



REPUBLIC OF
MACEDONIA
MINISTRY OF
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GOVERNMENT



International Conference

Overcoming Regional Disparities

How to achieve a better, EU-coherent implementation of regional policies

September 6 - 7, 2010, Ohrid / Macedonia

The 2010 Ohrid Agenda

Candidate and neighbouring countries of Southern and Eastern Europe as well as those of the Caucasus region are faced with severe, often common, challenges. Economically, the region as a whole has ample unused growth potentials in great need for investment ranging from infrastructure to education, environment, energy as well as services of a general economic interest. Poverty and unemployment are widespread, compounded with marked regional disparities and a sharp urban - rural divide. Low competitiveness levels are further undermined by weak institutions, sometimes also compounded by corruption and organised crime. On the other hand, the region has a wealth of natural resources, including excellent potentials for tourism development, a vast pool of young people on which the prosperous future should be built. In particular, in the coming decades, in times of labour shortages, this region is bound to climb higher up the strategic importance list of the EU as a whole. Importantly, the region itself is committed to a sustainable and competitive growth agenda supported by the European integration processes, but also reinforced by strong and mutual cooperation among the countries of Southern and Eastern Europe and the Caucasus region.

It is therefore obvious that EU regional policy and its future development are of growing interest to the region as it offers key tools as well as financial means to address the above mentioned challenges and opportunities. Even though regional development is perceived as one of major political priorities, a number of questions remain pertinent: how should policies be prioritised, how should an institutional and legal framework be established, how should the EU principle of subsidiarity be taken into account, etc. To help answer these questions the International Conference on “*Overcoming Regional Disparities - How to achieve a better, EU-coherent implementation of regional policies?*” - hereafter referred to as the ‘Ohrid Conference 2010’ - was



initiated and hosted by the Macedonian Ministry of Local Self-Government and supported by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH.

The best practices and most successful approaches were presented and their potentials explored. Altogether, the 'Ohrid Conference 2010' provided a platform for capacity building, policy dialogue and interregional exchange of experiences. Against this background, more than 130 participants from 17 countries formulated the following key messages and recommendations.

KEY MESSAGES AND RECOMMENDATIONS

- 1.) Prosperity of Southern and Eastern Europe as well as of the Caucasus region can only be achieved through sustainable regional development and open borders. Countries are committed to strong mutual cooperation, which will further foster economic opportunities and make the region as a whole more attractive for business, work and living. This in turn would reduce the migration driven by poor regional performance and its negative effects on regions left behind.

- 2.) In order to achieve sustainable regional development, countries of the region have to pursue a well thought through evidence based development policy. Development policies will need to be designed in an integrated way as the multiplicity of strategies and instruments at all levels makes it difficult to achieve policy coherence. This requires a more harmonised approach to the implementation of the EU policies as it is only in this way that countries will be able to make the best use of the synergies among particular policy areas (e.g. EU rural and cohesion policies combined with national transport, educational and regional policies). EU implementation rules should build, strengthen and, if necessary, reform the existing national institutional systems instead of designing parallel structures. Yet it would be neither feasible nor desirable simply to reorganise national institutions and policies around EU frameworks. First, capacity gaps might actually increase in such cases. Secondly, one major advantage of national policies that are distinct is the ability of national authorities to react to exogenous shocks and other developments faster and more flexibly. Such flexibility should be promoted and not prevented also by the EU rules and policies.

- 3.) Given the investment needs policy choices will be hard to make, but EU cohesion and neighbourhood policies need to put more emphasis on the candidate and neighbouring countries of Southern and Eastern Europe as well as those of the Caucasus region in order to ensure at least the minimum critical mass of financial means for development. The allocation of funds should follow



more closely the investment needs of the recipient areas in line with the level of their economic development and not allow abrupt increases or falls. Instead, the allocation of funds should be more linear and should be available early enough in the pre-accession process. Limited capacity to ensure co-financing should be taken into consideration as well, especially bearing in mind that these countries have been fiscally decentralised only to a limited extent. Clearly, governments' themselves will also need to make every effort to engage sufficient national resources for regional economic development purposes.

4.) Even though national sectoral perspectives often prevail, balanced regional development remains one of the crucial policy areas. Regional development policy is now generally viewed as horizontal development policy, oriented towards growth across the economy rather than focusing only on lagging regions.

5.) The EU should take into consideration the fact that the investment needs of candidate and neighbouring countries are extremely diverse, and this will require a broad list of possible interventions. A broad approach is also needed in regional development policy where, rather than only focusing on municipal infrastructure demands, greater attention should be given to all facets of economic development like investments in productive capacity and human capital.

6.) Coordination of development policies, including spatial development policy, on the national level remains a great challenge and should receive more attention in the future. A greater degree of coordination at a national level might make it easier to ensure that regional development policies were more effective in harmonising sectoral policies rather than (as often happens) allowing sectoral policies to unfold and implementing regional policy as a sort of residual sectoral policy that tries to address the consequences of other sectoral policies. In countries that lack a strong intermediate tier of public administration, central co-ordination may also help to offset the tendency observed in many countries for regional policies to become *de facto* local policies, with municipalities competing to attract funds for essentially local projects, which as a consequence may weaken the overall regional impact of the available funds.

7.) Better coordination at the national level should not work against stronger multi-level governance processes and striking the right balance between the top-down and bottom-up elements remains a challenge. Policies should obviously not be run from the centre – a regional development policy that reflects regional needs must tap into the information possessed by local players. However, such bottom-up demands need to be co-ordinated in a broader framework. For this process to be efficient capacity-building challenges at both national and sub-national levels need to be addressed.



While these are in general most acute at a local level there are also pertinent gaps between national-level policies as stated or set out in legislation and the ability of national administrations to deliver on those policies.

8.) At the local level, there is an acute need in many areas to build the capacity to generate good-quality regional development projects. Otherwise, the danger exists that regional development funds (including cohesion funds) will exacerbate rather than reduce disparities, because better-off regions generally have a greater capacity to prepare good-quality projects and thus to make use of such funds. Project preparation facility, especially at the regional level, might be a good instrument to counteract this bias.

9.) Governments also need to work actively with social partners and civil society in order to be able to participate in the development process and contribute according to their potential. Partnership process requires time which means that stakeholders should be involved early on in the process. At the same time partners as well as the general public should be made better aware of the lengthy time-scale over which development policy can be expected to bear fruit.

10.) Improved knowledge and skills at all levels requires a number of specific actions, which should address the needs concerning cooperation, networking as well as human resource development and capacity building. These include:

- Continued transfer of experience amongst each other as well as from the new EU member states and countries which are already more advanced in the accession process. Dedicated action to support stakeholders in networking and to engage more actively in consortia should also be ensured.
- More attention should be given to specific training at all stages of the policy implementation cycle: from programming and implementation to monitoring and evaluation. This should be done in the countries of the region as well as through study trips to other countries.
- Local players, such as Local Action Groups (LAGs), need to be trained in organisational development, localised programme planning and strategy formulation as well as fund raising. Raising awareness of the available funding opportunities should also receive more attention.



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