

Basque Government's Replies to the Questionnaire of the Fifth Report on Economic, Social and Territorial Cohesion: the Future of the Cohesion Policy

- How could the Europe 2020 Strategy and cohesion policy be brought closer together at EU, national and sub-national levels?

The Commission's report on the revision of the EU budget, published on 19 October, assigns a fundamental role to the EU cohesion policy as regards the solidarity and convergence of the European regions as well as the application of the priorities of the Europe 2020 strategy in all the regions of the EU.

Accordingly, the ERDF operational programme of the Basque Country for 2007-2013 has earmarked more than 90% of its resources to actions related to the Lisbon objectives, thereby exceeding the threshold required by the Commission. In other words, there is no objection to focusing ERDF investments on the priorities of the Europe 2020 strategy, provided that the regional and local authorities are involved in setting said priorities at the national and regional level. This request has been reiterated since the charting of the National Reform Programmes within the framework of the Lisbon Strategy, in which the regional and local authorities were not sufficiently involved. Accordingly, the Committee of the Regions pointed out the lack of ownership of the Strategy on the part of sub-state levels. We would not like to see this mistake repeated now as regards the application of the Europe 2020 Strategy.

At issue will be to transfer, in an adequate and effective manner, the growth priorities, the main objectives and the emblematic initiative of the Europe 2020 Strategy to the strategic programming model for the future "sketched" in the Fifth Report of conclusions on the cohesion policy.

The objectives and concrete actions to be pursued at state and regional level must be specifically set out in the development and investment partnership contract to be concluded by and between the Commission and each Member State. This naturally entails that they have to take part in the configuration of such a contract.

In this way, the concrete documents for the application of the cohesion policy, the operational programmes for the regions, should as of 2014 state in their objectives and actions their link with any of the emblematic initiatives of the Europe 2020 strategy.

In the same vein, we believe that the development and investment partnership contract proposed by the Commission should pertain as much to the contents as to the method. In other words, it should cover the priority issues to be financed, as well as the method to be used for taking the decisions relating to said contents. We believe that such a contract can be an opportunity to apply multi-level governance effectively, so that the Commission can set a requirement for the effective involvement of the regions in the decision-making process, in compliance with the constitutional systems of each Member State.

On the other hand, thanks to the agreements signed in 2004 by and between the Central Administration and the Autonomous Communities, the latter obtained access to the working groups of four formations of the Council. Nevertheless, the Autonomous Communities do not have access to the Structural Actions Working Group where issues relating to the EU's cohesion policy are dealt with.¹ It makes perfect sense precisely in this case that the Autonomous Communities must be able to participate, given the regional nature of the policy, the main aim of which is regional development. Although this is not a matter for the European Commission, but depends on internal negotiations in Spain, we would like to seize the opportunity to reveal this dysfunction, which would be easier to correct if there were a formation of the Council geared specifically to the cohesion policy such as advocated by the Barca Report, particularly in view of the fact that the most important EU policy in budgetary terms is at issue.

- Should the scope of the development and investment partnership contract go beyond cohesion policy and, if so, what should it be?

The Fifth Cohesion Report points out that the development and investment partnership contract should describe the actions and coordination between the different EU funds, which is a positive element.

It makes sense to extend this contract to EU funds earmarked for the common agricultural policy, rural development and fisheries so as to achieve greater coordination and coherence of the EU's most important financial instruments implemented through a shared management. Furthermore, these are issues (agriculture, rural development and fisheries) that have a direct and considerable impact on economic, social and territorial cohesion.

It does not seem appropriate nonetheless to insert in these "Contracts" conditions relating to compliance by the Member States with their commitments regarding economic governance.

The obligations of the Member States regarding economic governance and the means at the EU's disposal to guarantee compliance therewith must be consolidated in the appropriate context – probably within the framework of the Stability and Growth Pact and the National Reform Programmes.

- How could stronger thematic concentration on Europe 2020 priorities be achieved?

The Fifth Cohesion Report cited the need to improve its efficiency through stronger thematic concentration on actions to be co-financed by the EU.

For this objective to be achieved, clarity and efficiency will be required from the Commission in defining actions that can receive EU support from the structural funds.

Pursuant to the Europe 2020 Strategy, the Commission should draw up very concrete and complete lists of possible actions for every type of region or "geographic" area that falls under operational programmes related directly to the priorities and emblematic initiatives of the Europe 2020 strategy.

¹ It is worth stressing that the Autonomous Communities participate in the Coordination Committee of the Funds (COCOF)

- How could conditionalities, incentives and result-based management make cohesion policy more effective?

The introduction of the analysis of results as a condition or incentive for the application of the cohesion policy means that a system of assessable indicators should be established with a comparable statistical base for the EU as a whole. The number of indicators should be limited in this case.

The way to “reward” regions that meet the budget objectives in operational programmes best could be a mechanism for using an efficient reserve at EU level that would increase the total amount (and corresponding co-financing) of certain eligible investments considered to take priority for operational programmes. The mechanism should be applied directly without additional procedures such as revising the operational programme or submitting new operations for approval.

As to how the cohesion policy attains results, audits on compliance with the indicators could be used.

The conclusions of the Fifth Report refer to the establishment of conditions and incentives to improve the performance of the funds and advocate bringing this policy closer in line with the economic and political framework as its efficiency depends in large measure on the latter.

The Basque Government welcomes the proposal of making aids contingent upon compliance with EU legislation, the financing of strategic projects of the EU or the need for adequate administrative, institutional and assessment capacities, as prerequisites to an efficient use of the Funds.

It nonetheless remains sceptical about the possibility of extending the conditionality of compliance with the Stability and Growth Pact beyond the Cohesion Fund. Although we understand the need to guarantee compliance with said pact, we cannot but see difficulties in ensuring that a potential suspension of earmarked funds does not affect the end beneficiaries. We therefore request that this type of conditionality be done away with.

On the other hand, the conclusions of the Fifth Report state that the Commission would like to see states and regions make greater use in future of the new financial instruments or revolving funds. We welcome the measure proposed to provide greater clarity about the rules that govern the financing of subsidies and those that govern the reimbursable funds.

- How could cohesion policy be made more results-oriented? Which priorities should be obligatory?

For the cohesion policy to be more effective, the EU would have to get more involved, as already mentioned, in implementing and concentrating actions that can qualify for EU support, by establishing specific action policies per “types” of regions.

This could prove in particular necessary as regards the inclusion of some of the thematic areas that the EU is keen on in the future cohesion policy, such as the fight against

climate change (development and the use of low-carbon technologies, reduction in the use of materials and production resources, etc.) or greater energy autonomy (development of renewable energy sources, greater energy efficiency, etc.).

Introducing these new thematic areas at the same time when trying to concentrate the cohesion policy in a few actions is going to be complicated.

It would be more reasonable and efficient to pursue very few priorities to be supported by the structural funds for each “type” of region.

In the view of the Basque Government, it is obvious that a priority action for the current regions of the competitiveness and employment objective should be support for measures and programmes to boost innovative actions by SMEs.

- How can cohesion policy take better account of the key role of urban areas of territories with particular geographical features in development processes and of the emergence of macro-regional strategies?

Once again, this is a difficult question that arises since the Commission intends to broach very different sub-state situations (regions, urban areas, geographic areas with special natural handicaps, macro-regions, etc.) and widely different problems and needs through the cohesion policy. On the other hand, it seems evident that a greater concentration of the actions to be supported by the EU would mean a more rational approach to, and greater efficiency and visibility for EU’s cohesion policy.

In any event, it would not be a good idea to establish operational macro-programmes which, although they are focused on few objectives and priority action themes, entail many actions per category of expenditure and/or different measures relating to the different structural funds.

On the other hand, the relation between trans-national territorial cooperation programmes and the macro-regions is in need of clarification. The Basque Government attaches great importance to the European territorial cooperation programmes, in particular cross-border cooperation programmes. It consequently supports their enhanced continuation in the upcoming programming period.

As to macro-regions, the Basque Government believes that it is an instrument that affords an opportunity to deepen regional cooperation while pursuing a more integral vision of all the priority issues that affect a given geographic area, with joint and coordinated solutions on the part of the administrative authorities and stakeholders concerned.

Accordingly, the Government welcomes the mandate conferred by the General Affairs Council to the European Commission on 14 June to come up with a proposal for an integrated EU strategy for the Atlantic region by June 2011.² Although said strategy is focused particularly on the maritime dimension, we consider that, without glossing over the importance of a fundamental economic sector such as the sea, the strategy should have an integrated and global vision, taking into consideration all the fundamental aspects for the development of the Atlantic region, both maritime and terrestrial. This is

² http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/ES/genaff/115306.pdf

the only way to make headway on the territorial cohesion of a region characterised by its peripheral situation within the EU.

As regards the particular geographic characteristics and urban areas, the Basque Government supports the idea of paying particular attention to urban areas, whose GDP does not always reflect the real needs of their inhabitants. Accordingly, we support the fact that the resources and cities for which they will be allocated will be clearly identified in the programming documents. Taking into account the fact that the problems and challenges faced by cities are not often reflected by the GDP indicator, we propose that the Commission establish a series of objective indicators geared chiefly to cities (e.g. pockets of social exclusion, traffic and pollution, public services, high population density) and that a rather substantial percentage (based on said indicators) of the operational programmes be geared to easing the serious and growing problems that large and medium-sized European cities are faced with.

- How can the partnership principle and involvement of local and regional stakeholders, social partners and civil society be improved?

This problem is different from one EU Member State to the next, depending on the political and administrative structure, and the competencies and capacity for action of the regions.

Owing to the peculiar political and administrative structure of the Basque Autonomous Community, it should be borne in mind that the general administration of the state, the regional government and various local authorities take part in the current operational programmes. The local and regional stakeholders are involved from the outset, i.e. from the very configuration phase of said programmes.

The participation and involvement of the civil society in operational programmes are always difficult.

Nevertheless, the current situation is clearly better (as indicated by social awareness reports on the action of the EU structural funds) and Basque society is aware that the EU has participated and participates in actions to boost the socio-economic development of the Basque Autonomous Community, especially in such areas as infrastructure and facilities or continuing training for adults.

- How can the audit process be simplified and how can audits by Member States and the Commission be better integrated, whilst maintaining a high level of assurance on expenditure co-financed?

With the current due diligence procedure, the audit system should improve considerably, as incidentally attested by the first reports being drawn up.

The auditing authority should centralise and monitor all ex/post audits carried out on each operational programme, and plan its implementation so as to avoid excessive actions and guarantee a predictable, reliable and rational system for all.

The Commission audits should supervise and verify the actions of the auditing authorities of the Member States.

- How could application of the proportionality principle alleviate the administrative burden in terms of management and control? Should there be specific simplification measures for territorial cooperation programmes?

Greater involvement on the part of the Commission in providing clear and concrete criteria for action (e.g. concrete percentages of audited expenditure deemed acceptable) would be of great help. Furthermore, such criteria should be differentiated per type of actions, since a support programme for innovation in SMEs (with thousands of actions of small eligible expenditure over the programming period) is very different from one major infrastructure project.

- How can the right balance be struck between common rules for all the Funds and acknowledgement of Fund's specificities when defining eligibility rules?

The Fifth Cohesion Report points to the need to reduce and consolidate eligible actions. A reduction in the number and greater consolidation of acceptable actions in the planning of operational programmes would reduce the problems that could arise regarding eligibility between funds.

- How can financial discipline be ensured, while providing enough flexibility to design and implement complex programmes and projects?

Financial discipline is expected to improve through the established procedures for management and supervision of the current operational programmes.

This should enable the Member States to establish simpler management systems. The system in Spain is extremely complex, entailing extensive administrative red tape when it comes to management and supervision.

The Commission's requirements regarding management and supervision authorities, as well as the audit should be less strict so that future operational programmes can be easier and simpler to manage.

- How can it be ensured that the architecture of cohesion policy takes into account the specificity of each Fund and in particular the need to provide greater visibility and predictable funding volumes for ESF and to focus it on securing the 2020 objectives?

The European Social Fund (ESF) has a great opportunity to be more strategic in the current crisis and unemployment situation in EU countries. This should lead to greater visibility in the contribution of the ESF to the employability and well-being of EU citizens.

The ESF should be bolstered in the current economic crisis so as to “socialise” the EU's cohesion policy to a greater extent. Citizens must be the ultimate beneficiaries of the policy, when the financing of training to foment an entrepreneurial spirit or qualification for new jobs is more crucial and necessary than ever before. The Member States, and Spain in particular, have injected funds in specific sectors, such as the automobile industry. They have also increased investment in public works to tackle unemployment. Apart from these short-term measures to dampen the blow of the crisis, the ESF should

be ploughed in a more strategic manner with a vision more in the medium- and long-term, to train people so that they can seize new opportunities in sectors of the future labour market.

The Basque Government has repeatedly advocated a greater regionalisation of the ESF, and takes this opportunity to reiterate this position. The Autonomous Communities have transferred competencies under active employment policies. In the case of the Basque Region, it is a newly transferred policy. In this context, the autonomous administrative authorities should become more involved in the design of the ESF operational programmes.

- How could a new intermediate category of regions be designed to accompany regions which have not completed their process of catching up?

The Commission could continue to use a system similar to the current “transitional aid” temporarily for regions that lose the “convergence” qualification or the possibility to receive aids from the Cohesion Fund.

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