

## Summary

### Rationale and aims of the expert report

In the INTERREG IV B programme for the years 2007 to 2013, the European Union is promoting transnational cooperation between national, regional and local governments, universities and research institutes, associations and non-governmental organisations (NGOs) as well as the business sector. Its aim is to strengthen economic, social and spatial cohesion. The priority areas for transnational cooperation are innovation, the environment, accessibility and sustainable urban development (cf. European Parliament 2006, Article 6). The North Sea Region is one of five transnational cooperation areas with German involvement. It includes the six EU member states of Denmark, Belgium (Flanders), Germany, the Netherlands, Sweden and the United Kingdom, with Norway as a non-member state. In Germany, the federal states Bremen, Hamburg, Lower Saxony and Schleswig-Holstein are involved.

In line with the objective of presenting an assessment of the current North Sea Region Programme and making recommendations for its continued strategic and operational development, the following dimensions have been studied in depth:

- results of the North Sea Region Programme in Northern Germany until now,
- added value and unique features of transnational cooperation,
- conditions for European cohesion and spatial development policy after 2013,
- priorities for a future North Sea Region Programme.

The German Institute of Urban Affairs (Deutsches Institut für Urbanistik, Difu) has used a number of *methods* in the preparation of this expert report. They included an extensive documentary analysis, interviews with experts, two workshops and an in-depth study of twelve projects from different priority areas of the North Sea Region Programme.

### The INTERREG IV B North Sea Region Programme: Goals and state of play

The aim of the North Sea Region Programme is to help to make the North Sea Region a more attractive place in which to live, work and invest. Based on an analysis of the opportunities and challenges, the Programme has defined four *priority areas* which are important in achieving this overall objective.

- *Priority 1 – Building on our capacity for innovation:* This priority area involves increasing the innovation capacity of companies as well as institutions and society in general, improving the transnational linking of existing clusters and research and innovation networks and pushing ahead with developing targeted applications of information and communication technology.
- *Priority 2 – Promoting the sustainable management of our environment:* The objectives are the sustainable development of coastal and marine areas, the planning of measures to combat marine pollution, adaptation to climate change and its consequences for nature and society and the promotion of environmentally responsible energy production practices.
- *Priority 3 – Improving the accessibility of destinations in the North Sea Region:* This priority area is about providing support for measures to promote regional accessibility, to expedite the creation of multi-modal and transnational transport corridors and to develop efficient and effective logistics solutions.

- *Priority 4 – Promoting sustainable and competitive communities:* This is about addressing the needs of regions in decline, promoting sustainable growth solutions for expanding regions and increasing energy efficiency in urban and rural communities.

In addition to these four priority areas, the North Sea Region Programme has formulated six *horizontal objectives*. For example, the projects being funded are intended to make a contribution to sustainable development and strengthen spatial cohesion in the programme area.

Between 2007 and 2013, the North Sea Region Programme is providing some 150 million euro in support for transnational cooperation among German actors and their partners in the North Sea Region.<sup>1</sup> Some 90% of this has now been taken up by approved projects. Currently, over 800 partners from public bodies, universities and other institutes as well as the business community – including 164 from Northern Germany – are involved in 50 projects (as at July 2011).

In the transnational projects, the stimulation of innovation and the environment are being given approximately the same priority with 15 and 14 projects respectively. Less well represented are the priority areas of improving accessibility, transport and logistics, which are the subject of twelve projects. With seven projects, significantly less attention is focused on sustainable urban and regional development.

### **Future design of transnational INTERREG programmes**

A new phase of European cohesion policy – and probably also a new round of transnational co-operation – will be starting in the near future. The relevant preparations are about to begin. Both at European level and in the North Sea Region, current political strategies are setting a possible agenda for a future North Sea Region Programme.

- In the “*Europe 2020*” Strategy the European Union has developed a new “timetable” for addressing the key social, economic and environmental challenges of our times. At the forefront is smart, sustainable and inclusive growth. These major objectives and flagship initiatives of the “Europe 2020” Strategy create the framework for future transnational cooperation. The North Sea Region Programme will have to be guided by it in future. It is, however, clear that the activities in the North Sea Region Programme are already making major contributions to the key priorities of this strategy.
- The *Fifth Cohesion Report* aligns the future shape of cohesion policy with the key objectives of the “Europe 2020” Strategy. It lays down the “territorial dimension” as the third pillar of cohesion policy. Its main proposal is that cohesion policy should be more targeted, with the funded projects concentrating on (a few) selected priority areas. Furthermore, local and regional actors, social partners and representatives of civil society should play a greater part in political dialogue and the implementation of cohesion policy. Both of these address the key issues concerning the actors in the North Sea Region Programme.
- In June 2011, the North Sea Commission (NSC) presented a strategy paper titled “North Sea Region 2020” on the subject of developing a macro-regional strategy for the North Sea Region. This draft can be used in future terms of reference. On the other hand, future transnational co-operation programmes and projects can help to implement a macro-regional EU North Sea strategy.
- The subject of territorial cohesion has become more important in the Territorial Agenda 2020 (TA 2020) than in the Territorial Agenda of the European Union (TAEU) of 2007. It recognises

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<sup>1</sup> Including the Norwegian contribution of 10 million euro (not an EU member).

the benefit of territorial cooperation for cities and regions. At the same time, it sees room for improvement, e.g. programming has to be more flexible. It would allow cooperation projects with different territorial ranges and more flexibility, so that more accurate account can be taken of regional peculiarities – this too is an important issue in terms of designing the INTERREG programmes even more efficiently.

Future INTERREG programmes will have to take up these European and macro-regional starting points. The “Europe 2020” Strategy and TA 2020 will form the key operational “guiding principles”. INTERREG can help to inject life into these “policy documents”. This will depend on striking a balance between “big politics” and problems and needs at local level. Under these conditions, Difu has developed recommendations for action with regard to possible thematic and strategic focus of a future North Sea Region Programme. They are set out below.

### **Themes for a future North Sea Region Programme**

The priorities for the current North Sea Region Programme are innovation promotion, environmental management, accessibility and the sustainable development of cities and regions. The result that emerged from the investigations conducted as part of the expert report was that, in general, these priority areas should continue to be pursued. However, from a Northern German perspective, we would propose accentuating some points and adding others.

*Innovation promotion:* Technology transfer centres, economic development agencies and other actors involved in promoting innovation in the North Sea Region should forge closer links in order to develop and coordinate common strategies and actions and promote an innovation-based economy as defined in the “Europe 2020” Strategy. Previous activities aimed at forging transnational links between clusters and research and innovation networks should be continued – especially in the maritime (“blue”) and environment-related (“green”) areas of the economy. Providing support for very practical innovation projects in industry, society and government should be the horizontal objective that continues above and beyond all the priorities.

*Maritime policy and integrated coastal zone management:* Implementing an integrated maritime policy as defined in EU guidelines in the North Sea Region continues to require major efforts on the part of the surrounding countries. Transnational cooperation provides specific opportunities for them to harmonise measures that will enable them to achieve their environmental policy objectives for the North Sea. Integrated Coastal Zone Management (ICZM) is another tool that can be used as an informal approach and guide to implementing maritime policy. INTERREG’s interdisciplinary approach is to a great extent dictated by the requirements of ICZM. This should be reinforced in transnational cooperation.

*Renewable energy and resource efficiency:* The North Sea Region will also have to make a substantial contribution in order to ensure that European targets for extending regenerative energy can be achieved by 2020. To this end, initial experience gained from INTERREG in the use of residues and waste products and the development of regional energy concepts and value chains that combine agriculture, environmental protection and energy production should be built on. The all-embracing strategic approach to the more economic and efficient use of natural resources is currently coming to the fore in European policy. INTERREG can be used to develop strategies for conserving resources and using them more efficiently in regional action plans (e.g. transport, industry, construction) and pushing ahead with suitable measures in pilot projects.

*Accessibility and sustainable mobility:* Transnational projects should develop solutions for traffic growth in the North Sea Region, e.g. to use existing modes of transport and capacities in a “smart” way and improve logistics systems. It is important to improve the integration of peripheral regions – in view of current constraints (e.g. demographic trends) – to ensure the inclusive devel-

opment of the North Sea Region as a whole. The main focus of EU transport policy is to “ecologize” transport, reducing its harmful impact on the environment. Cities and regions in the North Sea Region could benefit from the joint development and trialling of integrated approaches to sustainable mobility both on land and at sea – these efforts should also be actively supported to encourage sustainable urban development.

*Climate-proof urban and regional development:* Unlike in the case of climate protection, there are still hardly any concepts or experience of measures on the subject of climate adaptation or the implementation of adaptation measures in the North Sea Region. There is an urgent need for action in terms of working out specific adaptation measures and pilot solutions in many priority areas, from agriculture to urban planning to health promotion and from flood prevention to urban planning. To achieve synergy effects, climate protection and climate adaptation measures should be regarded as a whole.

*Demographic change:* skills shortages, fewer students, ageing population, women returning to work, life-long learning – against this backdrop, education and training activities should be promoted. This would also reinforce the training and employment objectives of the “Europe 2020” Strategy.

*Urban-rural partnerships:* There are many functional relationships between urban and rural regions. However, issues surrounding town-country partnerships are only of marginal concern during the current funding period. The North Sea Region is characterised by marked contrasts between urban and rural areas. It is precisely in such regions that there should be a much greater focus on cooperation in projects between the different types of area. In addition, urban-rural partnerships have a clear territorial dimension. This would underline INTERREG’s specific territorial dimension.

*Interdisciplinary and intersectoral solutions:* In many transnationally significant areas of action, suitable solutions can no longer be found in one sector only, in terms of a specific policy. For example, the expansion of regenerative energy and the construction of the necessary production plants could be in conflict with other spatial development objectives, such as protecting one’s natural heritage. Issues around the coordination and settlement of conflicts of objectives between territorial sectoral plans and measures (e.g. in the areas of transport and energy) and other areas (e.g. social aspects) should be taken up more keenly in the North Sea Region Programme. This would be a way of honouring the requirements of European spatial development policy for improved territorial coordination and cooperation (known as “territorial governance”).

*Citizen participation and mediation:* In many places in the North Sea Region, investment associated with the expansion of renewable energy and corresponding network capacity or climate adaptation measures, e.g. in flood prevention and coastal protection, encounters resistance among the population at regional and local level. Citizen participation, mediation and public relations options should therefore be developed and trialled as well as mechanisms for taking them into account in the relevant planning processes when the necessary infrastructures are being expanded.

#### **Added values of transnational cooperation**

INTERREG projects in the North Sea Region are providing answers to current challenges in important priority areas. They are doing so in a wide variety of products and formats, from manuals and practical tools via recommendations for national and European policy and events for expert audiences, all the way to themed exhibitions for the general public. Despite all their differences, many regions in the North Sea Region have been confronted with similar challenges. The actors involved, the cooperating regions and the cooperation area as a whole therefore stand to derive obvious benefits from transnational cooperation in the North Sea Region.

*Promoting North Sea priorities, activating specific potential:* Like every region, the North Sea Region also has characteristics that make it unique. Despite the diversity of the North Sea Region, there are a large number of similarities and therefore shared priorities. Examples include the management of the North Sea and coastal protection issues. These problems do not stop at national borders – they can only be tackled jointly with neighbours and resolved. Transnational projects contribute to this in many ways.

*Focusing on the transfer of know-how and experience:* A decisive added value of the projects lies in the exchange of knowledge and in people learning from each other. When working out strategies and plans which can be implemented locally and regionally, partners can draw on ideas and experiences of other project partners. As specific examples of projects have shown time and again, approaches trialled in one region can also be applied in other European regions.

*Making space for new ideas:* INTERREG projects are often ideal laboratories for developing and trialling solutions to important spatial and regional development problems – especially when it is not only different countries but also different institutions and social groups that are cooperating. In this case, the project partners derive mutual benefit from different experiences which arise not only from the territorial context but also from national or regional rules, regulations, administrative processes and working methods.

*Making Europe local:* The European Union has committed itself to the path of sustainable development with ambitious targets and standards, mainly concerning climate protection and environmental law. These general European objectives, usually of an abstract nature, can be translated into practical ideas, plans and measures at local level. Where the EU has laid down specific targets and processes in regulations and directives, transnational cooperation projects can help to harmonise their implementation.

### **Strategic positioning of transnational cooperation and a future North Sea Region Programme**

INTERREG (B) boasts a range of features that distinguish it from other EU programmes, which is also evident from the above project examples. These “unique features” which characterise INTERREG and which should be further strengthened can be summarised as follows:

*Showcasing spatial development as a unique feature:* The transnational INTERREG programmes focus on the spatial development and integration of the region – this is what distinguishes it from all other EU programmes. This important characteristic of INTERREG should be retained and be strengthened even more. The European Union’s Territorial Agenda and, above all, its continuation reinforce the significance of the region – and therefore the objectives set by INTERREG for an inclusive, smart and sustainable Europe of diverse regions. Established some years ago as a spatial development plan for the North Sea Region, “NorVision”, together with the current deliberations on a North Sea strategy, concentrate spatial development issues on Northern Germany and the North Sea Region.

*Ensuring transnational relevance:* Only issues and projects which are of particular transnational relevance should be promoted as a priority in future. This is always the case when projects deal with subjects for which a transnational cooperative venture is essential across administrative, institutional and geographical borders in order to achieve a well considered and sustainable spatial development process.<sup>2</sup> However, there are also a large number of subjects which do not necessarily have to be dealt with at transnational level but which could derive great benefit from INTERREG. These are

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<sup>2</sup> Examples of this include integrated maritime policy, large-scale transport corridors and transnational sectoral clusters.

subjects which are important to many urban and rural areas in the North Sea region and which can be dealt with more effectively and/or efficiently by joint projects (e.g. by exchanging good practices, transferring knowledge and expertise).<sup>3</sup> The concept of transnationality and the associated requirements must be clearly communicated to the programme's target groups.

*Retaining a wide range of issues:* The range of issues described above, and in detail in the sections below, the focus on horizontal priorities and their link to the objective of spatial development are another of the North Sea Region Programme's special qualities. The objective of INTERREG activities should be to continue and strengthen this focus in future. If in future budgetary considerations make it necessary to limit the number of issues, preference should be given to issues for which – as described in the previous section – transnational treatment is not only useful, but essential.

*Linking strategy to implementation:* Both the development of transnational strategies and the joint preparation of instruments and their implementation in pilot studies could be useful contributions that INTERREG projects could make. Any projects that successfully draw together the strategic level and practical local implementation are particularly effective. In many areas of action, investment in demonstration projects (e.g. climate-friendly buildings, innovative propulsion technologies) is helpful. Suitable pilot investments should be funded in future as they can help to communicate project results convincingly and encourage follow-up investments based on specific examples. This will make it easier for policymakers, administrators, business people and other target groups to integrate and disseminate project results.

*Consolidating INTERREG as a creative programme:* INTERREG makes it possible, more so than other programmes, to test out new approaches – and even, where appropriate, establish what doesn't work. This strength should be consolidated and supported at programme level. For example, it should be possible in future to adjust project steps and objectives flexibly in the course of the project. Until now, INTERREG projects have been based on a rather large financial budget. Smaller projects may become more important in future, projects with fewer partners, a shorter duration and less funding and more experimental in nature.

*Improving interfaces with specialist programmes:* Compared with the large-scale specialist programmes for research and development, transport or the environment at European level, only a relatively small amount of funding will be available for transnational activities in future. Individual INTERREG projects show that practical interfaces exist. There is a similar situation with the European Structural Funds: an improved transfer of information and results could shift creative project strategies from transnational cooperation into regional mainstream funding and strengthen activities there in conceptual terms.

*Making it easier to switch between programmes:* The level of participation of project partners from regions outside a cooperation area which is possible now does not work as desired, mainly because of the relatively high cost of administration. It is important to harmonise cooperation and improve the opportunities for cooperation across programme areas. Overall, administrative costs will have to be reduced.

*Creating synergies with a future North Sea strategy:* The ideas and concepts of some actors (North Sea Commission, North Sea-English Channel Intergroup in the Committee of the Regions) concerning closer cooperation in the North Sea Region (draft document for "North Sea Region 2020") are consistent with current activities in the North Sea Region Programme. It will therefore be possible to tap into a wealth of experience when drawing up future operational terms of reference, e.g. in the form of the action programme which has been announced. In return, future transnational cooperation programmes and projects will be able to contribute to the implementation of such a North Sea strat-

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<sup>3</sup> For example, the subjects of demographic change, urban-rural partnerships and urban and rural mobility.

egy, thereby also ensuring that policymakers and the public will take even more notice of them. The preparation of an action programme for the North Sea strategy and the development of the future North Sea Region Programme should be closely coordinated to facilitate mutual synergies.

### **Organisation of transnational cooperation and a future North Sea Region Programme (“Rules of Play”)**

INTERREG projects bring together a large number of partners from different sectors and disciplines, with different working styles and backgrounds, which exploit the great potential of these cooperative ventures. At the same time, these conditions also make transnational cooperation more costly in terms of resources for the participating governments, institutions and businesses. The wide-ranging information and advice network in the North Sea Region is already helping to remove these hurdles. In the course of expert discussions and workshops, reference was made to a number of measures which could help programme managers and project actors to improve the way they cope with the challenges of transnational programmes.

*Reducing the bureaucracy of project management:* Time and again, the considerable reporting and testing requirements that exist in transnational INTERREG projects are cited as an inhibiting factor. The requirements for lead partners in particular are very demanding. Simplifying the reporting requirements and periods is regarded as a way of streamlining project management and releasing resources for the actual work involved. A pragmatic first step would be to standardise forms and procedures between cooperation areas and create uniform and simple rules for claiming the eligible costs.

*Increasing financial scope:* It would be desirable to increase financial resources in many respects. Transnational cooperation requires sufficient financial resources in order to be able to achieve a "critical mass" of project activities, implement pilot projects and support the project actors at the initiation and implementation stage with an information and advice network. An increasing number of communities can no longer afford the co-financing rate of INTERREG projects. Added to this is the fact that the participants pay the costs of the projects in advance and sometimes have to wait a very long time for reimbursement. This makes it difficult for individual project partners, such as small businesses, to participate in projects. Pre-financing options such as those that currently apply in the Framework Programme for Research and Technological development would therefore have to be considered. However, this would mean that the lead partner would incur greater expense and assume more responsibility.

*Supporting the consolidation and continued development of projects:* Continuing transnational cooperation after the project period has ended and implementing measures agreed as part of transnational draft documents and action plans is a problem for many projects. A helpful option would be to set up follow-up projects within the transnational cooperation in which the project priorities could continue to be developed. Where the contents justify this, follow-up projects should continue to be funded in the interests of effective project management and the creation of acceptable governance structures.

*Involving new actors as appropriate:* Participants in the North Sea Region Programme's projects now include a wide range of different actors from government, science, associations and the private sector. This widening of the range of actors during the current funding period is to be welcomed. This will reinforce the objectives of increasing strategic relevance (e.g. involving specific policies) and improving guidance on implementation (e.g. involving specific target groups). In view of the comparatively strict requirements associated with a formal project, suitable forms of indirect participation should also be funded. With regional forums, open workshops and similar formats, various INTERREG projects are already providing examples which are worthy of imitation.

## Recommendations in brief

Against the backdrop of previous project experience and future challenges, this expert report makes thematic, strategic and organisational recommendations for transnational cooperation in the North Sea Region. Our main recommendations are summarised below:

- *Developing region-specific responses:* Transnational INTERREG projects are worthwhile if they can successfully develop region-specific responses for policymakers and practitioners to global challenges such as climate change, energy and resource-efficiency and demographic change.
- *Pursuing integrated solutions:* Complex challenges call for integrated, interdisciplinary and inter-sectoral solutions. These have to be reflected in projects with appropriate partnership structures and types of activities.
- *Developing “North Sea” priorities:* In general, the previous priority areas of innovation, the environment (including integrated maritime policy and renewable energy) and accessibility should continue. Refinements and additions are required, especially in the case of the horizontal priorities of climate-proof urban and regional development, demographic change and urban-rural partnerships.
- *Ensuring transnational relevance:* Issues within the “North Sea priorities” which are of great transnational relevance should be taken up. This is the case when it is necessary to join forces to find the most suitable solutions for the cooperation area.
- *Linking strategy to implementation:* Projects should where possible draw together transnational strategy development and implementation at local level, e.g. in the form of pilot applications. The integrability of project results must be ensured for policymakers, administrators, business people and other target groups.

Transnational cooperation requires sufficient financial resources in order to be able to achieve a "critical mass" of project activities, implement pilot projects and support the project actors at the initiation and implementation stage with an information and advice network. The development of a future North Sea Region Programme depends on striking a balance between EU policy objectives, current “macro-regional” initiatives and the local needs and possibilities of future project actors.

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