



## HIGH LEVEL GROUP REFLECTING ON FUTURE COHESION POLICY

### REPORT OF THIRD MEETING – 25<sup>TH</sup> JANUARY 2010

#### 1. INTRODUCTION

On 23-24 April 2009, Ministers responsible for Cohesion policy met in Mariánske Lázně to discuss future policy directions and delivery systems. Danuta Hübner, then Commissioner for Regional Policy, also attended this meeting at which she presented a Reflection Paper on future Cohesion policy and announced the establishment of a High Level Group reflecting on future Cohesion Policy (HLG). The first two meetings of this HLG took place on 2<sup>nd</sup> October 2009 and 3<sup>rd</sup> December 2009.

The third meeting of the HLG took place on 25<sup>th</sup> January 2010. It was chaired by Katarína Mathernová, Deputy Director-General of DG Regional Policy and was attended by national government experts from the 27 Member States and by Commission representatives from the Samecki Cabinet and from the Directorates-General for Agriculture and Rural Development, Budget, Employment, Social Affairs and Equal Opportunities, Energy and Transport, Enterprise and Industry, Environment, Maritime Affairs and Fisheries, Regional Policy, and the Secretariat-General.

The meeting consisted of three main elements:

- Presentation by a number of Commission Directorates-General of their work on the future;
- Update by the Secretariat-General on the first results of the consultation on 'Europe 2020' and further discussion regarding strategic alignment of Cohesion policy with the future Lisbon Strategy and its future delivery;
- How to ensure a greater focus on results.

#### 2. WORK ON THE FUTURE – OTHER DIRECTORATES-GENERAL

The Directorates-General for Agriculture and Rural Development, Employment, Social Affairs and Equal Opportunities, Energy and Transport, Environment, Maritime Affairs and Fisheries provided information about their work on the future.

The **Directorate-General for Employment, Social Affairs and Equal Opportunities** informed participants that an ad hoc group on the future of the European Social Fund (ESF) was set up in October 2009 by the ESF Committee and has met twice to date (18/12/2009 and 20/01/2010). The group is composed of ESF

committee members, limited to one member per Member State and one for each social partner. Discussions are informal and cover topics such as future objectives and scope, added value, geographical coverage, delivery and complementarity with other instruments and funds. An interim report should be presented to the ESF Committee in March 2010 and the final one on future ESF is planned in June 2010. It could continue to be convened during the latter half of 2010 and during 2011 as relevant.

The **Directorate-General for Agriculture and Rural Development** informed participants that reprogramming of rural development programmes up to 2013 following the CAP Health Check (policy review) and the EU Recovery Package (additional funds for broadband in rural areas) was now complete. The Swedish Presidency had organized a first Ministerial discussion on rural development policy after 2013 in December 2009. This discussion focused on the role for rural development policy in delivering environmental public goods, mitigating climate change, promoting competitive agriculture, supporting technology, innovation and new skills and providing alternative job opportunities as well as basic services in rural areas. Within DG AGRI, ongoing studies and the 2010 mid-term evaluation and strategic reporting exercises will help to provide an analytical basis for the work on the future. Consultations and discussions in various platforms (European Rural Development Network, Rural Development Committee and Advisory Group on Rural Development) will also contribute to the development of the future policy, which would in any case need to be reviewed once the new Commission was in place. There was also ongoing work between the Commission DGs responsible for structural policies on issues such as urban/rural linkages, local development and the delivery mechanisms of shared management.

The **Directorate-General for Maritime Affairs and Fisheries** informed participants that a consultation on the future Common Fisheries Policy (CFP) took place at the end of 2009 in order to help inform the design of the future policy. The first stage of the reflection process on possible future subsidies indicate there is a need for closer alignment with the objectives of the reformed CFP, with more conditionality and moving away from direct fleet subsidies, such as scrapping and temporary cessation schemes. The future EFF should cost less, demonstrate clear rationale and value added and avoid leading to a significant distortion of market forces and competition. Questions were also raised about how to manage the social impact of reforms and how to take into account new challenges such as innovation. Finally, there is agreement on the need to maintain and strengthen the partnership approach (currently Axis 4 of the EFF) and wish to explore further the scope for application of local development methodologies.

The **Directorate-General for Energy and Transport** informed participants that an energy infrastructure package is planned for November 2010, i.a. based on a 10 year network development plan (to be prepared by the European Network Transmission System Operators - ENTSOs). Other important elements that will be covered by the package include: integration of renewables, diversification of supply, external as well as internal dimension of infrastructure development (e.g. northern Africa) and financing sources (including Cohesion policy, the European Investment Bank and the European Investment Fund). In connection to this latter, the package will include a proposal for a new infrastructure and security of supply instrument. Normally, investments in energy infrastructure should be borne by the companies themselves but public funding by Member States or at EU level may be justifiable

in some cases where there is value added; for example, certain infrastructure to help meet climate objectives or ensure internal EU security of supply.

The **Directorate-General for Environment** gave a brief update on the outcomes of the Copenhagen summit and plans for its implementation. There will be organisational changes within the Commission in the coming weeks (including a new Commissioner for Climate Change) so a full update on future work will be provided at the March meeting of the HLG.

Member State experts thanked the representatives of the different Directorates-General for their presentations and emphasised the importance of coordination and information sharing between the different policies and groups set up to discuss and develop these policies.

### 3. STRATEGIC ALIGNMENT OF COHESION POLICY WITH 'EUROPE 2020' – NOW 'EUROPE 2020' AND ITS FUTURE DELIVERY

The **Secretariat-General** gave a brief overview of responses received on the consultation document on the successor to the Lisbon Strategy - 'Europe 2020' – which was launched by the European Commission on 24th November 2009. The consultation process has been a success, including more than one hundred contributions from regional and local authorities. The main messages are: general support for the main priority areas, need for alignment of the Cohesion policy to the new strategy, need for structural reforms, importance of ownership of the future strategy at all levels with political accountability at the highest level, need for positive incentives, need for clarity on objectives and definitions of success and failure and better coordination of instruments particularly in a context of the current financial crisis and fiscal constraint, need for multiplying effect through financial engineering instruments, need for exchange of good practices and knowledge sharing<sup>1</sup>.

It is planned that the Commission will present a formal proposal for the Europe 2020 strategy at the informal EU Council meeting called by President Von Rompuy on 3rd March 2010, with a view to the EU's Heads of State and government discussing the strategy at the Spring Council meeting on 25th – 26th March. The policy programme for the strategy will be adopted by June.

DG Regional Policy put forward a number of questions regarding policy alignment and increased coherence in the delivery of EU strategic priorities:

- What is the place of Cohesion policy in the Europe 2020 strategy?
- How can Cohesion policy help the Europe 2020 strategy to achieve its aims?
- How can objectives and targets at EU level be best translated in Cohesion policy programmes?

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<sup>1</sup> A first overview of the responses has since been prepared by the Commission to provide preliminary indications as to the main trends emerging from the consultation and is available at <http://ec.europa.eu/eu2020/>

- How can coherence in the delivery of EU strategic priorities between Cohesion policy and other Community policies be improved?
- How can the multi-level governance system of Cohesion policy contribute to the delivery of EU priorities?

The main points of the discussion were as follows:

- There is consensus on the need for more coherence both in policy-making and in delivery at all levels. The link between Cohesion policy and 'Europe 2020' must be ensured. However, there are differing views on what this would mean in practice. Many experts consider that Cohesion policy should be fully linked to delivering 'Europe 2020' and that this should be supported by structural reforms. Some experts recall that Cohesion policy has a specific mission which is laid down in the Treaty and that 'Europe 2020' should therefore not become its sole driver.
- In this context, while there is agreement on the need for concentration of financial resources on a limited number of priorities linked to 'Europe 2020' many experts insist that Member States and regions should be given enough flexibility to determine the policy mix most appropriate to their specific needs and assets.
- Several experts consider that more could be done to demonstrate the contribution of Cohesion policy to the current Lisbon Strategy and to highlighting its particular role; namely, as a place-based policy able to deal with a wide-range of issues through an integrated and decentralised approach. Some experts call for further reflection about which EU-level objectives and targets are relevant for a place-based scenario.
- Although a more top-down approach may be required as regards establishment of the strategy and overall objectives (in order to avoid a multiplication of objectives), Member State experts insist that implementation is best carried out through a multi-level governance system rather than managed directly from Brussels. This is for reasons of subsidiarity, customer-orientation and public acceptance.
- There is agreement that the strategic dimension of Cohesion policy (Community Strategic Guidelines, NSRFs, Lisbon earmarking, strategic reporting etc) should be reinforced in the future. Several experts support the idea of a Single Strategic Framework providing coherent guidelines for the management of Community funds but question how it would work in practice.
- There is consensus on the need to increase coherence between European policies with a territorial impact, such as cohesion, transport, energy, environment, agriculture, maritime, research and competition policies. In addition, many experts ask for more coherence between EU instruments pointing out that the current rules and procedures have led to a fragmentation of community funds.

#### 4. FOCUS ON RESULTS

DG Regional Policy put forward a number of questions concerning concrete ideas for maximising Cohesion policy performance and the focus on results:

- How can a greater focus on results be built into the programme design and implementation?
- Would an annual high level political debate contribute to enhanced performance and visibility for the policy?
- How can performance be incentivised, remembering both financial and non-financial mechanisms?

The main points of the discussion were as follows:

- There is broad acceptance of need for more focus on results, but caution about applying conditionalities beyond the current ones. More work would be required on methodology and technical aspects of any further conditionalities in order to ensure that new requirements could be delivered in practice.
- Several experts pointed out that more focus on results can only be achieved by giving this issue high priority throughout the programming period. This includes: ensuring a concentrated regulation, setting a limited number of targets, designing the programme according to the targets rather than the other way around, and including on-going evaluation and ex-post evaluation for each individual programme. In this context, some experts highlighted the importance of the Commission playing a strong role in this regard, particularly at the regulation and programme negotiation stage.
- Elements that have worked well in the current programming period include the various non-financial incentives and the political and media interest they attract (scoreboards, RegioStars) as well as the scope for ongoing evaluation. There is a need for support for further development of core indicators to ensure comparability between programmes.
- Some Member States are applying a performance-reserve type instrument in 2007-2013 (DK, IT, PL) - this experience as well as the experience of the 2000-2006 period could be helpful in determining the scope for use of such an instrument in the future.
- Several experts consider that setting up an annual high level political debate on Cohesion policy could be useful and advise that the European Parliament could also take on a more active role in the future. However, others consider that this type of debate could take place within existing structures (e.g. Informal Ministerial) or should not take place according to a set timetable in order to avoid that Ministers meet before results become available.
- Some experts pointed out that an enhanced focus on results would be facilitated if there were reduced focus on meeting N+ targets and / or audit and control.

## **5. NEXT STEPS**

The next meeting of the HLG will take place on 25-26 March. The main topics for discussion will be European Territorial Cooperation and the Cohesion policy delivery system.