

HIGH LEVEL GROUP REFLECTING ON FUTURE COHESION POLICY

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EUROPEAN TERRITORIAL COOPERATION

1. INTRODUCTION

Regions in Europe face challenges that increasingly require co-operative action beyond regional and national boundaries. Environmental, energy, demographic issues come clearly to mind. There is broad consensus that the EU can add value to regional action by providing an appropriate frame for such co-operation to take place across the European territory, thus making an important contribution to fostering economic, social and territorial cohesion. Co-operation programmes contribute especially to territorial cohesion, since they relate issues, funding and projects to functional areas, regardless of national boundaries. The European Territorial Cooperation (ETC) objective provides a particularly European dimension to Cohesion Policy by overcoming national and institutional barriers.

However, ETC programmes have also been perceived as not delivering results which are tangible or observable and as requiring high administrative effort. The associated bureaucracy is perceived as resulting in the diversion of resources from strategic discussion and a focus on results. Pressure from the automatic de-commitment rule has in some cases led to a focus on fund absorption rather than on project quality. Questions are also sometimes raised about the appropriate balance between the three strands of ETC: transnational, cross-border and interregional cooperation.

At today's discussion, Member State experts are invited to share their views on how ETC could be developed in the future to help it more fully achieve its potential, especially in relation to two fundamental questions:

- How can the strategic potential of ETC be better exploited?
- How can programme architecture and delivery be optimised?

2. BETTER EXPLOITING THE STRATEGIC POTENTIAL OF ETC

The fundamental purpose of the ETC objective is to help Member States and regions contribute to the delivery of European objectives including the Europe 2020 strategy (from 2010) and the functioning of the Single Market. Europe faces a number of territorial challenges, including environmental issues (water pollution, preservation of ecological reserves, risk prevention) and the need to close telecommunication and transport links and optimise infrastructure planning. ETC can help Member States and regions contribute to addressing these challenges, in particular as it constitutes an effective instrument in removing local and low-level impediments to the functioning of the Single Market, fostering the mobility of workforce, services and ideas across borders and contributing to the internationalisation of administrations.

ETC programmes thus have a particular role to play because they make possible an integrated approach across national borders and are designed from the outset with

encouraging the joint implementation of projects as well as exchange and dissemination of experience in mind. However, in order to ensure that the ETC objective fulfils its potential in contributing to these policy aims, cooperation needs in future to be more firmly integrated in overall strategic planning at all levels and compliance with strategic priorities closely monitored. A number of measures could be envisaged in this regard:

- Clear anchorage of cooperation in strategic documents: Community Strategic Guidelines/specific Cooperation Guidelines should define cooperation objectives and highlight in which fields cooperative action is particularly needed, while the National Strategic Reference Framework should demonstrate how Member State participation in cooperation programmes will complement other EU/national/regional programmes with a view to contributing to the achievement of EU priorities.
- Better link between Co-operation and Convergence/Competitiveness programmes: Systematic cross-referencing demonstrating complementarity and expected synergies as well as mutual information between types of programmes should be promoted more strongly. In addition, the existing provisions for inclusion of interregional cooperation in CONV/RCE programmes and the possibilities provided through the 'Regions For Economic Change' initiative should be strengthened.
- More strategic and focused programme preparation: This should include as a minimum clear definition of objectives and expected results, based on a sound analysis of where co-operative action can yield most value, how success will be recognised and evaluated, focus on a limited number of key priorities. In addition, flagship projects of particular strategic relevance for the programme could be identified from the outset. This could take the form e.g. of larger infrastructure projects (such as e.g. financing the missing links in the TENs), but also less cost-intensive types of projects of policy-co-ordination with a strategic impact for the co-operation area.

How can ETC best contribute to the achievement of EU priorities? Is the current structure of ETC adequate to address the needs of Europe 2020? How can the strategic focus of ETC programmes be sharpened? Is there scope for an increased funding allocation / share of the Cohesion policy budget in order to support flagship and/or infrastructure projects? How can the links with the CONV/RCE programmes be better ensured in the future?

MACRO-REGIONAL STRATEGIES

In the context of better exploiting the strategic potential, an area for particular reflection is the future of the 'macro-regional strategy approach' as demonstrated in the EU Strategy for the Baltic Sea Region (adopted in June 2009) and ongoing work on the EU Strategy for the Danube Region. The main aim of the strategy process so far has been to align existing policies, institutions and funding in order to mutually reinforce effectiveness. Discussion has focused so far on making the best possible use of existing institutions and funding possibilities as well as better implementation of EU legislation. Experience to date shows that strong political support, the involvement of a broad variety of stakeholders, a cross-sectoral perspective and the support of different administrative levels are key factors for the development of the strategy.

However, since some of the current and potential new strategy areas coincide or present a strong overlap with the transnational programme areas, there are questions outstanding regarding the relationship of macro-regional strategies with the transnational programme areas (addressing overlap, linkages and complementarity) and how the two approaches could best complement each other.

A number of measures could be envisaged with a view to strengthening the effectiveness of the strategy approach:

- Establishment of an EU-wide instrument for strategic projects of a 'showcase' or core nature: A limited number of key projects clearly linked to the implementation of a macro-regional strategy could be funded through such an instrument. In order to ensure that macro-regions that are in the beginning of the strategy process can also benefit from this instrument, part of the funding could be held back for a later stage.
- Relationship with transnational cooperation: One option would be for the strategies to replace transnational co-operation. Another option would be to better integrate the 'strategy-approach' into transnational programmes. In this option, transnational programmes (with adjustments to the programme areas where necessary) could be strongly oriented towards the achievement of the strategy objectives and could be instrumental in co-ordinating policies and funding instruments. Funds for development of the strategy (where not yet existing) and flagship projects could be set aside. Programme secretariats should give technical support for strategy development and implementation.
- Fostering coherence with other funding programmes: Parts of funding from other EU/national/regional/sectoral sources could be pre-allocated to implementation of projects defined in the strategy. Concerning CONV/REC programmes, this could be included in the programmes from the outset.

How can ETC programmes be designed so they best contribute to the macro-regional approach? Which of the above measures might be feasible and are there other possibilities?

3. ARCHITECTURE

Co-operation programmes have had to adapt to changing implementation frameworks from one funding period to another – from experimental pilot actions to Community Initiatives to inclusion in the regulatory framework as a fully fledged objective. While inclusion in the regulatory framework has had the advantage of giving a sounder legal basis for cooperative action, it has also meant that cooperation programmes have less flexibility and need to apply provisions that can be ill-suited for multi-country programmes with relatively small budgets.

There are a number of fundamental issues concerning the future architecture of the ETC objective:

- Overall regulatory framework: one option would be for the cooperation dimension to be strengthened in the context of the Structural Funds regulations, which would help to ensure coherence with other Structural Funds programmes. Another option would be to introduce a new specific cooperation regulation or fund in order to address the specific issues for multi-country programmes.

- The structure could either be amended to reduce the number of strands through merger, for example : combine two or more strands (e.g. integrate the cross-border programmes into macro-regional/transnational programmes, or providing one EU-wide cooperation framework under which transnational and inter-regional projects could be funded). This could simplify management structures and foster strategy coherence. On the other hand, the current three strands each have their own *raison d'être* and ownership. The other direction therefore would be to retain the three separate strands and perhaps even differentiate further within (e.g. land/maritime/external cross-border cooperation).
- Allocation of funds: this is currently made by programme for the programmes covering all Member States, a methodology which could be expanded to transnational programmes or all cooperation programmes. This would help to avoid delays in the start-up phase of the programme and encourage a focus on cooperation and project quality rather than Member State share of funding. Consideration would need to be given to developing suitable allocation criteria.

How should future ETC architecture be designed in order to support improved delivery of its objectives? Should the three strands be kept? Which options would you favour and are there other possible options?

4. DELIVERY

The delivery system for ETC has often been criticised for its complexity. Any programme including partners from different Member States will entail important challenges with regard to preparation, implementation, monitoring and audit and it will be important to take these into account when designing an improved delivery system for the future. It will also be important to consider how this system can help to ensure a focus on results. Finally, the specific case of delivery of cooperation programmes at external borders deserves special attention.

A number of possibilities could be considered with a view to better tailoring the ETC delivery system to its specific needs:

- General implementation: issues whose application might be revisited include the automatic de-commitment rule; EU-wide vs. national eligibility rules; more flexibility for involvement of project partners outside the eligible area/outside the EU; technical assistance funding limits and possibility to fund it solely from ERDF; how to better support the establishment and exchange between EGTCs; establishment of aid schemes in the beginning of the programming period in order to avoid problems with state aid and facilitate participation of private actors; role of financial engineering.
- Financial management and control: issues whose application might be revisited include the ex-ante approval of management and control systems, proportional control arrangements and subsidiarity (*contrat de confiance*); enabling national or regional authorities designated for these functions to carry out their duties for the whole programme area in a more coordinated manner, beyond their traditional competence areas; arrangements between participating regions and partners to correct detected irregularities and ensure smooth reimbursement of EU funds where necessary; define output indicators as further reference for audit and control work; further development of simplified cost options and lump sums.

- Delivery and demonstration of results: More targeted project generation, stricter selection criteria (in regulations or for Commission's approval), financial incentives for flagship/ strategic projects through stronger use of differentiated co-financing rates, deadlines for completion of key projects could all be elements for ensuring the delivery of results. Design of programmes from the outset based on clear objectives and intervention logics on the basis of a limited number of indicators suitable for co-operation and allowing for meaningful presentation of results and impact using both quantitative and qualitative methods.
- Cooperation at external borders: Lack of coherence in funding instruments still poses considerable problems. Examination of reasons for significant delays in ENPI cross-border programmes; closer integration of EDF funding to facilitate cross-border co-operation for outermost regions, and improved delivery mechanisms in relation to instrument for pre-accession IPA.

What adjustments to the delivery system for ETC programmes could be realistically made in order to ensure a smoother, simpler and more proportionate approach? What forms of audit and control would best suit cooperation as distinct from other Structural Funds programmes? How can the specific challenges to external border cooperation be overcome?