



7 proposals by the Basque Government for the Cohesion Policy of the EU post 2020

BASQUE COUNTRY

Population: 2,171,886 (2016)

GDP EU average: 119% (2015)

In the context of the discussion on the future Multiannual Financial Framework and the future Cohesion Policy, the Basque Government presents the following proposals in a strong European spirit in order to contribute to the cohesion of the European regions.

1. More European Territorial Cooperation (ETC)

The European Territorial Cooperation provides greater European added value. It finances cross-border, transnational and interregional projects which would be difficult to carry out without ETC. **Its European added value and unifying force of the EU are indisputable.**

Cooperation between regions should be reinforced at two levels:

- Enable the funds to **support the development of vanguard projects at European level** with other advanced regions with which we are united through a common European interest.
- Enable the funds to support **the development of the concept of Macro-region** through the Atlantic Arc, which allows us to benefit from future resources and at the same time to exercise a regional commitment in the EU.

2. Regionalisation of ESI Funds

We are calling for the **regionalisation of all ESI funds**, in line with the regionalisation of the areas of competence of those they are addressed to.

On the other hand, with the current system, it is not easy to secure the traceability of the funds of multi-regional programmes finally invested in the Autonomous Community.

3. Territorial cohesion

In its Reports on economic, social and territorial cohesion, the European Commission mentions the objective of providing equal opportunities for all the citizens of the Union, irrespective of their place of residence. The rural areas of the EU account for some 80% and allow for 27% of the population. It makes no sense that the rural development support policy rests solely on the CAP, since the agri-food sector bears each time less weight in these regions, and moreover, other sectoral policies alien to the CAP come fully into play in rural development: transport, housing, health, education, tourism, etc. Furthermore, the second pillar of the CAP, co-financed by the EAFRD, although it is called “Rural Development,” is merely a support pillar for the agri-food sector, since scarcely 10% of its expenditure budget is specifically allocated for the socio-economic development of rural areas in the EU.

Article 174 of the TFEU stipulates that particular focus shall be paid to rural areas and mountain regions. These regions are particularly vulnerable from an environmental and socio-economic point of view, and often support a family farming model, which generates public goods in terms of environment, risk prevention, landscapes, culture, tourism, etc.

For all these reasons, a policy clearly focused on the territory, such as the Cohesion Policy, must include in its thematic objectives support for rural areas in the EU, and more specifically in mountain regions. Therefore, we consider that **all the ESI Funds should count on the flexibility necessary to be able to**

include specific support lines for rural and mountain areas, located in the territories for which they are intended.

4. Financial Instruments

The Basque Government believes that the “SME Initiative” financial instrument is playing a very important role in the cohesion policy in the Basque Country. Its multiplier effect has doubled the prospects. However, it would have been even better if it had been initiated earlier.

Therefore, the best focus for the post 2020 period is to be constructive rather than oppose subsidies and financial instruments. At issue is to **define where and when the financial instruments add greater value in a future cohesion policy**: the Basque Government thinks that it can be reached only if the regions dispose of EU funding before their configuration. This means that the European Commission should anticipate regional funds, as it was done in the case of the “SME initiative” in the current period 2014-2020. This way, the countercyclical role that is pretended for the cohesion funds would be reinforced.

5. Simplification in management: proportionality

We advocate that a system of proportionality be applied with respect to the requirements for the management of ESI funds, taking into account the volume of the Operational Programmes.

The Basque Government is committed to a transparent and good financial management of the programmes and projects financed with own funds as well as those co-financed with EU funds, there should be no other way.

A correct and effective management of the EU co-financed programmes requires rigour and commitment. The exposure to a high number of standards and conditions (regulations, work documents, guidelines, instructions, etc.) for management, assessment and control (in addition to changes along the way) generates a number and level of difficulties that make it very complicated to take all of them into detailed consideration for all the programmes. This is particularly burdensome for small amount programmes. As far as possible, it would be convenient to establish proportionality rules and anyhow to look for a real simplification of management, based for example on confidence agreements with the regional authorities.

6. Sound economic governance

We consider that Article 23 of the Common Provisions Regulation for measures that peg the effectiveness of the ESI Funds to good economic governance must be amended, so that **Programmes co-financed with ESI Funds in regions with tax autonomy which have not run excessive deficits are safeguarded from a possible suspension decision by the European Commission**, pursuant to the provisions of the aforementioned article.

7. Continue with the process of the Smart Specialisation Strategy (RIS3)

The Basque Government has a very positive assessment of the Smart Specialisation Strategy process in the Basque Country. It is a key orientation tool for economic development, which has made it possible to deepen our internal coordination processes, both at public and private level, as well as to improve the external coordination, and thus identify other regions with whose RIS we have engaged in synergies that enable us to cooperate more efficiently.

Therefore, we state our commitment to continue to work within the framework of this ongoing process and for the further development of the Basque RIS.