the total EU funding<sup>3</sup>.

**Chart 4.1 - Main funding programmes of the Adriatic Cooperation**



Source: database of projects of Internationalization Service of Marche Region

**Chart 4.2 - Average amount of resources per project**



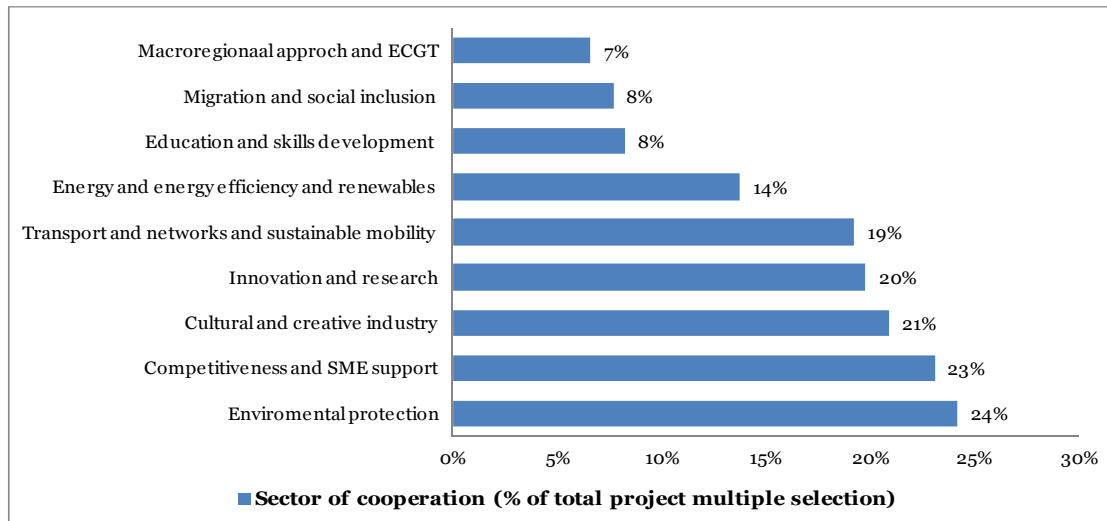
Source: database of projects of Internationalization Service of Marche Region

<sup>3</sup>The IPA Program contribution appears to be lower than expected. This is due to the delay of the Programme start up which has a direct consequence on the level of expenditures.

In terms of resources, the figure above shows that two thirds of the projects invest between 1.5 and 3 million euro, only 9% are over 3 million and 15% under 1.5million.

European territorial cooperation in the Macro-Region has focused on various sectors and is calculated as a percentage of total projects in the following figure.

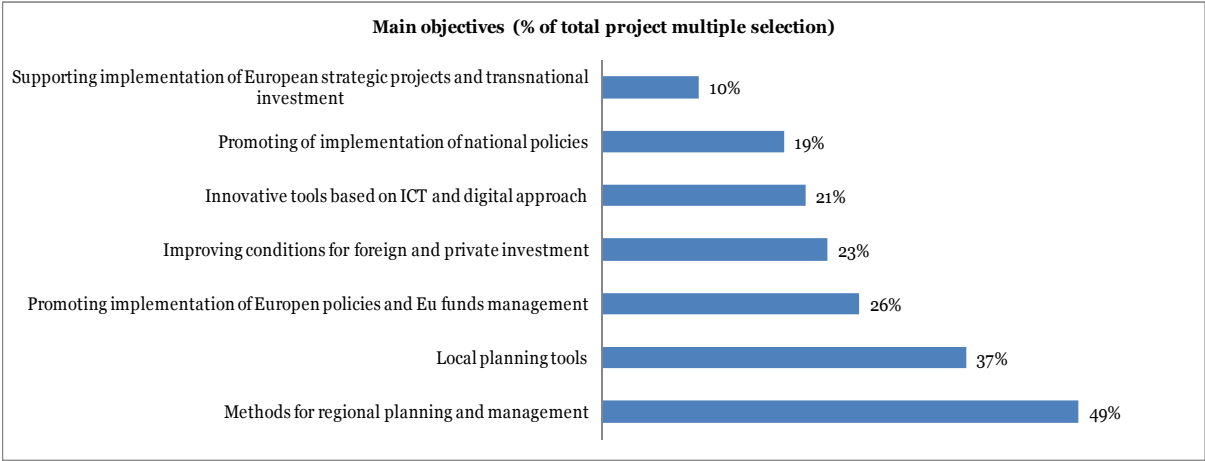
**Chart 4.3 - Sector of cooperation**



*Source: database of projects of Internationalization Service of Marche Region*

The figure above shows that the two most frequent fields of cooperation are: environmental protection, competitiveness and economic development, SME support, creative industry, innovation and research. On the other hand, education, social issues and institutional capacity are less common as sectors of cooperation. In order to prioritise the sectors and to use them as pillars of macro-regional strategy, it is useful not only to highlight that some of the above sectors are also common in other non-cooperation policy schemes, but also to show the most frequent objectives of cooperation programmes in the area (see the following figure). The cooperation programmes in the area concern in the most cases local and regional planning. Among the other objectives, those for improving conditions for investments, innovation and national policy rank in the middle.

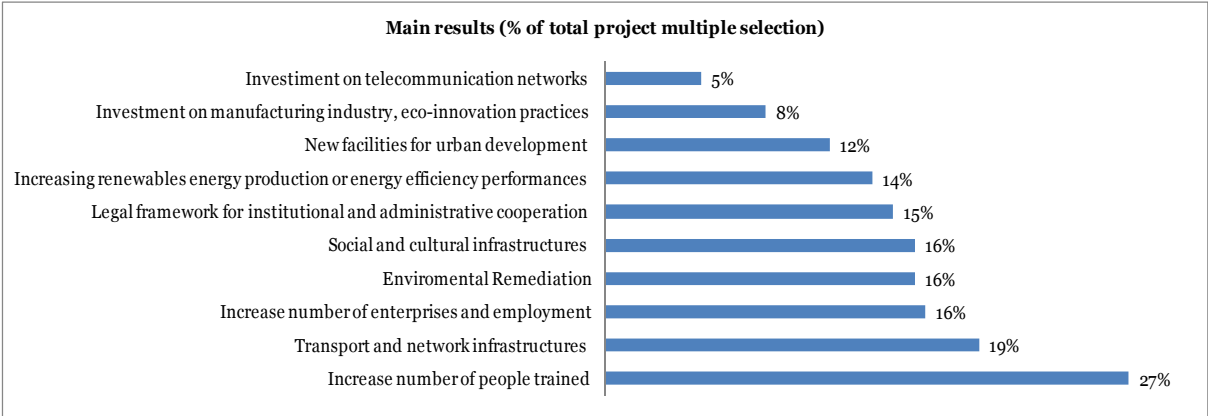
**Chart 4.4 - Main objectives of cooperation programmes in the area**



Source: database of projects of Internationalization Service of Marche Region

The most recurrent result of cooperation programmes is the increase in the number of trained people. Other important outputs concern: transport, employment, environment, social and cultural infrastructures and institutional cooperation. As expected, due to cooperation programmes and to the features of the area, there are limited results in eco-innovation, manufacturing and telecommunication networks (see the figure below). In particular, it is important to notice that the results of cooperation depend very much on the principal axes defined in the programmes.

**Chart 4.5 - Main results of cooperation programmes in the area**



Source: database of projects of Internationalization Service of Marche Region

## 5. Which strategy?

### Key messages for the Macro–Region

- The Macro-Region strategy should combine long-term vision with a very pragmatic approach. It means that in the beginning a few areas of intervention should be selected and others included progressively with an incremental approach.
- The criteria of the selection of the objectives shall be clear and transparent. They might use the principles of Subsidiarity and Proportionality or other based on the indispensability test proposed by CESPI.
- According to our simulation (based on the principles of: ‘common challenge’, ‘common consensus’, ‘effectiveness’, ‘subsidiarity’ in terms of transnational aspects and the lack of EU policy tools rather than consensus, ‘proportionality’) the main thematic for the Macro-region are: environmental protection of sea and maritime transport connection. These thematic areas are also coherent with the Communication of the Commission “A Maritime Strategy for the Adriatic and Ionian Seas” and with the Position Paper of the Commission Services' on the development of Partnership Agreement and programmes in ITALY **for the period 2014-2020.**
- Other relevant issues are: Institutional collaboration related to security and migration in spite of a low intensity of cooperation; ICT technologies for accessibility due to a high consistency to proportionality and subsidiarity and even if some EU policy tools exist.
- SME support, innovation and cultural heritage are considered relevant but they are difficult to be tackled through a macro-regional approach for various reasons: they correspond to more conflicting objectives than common challenges; they could have a low effectiveness and a low consistency with the principles of proportionality and subsidiarity.

Dialogue on the Macro-Region started in 2010, covering a number of subjects, thanks to the

### Insights from the workshop

The participants stress the point that it is misleading using only the European funded project as a proxy for cooperation. Otherwise, the identification of the main areas of collaboration for the future macro-regional strategy could be based on:

- the existing programmes, but with a high level of flexibility due to the fact that the macro-regional approach could vary in the future;
- a complete discussion aiming at combining common benefits and local challenges.

Adriatic forums. The new step consists of identifying the strategies and the objectives for the Action Plan. Therefore, it is important in the definition of the strategy having in mind the experiences of the Danube and Baltic Macro-Regions. They adopted a broad strategy with several different areas ranging from economic development to security, from energy to transport, from environment protection to innovation (see the table below).



**Table 5.1 - Strategies of Danube and Baltic Macro-Region**

<b><i>Baltic strategy</i></b>	<b><i>Danube strategy</i></b>
<p><b><i>To make the Baltic Sea Region an environmentally sustainable place</i></b></p> <ol style="list-style-type: none"> <li>1. To reduce nutrient inputs into the sea to acceptable levels</li> <li>2. To preserve natural zones and biodiversity, including fisheries</li> <li>3. To reduce the use and impact of hazardous substances</li> <li>4. To become a model region for clean shipping</li> <li>5. To mitigate and adapt to climate change</li> </ol> <p><b><i>To make the Baltic Sea Region a prosperous place</i></b></p> <ol style="list-style-type: none"> <li>6. To remove hindrances to the internal market in the Baltic Sea Region including improved cooperation in customs and taxes</li> <li>7. To exploit the full potential of the region in research and innovation</li> <li>8. Implement the Small Business Act: to promote entrepreneurship, strengthen SMEs and increase the efficient use of human resources</li> <li>9. To reinforce sustainability of agriculture, forestry and fisheries</li> </ol> <p><b><i>To make the Baltic Sea Region an accessible and attractive place</i></b></p> <ol style="list-style-type: none"> <li>10. To improve access to, and the efficiency and security of the energy markets</li> <li>11. To improve internal and external transport links</li> <li>12. To maintain and reinforce the attractiveness of the Baltic Sea Region in particular through education, youth, tourism, culture and health</li> </ol> <p><b><i>To make the Baltic Sea Region a safe and secure place</i></b></p> <ol style="list-style-type: none"> <li>13. To become a leading region in maritime safety and security</li> <li>14. To reinforce protection from major emergencies at sea and on land</li> <li>15. To decrease the volume of, and harm done by, cross border crime</li> </ol>	<p><b><i>A) Connecting the Danube Region</i></b></p> <ol style="list-style-type: none"> <li>1) To improve mobility and multimodality</li> <li>2) To encourage more sustainable energy</li> <li>3) To promote culture and tourism, person-to-person contacts</li> </ol> <p><b><i>B) Protecting the Environment in the Danube Region</i></b></p> <ol style="list-style-type: none"> <li>4) To restore and maintain the quality of water</li> <li>5) To manage environmental risks</li> <li>6) To preserve biodiversity, landscapes and the quality of air and soil</li> </ol> <p><b><i>C) Building Prosperity in the Danube Region</i></b></p> <ol style="list-style-type: none"> <li>7) To develop the Knowledge Society through research, education and information technologies</li> <li>8) To support the competitiveness of enterprises, including cluster development</li> <li>9) To invest in people and skills</li> </ol> <p><b><i>D) Strengthening the Danube Region</i></b></p> <ol style="list-style-type: none"> <li>10) To step up institutional capacity and cooperation</li> <li>11) To work together to promote security and tackle organised and serious crime</li> </ol>

This approach has been criticised from different angles. In particular the main objection is that very ambitious objectives harm the feasibility of the overall strategy by spreading

political and economic resources too thinly. Other criticisms focus on the lack of integration between different objectives as they appear more like a 'shopping list' than an articulated strategy. These criticisms are synthesised in two challenges (Bengtsson R., 2009, *An EU Strategy for the Baltic Sea Region: Good Intentions Meet Complex*):

- the 'efficiency challenge': due to the lack of additional resources, the macro–regions without a strategic focus fail to create a critic mass and so to have an added value;
- the 'governance challenge': the capacity of the Macro-Region of coordinating many different Programmes and Level of government.

The experience of macro–region is a rather completely new 'policy' tool creating a multilevel governance level located halfway between the EU and Member States and involving regions, local authorities and social and economic stakeholders (Carsten S., Peer k., in 2009, 'EU Strategy for the Baltic Sea Region. Core Europe in the Northern Periphery?', Working paper FG1, Stiftung Wissenschaft und politik, Berlin). As a consequence in the construction of Macro-Regions, many different interests have to be involved, at various levels: European Union; Member States; regions and cities; accession and neighbourhood countries outside the EU (Stocchiero A., Cugusi B., 2012, CESPI : Macro-regions, *'la nouvelle vague' of transnational cooperation: the geo-political case of the Mediterranean basin, EU Border regions*, Working Paper Series 4).

The 'experimental nature' and the complexity suggest a more cautious and focused approach to carefully select and implement the fields of intervention. If on the one hand a focused strategy might face the 'efficiency' and 'governance' challenges, it risks harming the general consensus. Having too few objectives can limit the public general interest and restrict the political 'coalition' of actors. Therefore, there is a need to combine concentration and consensus. One possible solution to the trade-off between consensus and concentration can be the adoption of an incremental approach.

The strategy should have a broad and long-term spectrum of areas of intervention. However, in the beginning, the strategy (following the approach of the thematic objectives 2014 - 2020 Cohesion Policy) should focus on a few and well defined objectives a (3 or 4). In other words, the aim should consist of identifying a long term strategy, with a start-up phase (3-4 years) focusing on a few objectives and an incremental approach useful to add more objectives depending on the success of the Macro-Region in terms of governance and efficiency. If the macro–regional strategy demonstrates its effectiveness and therefore gains credibility, it can progressively include new thematic objectives in the strategy.

Adopting this incremental approach, a preliminary issue is the selection of the few first objectives. The identification of these few objectives can be a rather very dangerous passage due to the crucial point of choice of the modalities and criteria of selection.

The CESPI background paper (Andrea Stocchiero, 2010, *Macro-regioni Europee: del vino vecchio in una botte nuova?*) offers an interesting reflection. The strategy shall be defined according to an indispensability test, which is based on the existence of three principles, each one transposed into operational criteria using the experiences already achieved in the past cooperation activities:

- a ‘common challenge’ principle, which is based on a particular criterion, defined by the degree of need for cooperation for a community to tackle some issues;
- a ‘common consensus’ principle, which is associated to a criterion of intensity of cooperation, measured by the number of cooperation projects recorded in the EU Programme;
- ‘effectiveness’ principle, which corresponds to the criterion of matching between objectives and results recorded in the last period (as reported in the project application). This principle is motivated by the fact that the strategy should be ‘pragmatic’ in its ability to achieve results.

Only for sake of clarity and based on analysis of previous chapters, a simulation of what might be the key thematic for the new programming period is reported in the table below. It is also to note that we selected the list of thematic objectives according to the experience of the other macro-regions, taking into account the proposal for the new regulation of structural funds. It is worth of saying that the list of thematic objectives is only for illustrative purpose and not exhaustive and complete.

**Table 5.2: Simulation of potential thematic objectives of the Macro-Region**

		<b>Principle</b> →	<b>Common challenge</b>	<b>Common consensus</b>	<b>Effectiveness</b>
		<b>Criterion</b> →	Degree of need for cooperation to tackle the issue	Intensity of cooperation (number of projects) recorded in the EU Programme	Level of objectives and results recorded in the last period (as reported in the project application)
<b>Thematic objectives</b>	Environment: protection of sea		***	***	***
	Transport: maritime connection		***	**	***
	Institutional collaboration related to security and migration		***	*	***
	SME support in the area		**	***	*
	Innovation in the area		*	***	*
	Cultural Heritage		*	***	*
	ICT Technologies		*	*	*
	Energy		**	*	*
<b>Legend:</b>			*= low	**= normal	***=high

Alternative criteria for the selection of the thematic objectives are the principles of ‘**subsidiarity**’ and ‘**proportionality**’ representing the cornerstones of the institutional European system. The principle of subsidiarity is designed to ensure that decisions are taken as closely as possible to the citizen by the most appropriate level where the intended objective(s) can be most effectively achieved. The Lisbon Treaty completed the definition of the EU principle of subsidiarity by referring explicitly to its local and regional dimension.

*In areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level (Art.5 TEU).*

The principle of proportionality is a safeguard against the unlimited use of legislative and administrative powers and considered to be something of a rule of common sense, according to which an administrative authority may only act to exactly the extent that is needed to achieve its objectives.

*The content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties (Art. 5 TEU).*

The selection can be developed following the S&P grid<sup>4</sup> developed by the CoR which explores potential S&P issues in considerable detail (see the box below).

### **Box 1: Guidelines for carrying out subsidiarity and proportionality analysis**

The subsidiarity principle can be summarised as: the EU should act only if its action is deemed to be necessary and to provide a clear benefit. There are two steps in the subsidiarity analysis: 1) to ascertain if action is necessary at EU level, and 2) if it is necessary, what clear benefits does it provide. In order to evaluate the necessity of the action, the following factors need to be accounted for:

- Trans-national aspects. The issue being addressed has trans-national aspects that cannot be satisfactorily regulated by MS and/or local and regional authorities acting alone;
- (and/or) Consensus. Action taken by MS alone or lack of action at EU level would conflict with the requirements of the Treaties or otherwise significantly damage the other Member States' interests;
- (and/or) Insufficiency of existing EU measures. Existing EU policy coordination tool in this framework are not sufficient to achieve the intended objective(s).

The proportionality principle implies that ‘the means proposed by the EU must be appropriate and no more than essential to achieve the intended objective(s).’ Appropriateness of the chosen means (or instrument) can be ascertained by examining the simplicity of the proposed action. The Macro-Region should cover thematic only referring to the issue of Policy coordination: non-legislative measures, such as non-binding recommendations, encouraging cooperation between Member States, coordinating national action or complementing and supporting such action by guidelines, setting up information exchange mechanisms, etc.

The test for ‘no more than essential’ shall be carried out by examining if the proposed action leave as much room for national (i.e. central, regional and local) decision as possible in order to achieve the intended objective(s).

Source: t33 elaboration on CoR’s S&P grid

We propose a simulation also in this case on the application of the criteria of subsidiarity and proportionality in selecting the first set of objective for the short term strategy of the Macro-Region. The caution expressed for the above simulation is valid also for this one. It is also to note that, regarding “Consensus” we indicates the fact that consensus has to be defined during the programming and consultation process so we put a question mark (“?”).

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<sup>4</sup> Refer to the Grid available in the Subsidiarity Monitoring Network section of the CoR’s website [http://portal.cor.europa.eu/subsidiarity/SiteCollectionDocuments/GridFinalB\\_EN.doc](http://portal.cor.europa.eu/subsidiarity/SiteCollectionDocuments/GridFinalB_EN.doc)

**Table 5.3: Simulation of potential thematic objectives of the Macro-Region**

		Subsidiarity			Proportionality	
		Trans-national aspects	Consensus	Lack of EU Policy tools	Appropriateness	No more than essential
<b>Thematic objectives</b>	Environment: protection of sea	Yes	?	Yes	Yes	Yes
	Transport: maritime connection	Yes	?	Yes	Yes	Yes
	Institutional collaboration related to security and migration	Yes	?	Yes	Yes	Yes
	SME support in the area	No	?	No	No/Yes	No
	Innovation in the area	No	?	No	No/Yes	No
	Cultural Heritage	No	?	Yes	No/Yes	No
	ICT Technologies	Yes	?	No	Yes	Yes
	Energy	No	?	No/Yes	No/Yes	No

Even if both of these two simulations have a pure explicative value, however it is worth to underline that the identified fields are coherent to the recommendations of the Position Paper of the Commission Services' on the development of Partnership Agreement and programmes in ITALY. The Position Paper aims to set out the basis for dialogue between the Commission services' and Italy on the preparation of the future +2014 Programmes.

The Position Paper basically embodied the same pillars of Maritime strategy (as emerged during the workshop), which are: 1) Maximizing the potential of the blue economy, 2) Healthier marine environment; 3) A safer and more secure maritime space, 4) Sustainable and responsible fishing activities.

### **Insights from the workshop**

Concerning the macro-regional future strategy and selection of priorities:

- the principle of common challenge is considered as the most important and should include the issue of diversity/disparity inside the Macro-region;
- the criterion of degree of need for cooperation has been considered as an 'admission' or a necessary condition of a macro-regional strategy;
- it is crucial to balance the conflicting needs of concentration and prioritisation. It is proposed to start from a few sectors in order to both concentrate the efforts and maximise the success to enlarge then the macro-regional strategy for other issues.

## 6. A step towards the Macro-Region: governance and resources

### Key messages for the Macro-Region

- The governance of a Macro-Region should be based on three bodies: Political, Coordination and Operational as in the Danube and Baltic Regions. The Coordination body should be an existing body and fully devoted to the Macro-Region.
- The Coordination body should constantly monitor the progress of Regional and National Authorities against a set of milestones and result indicators, detailed in the action plan and reviewed yearly.
- The Coordination body reports to the political body, always involving the Adriatic Forums.
- Apart from the direct cost of coordination and a small fund for communication projects, the macro-regional strategy will be implemented through aligning projects funded by National and Regional authorities.

The structure of governance is debated in the field of macro-regional institutions. The governance model of a Macro-Region is an intermediate type of governance between 'national' and 'supra-national', involving all authorities without any new legislative initiatives or completely new institutions. The Macro-Region governance should be a combination of bottom-up and top-down approaches. From the experience of the other two Macro-Regions, there are normally three bodies:

- a) Political: a decision committee coordinating with the European Commission and a High Level Group from all Member States reporting to the European Council;
- b) Coordination: including contacts for the nation, the sector and the area;
- c) Operational: including project promoters.

An important principle of the Macro-Regional process and governance is the integrated approach. This approach should:

- promote complete involvement and collaboration of all institutional actors;
- combine existing policies based on a functional structure against a common challenge policy;

- join existing funding programmes.

From the existing experience the main challenge is represented by the coordination body, which represents the crucial connection between the political and operational levels. Theoretically two 'opposite' scenarios are possible:

- 1) the 'soft' structure as is now in the Danube and Baltic Macro-Regions where the different coordinators are mostly existing organisations which exercise 'moral' suasion toward the operational level since there is no legal contract, nor additional resources to manage;
- 2) the 'hard' structure with a new organisation completely devoted to the Macro-Region, i.e. EGTC. Since the Macro-Region should develop without new EU resources, it must rely on national and regional budgets. The new body should have additional national resources to be more effective and manage directly some crucial projects, which means additional selection and control activities.

Between these two opposing solutions and the consequent trade-off between effectiveness and feasibility, it is possible to see a third way, using a parametric model of governance system as it is Europe 2020 based on 'Policy coordination'. In this framework, the coordination model is crucially important:

- 1) The Political level identifies in detail the thematic priorities and the commitment of the individual actors such as Regions and Member States.
- 2) These commitments are monitored by the Coordination body against financial and procedural milestones as well as result indicators. Indicators are set in the Action Plan and reviewed by the Political body on a yearly basis.
- 3) The Coordination body is necessarily devoted completely to the Macro-Region. It reports the main achievements of the different regional actors to the political body providing operational suggestions and recommendations.

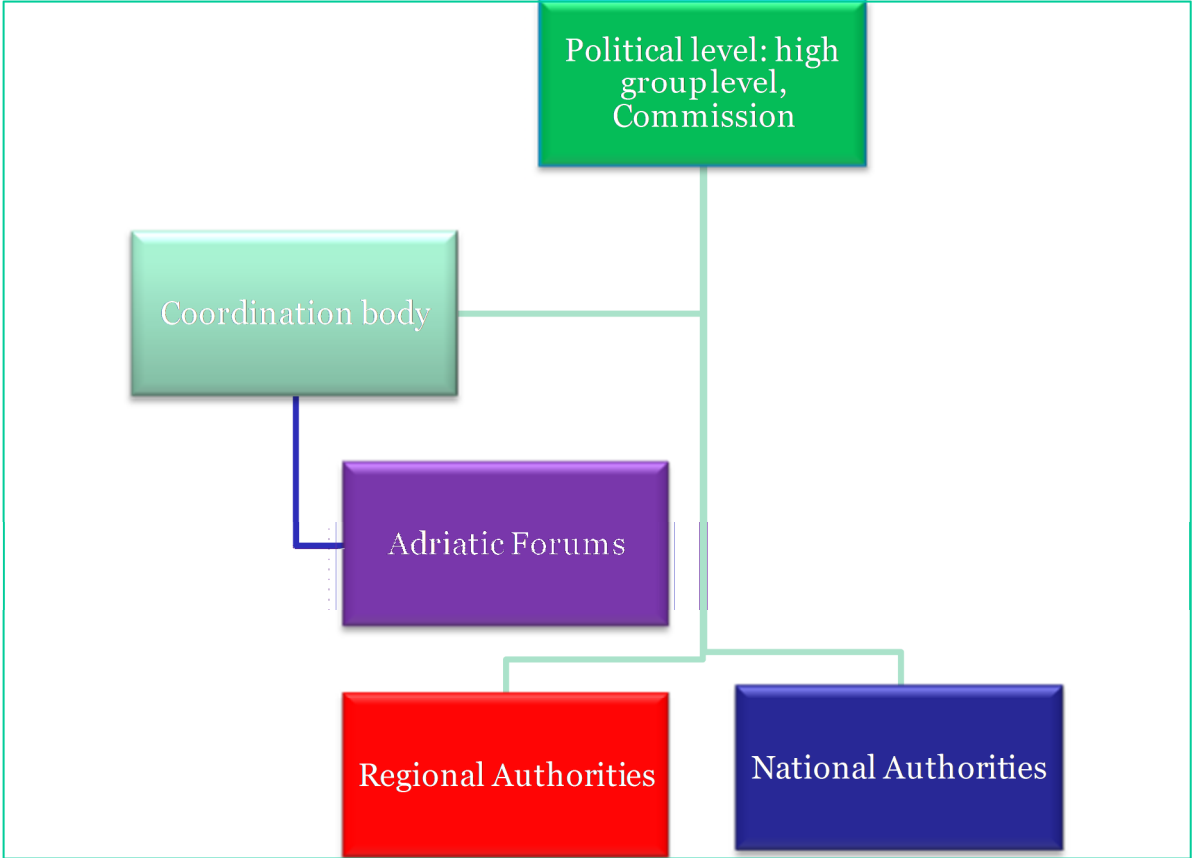
The Coordination Body should have a participatory approach involving the stakeholders including through WEB based tools. Moreover, the Coordination body should have direct and permanent links with the other Adriatic Forums, which will also be involved in the monitoring and assessment procedure.

This Coordination body can have a small staff (3-4 people) and should preferably be an existing body with experience and credibility in the Adriatic. It can be supported by



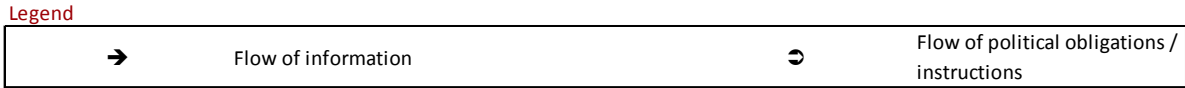
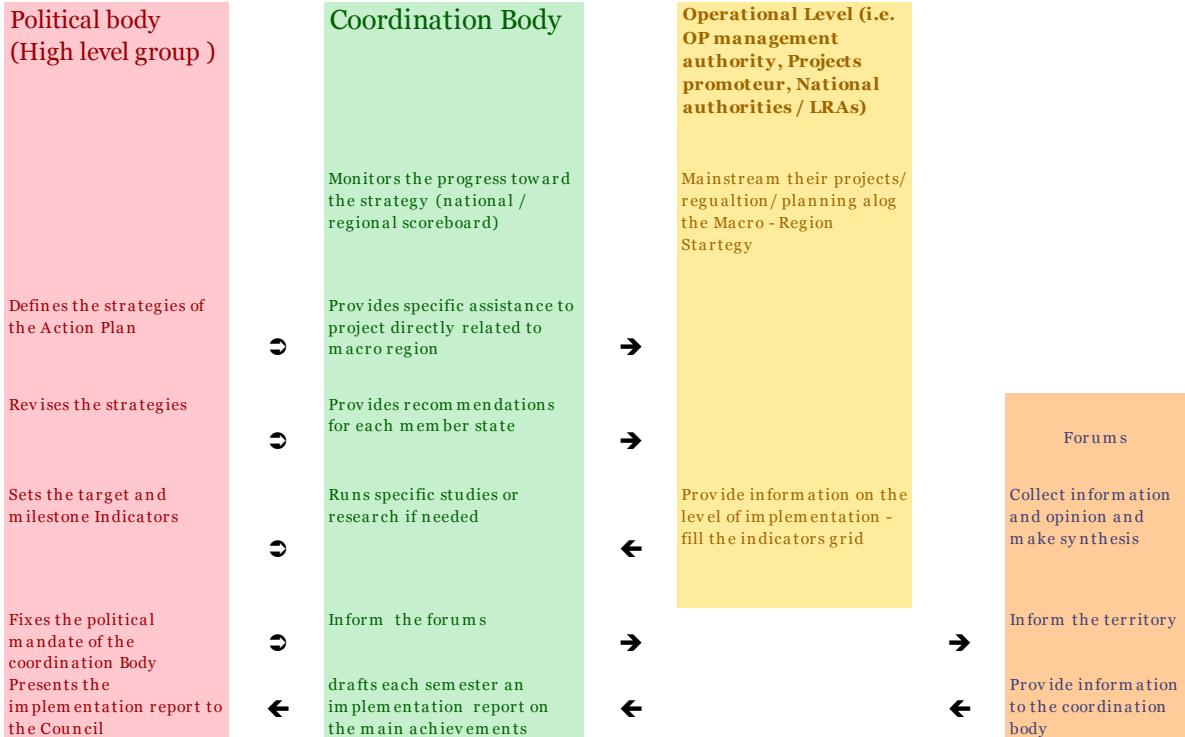
independent experts in assessing progress of the Macro-Region and rely mostly on web ‘visibility’ for contacts, meetings and publicity. Since it does not require any substantial financial resources, the means for supporting the Coordination body can be found, for example, in an ad hoc Strategic Project of IPA CBC Programmes.

**Figure 6.1 - Governance structure in the Macro-Region**



The Coordination body will look like, as structure, way of recruitment, internal management, as the Joint technical secretariat operating in the European Territorial Cooperation but with only monitoring and reporting tasks and not administrative. The main role is to facilitate the flow of information from the Political level and the Operational level (see the picture below).

**Figure 6.2 - Political Body, Coordination Body and operational level**



No additional **funding or cost** resources will be provided and the macro-regional strategy will be based on various existing funding sources. The absence of new funding or legislation at the EU level, and the agreement to avoid any duplication of institutions, will allow all the partners to collaborate in order to ‘extract’ the added value from the coordination of existing OPs. Since the Macro–Region is more of a political coordination framework than an OP, it is not necessary for the resources to be directly or explicitly attributed. As a consequence, it is crucial that States and Regions align policies with the macro-regional Strategy and offer evidence of this alignment. Resources for a macro-regional strategy can be for:

- preparing and running the strategy, in particular administrative costs. The administrative costs should be acceptable and directly taken from future transnational / cross-border programmes;
- implementing the strategy. These projects do not have to be supported by a ‘special’ fund nor separated from the national-regional strategy. On the contrary, the national– regional strategy should be aligned with the macro-regional strategy, as

now with Europe 2020 and the NRP.

Finally, according to the experience of the projects in the Danube region, it could be useful to:

- provide a small fund for ‘communication’ and ‘raising awareness’ projects;
- propose a matchmaking platform between financing institutions and project proposers in order to reduce the predominance of public bodies;
- support the project with technical assistance to facilitate project ideas.

#### **Insights from the workshop**

- The governance of a Macro-Region should be based on three bodies: Political, Coordination and Operational as in the Danube and Baltic Regions. The Coordination body should be an existing body and fully devoted to the Macro-Region.
- It would be important to match a top-down and bottom-up approach.
- Macro-region is associated to a policy coordination tool than to new financial sources
- The ‘name and shame’ approach is proposed to establish a parametric model of governance. In other words, each country/region is associated and evaluated according to some indicators measuring some thematics. This could be very similar to what Commission has in mind and useful to influence politicians’ behaviour and stimulate political debate.
- Adriatic Forums will be the places of lobbying inside the Macro-region and a civil society forum could be proposed to raise awareness.
- The cooperation body could be inspired to the AII Secretariat.
- The governance process of the Macro-Region should be an iterative process combining top-down and bottom-up activities and the following steps.