

## EUSDR as a new development tool

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### *Introduction*

The efficiency of public spending has been an important issue throughout the course of history, and in the current economic and financial climate, the questions of on what and how the scarce resources available are spent, and what the impact of this spending is are of particular importance. In connection with the development-oriented utilization of funds, it is of fundamental importance whether the use of public funds is justified, which areas require development and where the best result can be ensured (value for money principle) (Nyikos 2013b). Preparing the next 2014-2020 funding period, an important question is, how to use the limited resources available in the most efficient and sustainable way, especially the sources aimed for development. Improving efficiency and effectiveness of public spending is required by the Stability and Growth Pact, but it is also instrumental to ensure progress towards the agreed goals of the EU2020 Strategy. The assessment of development policy interventions and the question of successful absorption of development funds shifted clearly towards stronger enforcement of aspects efficiency and effectiveness. So on one hand, fiscal stability must be preserved and public deficit contained. On the other hand, the foundations of economic progress must be laid down and the economy must be put on a fast lane of expansion, but the main difficulty of this task is to execute these measures simultaneously.

The multiple challenges confronting Europe – economic, environmental and social – show the need for an integrated and territorial place-based approach to deliver an effective response. As a respond for this fact one of the key elements of the reform is using the integrated approach to increase efficiency with establishing new integrating tools such as common strategy or new territorial development tools (Integrated Territorial Investment <sup>39</sup>, Community-led Local Development <sup>40</sup>) or Joint Action Plan (JAP)<sup>41</sup> for more coordination and less overlap. The objective of better coordination is also important with other EU instruments such as Horizon 2020 or the Connecting Europe Facility. An integrated approach is multi-dimensional and may mean going beyond traditional administrative boundaries. It also may require greater willingness from different levels of government to co-operate and co-ordinate actions in order to achieve shared goals. Another important element of the cohesion policy reform is to reinforce cooperation across borders and make the setting up of more cross-border

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<sup>39</sup> Integrated Territorial Investment is a tool to implement territorial strategies in an integrated way, allows Member States to implement Operational Programmes in a cross-cutting way and to draw on funding from several priority axes of one or more Operational Programmes to ensure the implementation of an integrated strategy for a specific territory.

<sup>40</sup> Community-led Local Development is a specific tool for use at sub-regional level, which is carried out through integrated and multi-sectoral area-based local development strategies and allows the integrated use of the Funds.

<sup>41</sup> A Joint Action Plan (JAP) is a part of one or several priority axes or operational programmes implemented by a results-based approach, in order to achieve specific objectives agreed jointly between the Member State and the Commission.

projects easier, thereby also ensuring macro-regional strategies like the Danube and the Baltic Sea to be supported by national and regional programmes.

The question is how the macro-regional strategies - as a new development tool - can fit in the conditions? How can they help to achieve the common goals?

### *The case of the EUSDR*

The EU Strategy for the Danube Region (EUSDR) is a macro-regional strategy adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. The EU Strategy for the Danube Region is the second EU macro-regional strategy after the EU Strategy for the Baltic Sea Region. The strategy was designed to take advantage of synergies and coordination between existing policies and initiatives across the Danube region and thus improve connectivity within the region as well as with the rest of Europe.

Connecting the Danube Region	
1. To improve mobility and multimodality: a. Inland waterways b. Road, rail and air links	“Improved travel times between major cities” “Multimodal Danube river port terminals”
2. To encourage more sustainable energy	“EU2020 climate and energy targets”
3. To promote culture and tourism	“Develop green tourist products along the regions”
Protecting the Environment in the Danube Region	
4. To restore and maintain the quality of waters	“Elaborate sub-basin management plans”
5. To manage environmental risk	“Implement flood risk management plans”
6. To preserve biodiversity, landscape, air, soils	“Secure viable populations indigenous fish species”
Building Prosperity in the Danube Region	
7. To develop knowledge society	“Full broadband access in the Region by 2013”
8. To support competitiveness	“Patents +50%”
9. To invest in people and skills	Tertiary education +40% for aged 30-34”
Strengthening the Danube Region	
10. To step up institutional capacity & cooperation	“Benchmarks for reducing bureaucracy”
11. To work together to promote security	Cooperation between law enforcement actors”

*Table 1: Priority Areas of the EUSDR*

Macro-regional strategies are a new form of regional cooperation and it is clear that the EUSDR has created valuable cooperation platforms, which did not exist in the past:

- transport ministers now meet to work on the issue of water levels, after the situation that brought navigation to a complete standstill on the lower Danube in autumn 2012 and a research project is working on how the Danube fleet can be more effectively modernized,
- police chiefs of the 14 Danube Region countries are setting up an anti-corruption platform,
- projects are under preparation or implementation in the areas of energy and environment (such as the improvement of gas interconnections (e.g. between Slovakia and Hungary), a better use of biomass energy, and the restoration of waterway sediment balance), a teaching programme for intercultural dialogue is being tested in schools to promote the different Danube cultures,

- the first Danube Financing Dialogue has been held in Vienna, gathering representatives of financial institutions and SMEs to improve credit flows and identify new business opportunities in the Danube Region and a second Danube Business Forum was held in November this year, which brought together Danube enterprises, promoting links to universities and research institutes,
- the Budapest Danube Contact Point set up by the EIB and Hungary provides assistance for coordination and macro-regional optimization of transboundary energy, environment, and flood management and transportation projects.

The rationale behind the initiative is that a lot of important issues cannot be dealt with by countries alone: they require cooperation with others. This is the case in the fields of transport, energy, the environment, the economy and security, and these are exactly the priorities of the EUSDR. This cooperation is partially done at the EU level, but the macro-regional level is sometimes better to address common challenges and opportunities, which can be identified over a large but coherent zone. This cooperation is not easy, because of the different languages, and the administration is often nationally oriented and sometimes interests are diverging as well.

To achieve the objective of result-orientation, there is also the question of alignment, critical mass and impact. One of the tools, which can achieve an efficient and sustainable way to finance and develop programmes and projects is the coordinated, integrated approach: which allows for the reconciliation of- different types of – sectoral – objectives and aspects of development (e.g. social, environmental, infrastructural, economic aspects etc.),

- different levels of governance (at the EU, Member State, region or local level) (Nyikos 2011).

In the framework of the EUSDR through the integrated approach and multi-level governance, an optimization of policy mixes can be achieved. The integrated approach therefore offers both, a more effective and a more efficient solution to implementation issues. While, clearly, the integrated approach requires more effort in terms of planning and implementation as regards time and workload, the result is often that more well-grounded plans can be produced with increased ownership of the objectives of the project. Thus, facilitating truly integrated programmes and projects requires a shift in attitude, not only towards results and objectives, but less on absorption and expenditure. It also requires a stronger coordination and partnership at all levels between the various stakeholders.

The coordinated and integrated approach can much be helped by macro-regional work. The EUSDR identifies the main priorities and challenge for the region where better coordination of policies and alignment of already existing financing instruments is needed, but is based on the guiding principles of no new EU funds, no additional EU formal structures, no new EU legislation while relying on smart coordinated governance approach and synergy effects: better implementation of existing legislation, optimal use of existing financial sources and better use of existing institutions.

Following the EUSDR does not come with extra EU finance but it is supported from the resources already available according to an integrated approach. Countries may also make use of the funding they receive through EU cohesion policy, other EU programmes and financial instruments, and various international financial institutions. The EUSDR could and shall be implemented by mobilizing and aligning existing funding to its objectives, where appropriate and in line with overall frameworks. There are national, regional and local resources. Indeed, accessing and combining funding, especially from public and private sources below the EU-level, is crucial. The EUSDR has already led to better use of existing funds. For example, the European Framework Programme for Research recently launched a call specifically targeted at innovation in the inland navigation shipping sector, in which projects from the Danube Region were encouraged.

*The EUSDR is governed by a multi-level governance structure.*

The European Council as the highest political body of the EU gave the mandate to the European Commission to prepare the EUSDR, and endorsed it in June 2011. The European Commission as the executive of the EU prepared the EUSDR and helps to implement it facilitating and supporting actions of the participating countries, coordinates it at the policy level. The High Level Group on macro-regional strategies is made up of official representatives from all EU Member States and assists the Commission in the policy coordination of the Strategy. Each Priority Area is jointly coordinated by two participating countries (or regions), who work in consultation with the Commission, relevant EU agencies and regional bodies. Also much attention has been paid to developing an appropriate structure also for the operative work. Coordinators for the Priority Areas have been appointed (for each Priority Area, each of the two responsible countries designates a Priority Area Coordinator<sup>42</sup>), assisted by Steering Groups gathering experts on each theme. The National Contact Points (NCPs) coordinate and keep an overview of the participation of their country in the implementation of the EUSDR including all eleven Priority Areas. Goals for the Danube Region could also now be formulated in a coherent and transnational way through to the EUSDR. The question is how it will function in practice. Can this structure and mechanism work together with the cohesion policy, with HORIZON 2020 and further policy institutions or not? Accordingly, the ownership and the internal implementation structures of the countries for EUSDR should be reinforced also; they should reflect national characteristics and ensure horizontal coordination.

In December 2012 the European Commission proposed to create a new transnational cooperation programme for the 2014-2020 period. The geography of the new Danube programme matches exactly with the territory of the EU Strategy for the Danube Region adopted in 2011. The macro-regional strategy and the transnational programme are two different instruments developed for similar aims but acting on different levels and principles. Their matching territory and goals provide great opportunities for cooperation between the two: besides contributing to the Strategy's

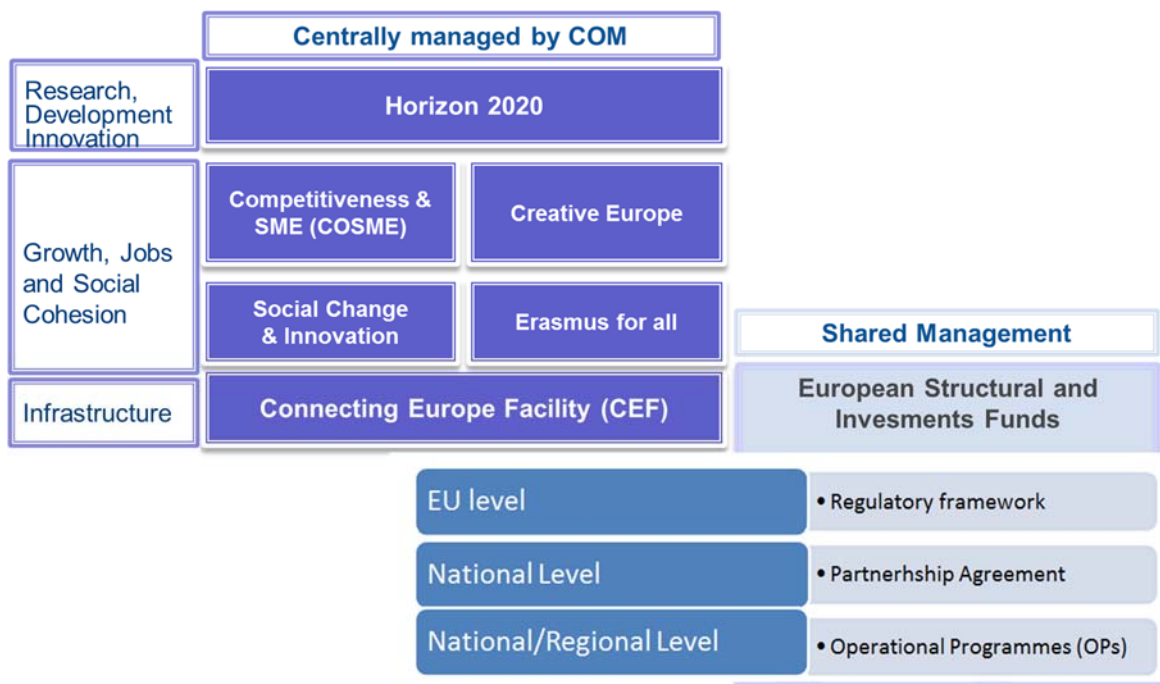
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<sup>42</sup> The Priority Area Coordinators (PACs) ensure the implementation of the Action Plan defined for the Priority Area by agreeing on planning, with targets, indicators and timetables, and by making sure there is effective cooperation between project promoters, programmes and funding sources. They also provide technical assistance and advice. The coordinators work in consultation with the Commission, and relevant EU agencies and national/regional bodies.

thematic goals by realizing relevant cooperation projects, the programme might also support the institutional cooperation of stakeholders and institutions of the Danube Strategy. The Danube Programme 2014-2020 will support the development and implementation of the EUSDR. Thematic priorities of the Danube programme will be defined in line with the relevant draft EC legislation, the national priorities of Partner States, and reflect the needs of the programme area. Topics to be addressed by programme priorities may include many of traditional transnational cooperation topics, like innovation, transport, environment, etc. Implementation of the programme will be coordinated by joint structures set up in Budapest, Hungary. Implementing structures of the programme are designed in a new institutional setup, taking into account simplification and transnationality as guiding principles. Project selection procedures could be reviewed to support the agreed aims as well.

Cohesion Policy is at the heart of the EU development, and will be the main investment mechanism for the delivery of the Europe 2020 in the next decade, however, with other EU-funded programmes defines spending for priorities that are geared to sustainable growth, jobs and competitiveness in line with the EU's growth strategy Europe 2020.

1. Table: EU policies and instruments to support EU2020



Source:

As far as the macro-regional strategies are concerned, important steps have been taken to improve support for the macro-regional approach. The cohesion regulations propose that macro-regional strategies are embedded throughout the programming process (the Common Strategic Framework, the Partnership contracts, and all operational Programmes, as appropriate) and when developing and implementing the policy in all respects. The Member States and other relevant authorities concerned are encouraged to embed these objectives into the programming documents of the new 2014-2020 programming period in a coordinated way taking

into account possibilities foreseen in the Common Strategic Framework for 2014–2020 inter alia by cooperative governance arrangements and specific mechanisms like giving priority in the selection process to the operations deriving from these strategies or by organizing specific calls for them.

But not only the cohesion policy, also other policies and funds managed by the Commission have to align the different existing EU and other funds and instruments to the goals of the macro-regional strategies where appropriate. It is crucial using all the different sources in an integrated and coordinated way. Better integration of instruments for funding always provides superior results. This concerns coordination mechanisms between those responsible for the different funds in each Member State, but also between those responsible for other policy areas and instruments such as research and development as well as innovation and transport.

The General Affairs Council on 22<sup>th</sup> October 2013 was informed of the achievements and added value of European Union macro-regional strategies and had an exchange of views on experiences gained within that framework. It adopted Council conclusions on added value of macro-regional strategies. It describes the added value of EU macro-regional strategies, analyzes the lessons learnt during the implementation of the existing macro-regional strategies and gives recommendations on the future prospects of the concept. Until now, the EU has initiated two macro-regional strategies, one for the Baltic Sea Region and the other for the Danube Region. In addition, the European Council has invited the Commission to present an EU strategy for the Adriatic and Ionian Region by the end of 2014. As a new element to address, questions raised from the practical operational level, to maintain focus and relevance the Member States and the Commission are encouraged to introduce suitable mechanism, such as sunset clauses or agreed specific criteria, for those priority areas/horizontal actions that seriously fail to deliver progress on performance and added value, with the option of revising their content or on mutual consent merging them with another priority area/horizontal action and if that fails reducing their number.

### *Conclusion*

In light of the above a macro-regional strategy is an integrated framework to address common challenges in a given geographical area. So far the macro-regional strategies are proving their added value both strategically and politically by improving existing cooperation mechanisms and networks and promoting where relevant the development of new ones within and between participating countries leading to greater coordination and efficiency of the efforts. One of the key issues is the appropriate planning and programming (more important, then earlier), which should be consistent with the strategic goals of the Community, the Member States and the regional and local plans (Nyikos, 2013a). The other is the common effort to increase the coordination and cooperation between the different stakeholders.

Therefore, it seems that better spending as well as promoting multilevel governance by encouraging cooperation between national, regional and local levels and between public and private sectors can be a result of the implementation of the macro-regional strategies. The decisive point is that whether the stakeholder will and would cooperate with each other in the implementation.

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