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Lithuania's Reflections on the Future of EU Cohesion Policy
Follow-up of Public Consultations in Lithuania

The Fifth Report on Economic, Social and Territorial Cohesion presented the results of the use of EU structural assistance and launched the European wide discussion on the future of EU Cohesion policy. In Lithuania the aspects concerning the future of EU Cohesion policy were discussed at the Government and at the Seimas of Lithuania in the context of the EU budget review. Moreover, the report was discussed in a special event organized in Lithuania with the representatives of the European Commission, members of the Parliament of Lithuania, ministerial and media representatives as well as social, economic and regional partners. The main conclusions of these discussions are presented below.

Taking into consideration the role of EU cohesion policy in achieving the EU strategic goals and fostering solidarity among the EU Member States, also acknowledging its good results, the discussants stressed that this policy should be implemented in all EU regions by giving priority to the least developed ones (Convergence regions). In this regard, indicator of GDP per capita, as compared to the EU average, should remain the prime criterion in defining the least developed EU regions. Even though GDP per capita criterion is not an ideal one, because it does not reflect all aspects of development, but today it is the only one indicator which gives the possibility to compare the achievements of EU Member States under the same methodology. Of course, all other relevant indicators should be taken into account when preparing programming documents.

It was agreed that all the current EU cohesion policy objectives – Convergence, Regional Competitiveness and Employment and Territorial Cooperation – are justified and should be maintained in the future. What concerns the Territorial Cooperation objective, it was concluded that all three strands of it (cross-border, transnational and interregional cooperation) should also remain. Considering the international nature of territorial cooperation and its' implementation methods, it would be useful to have specific rules for this objective, which could be set down with more active participation of the European Commission, especially in the field of eligibility of expenditure. Moreover, it would be worth

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to consider the possibilities of harmonising the implementation rules for the cross-border cooperation under the Cohesion policy and under the European Neighbourhood and Partnership Instrument.

The participants of the discussion also noted that Lithuania is actively implementing the European Union Baltic Sea Region Strategy. Even though at the moment it is too early to evaluate the results of the Strategy because its' implementation has just gained the impetus, the participants expressed their belief that the macro-regional strategies have an exceptional potential to contribute to the implementation of EU Cohesion policy goals and therefore they should be taken due account in the future.

It was stressed that EU cohesion policy may and should contribute considerably to the implementation of all Europe 2020 strategy priorities – i.e. smart, sustainable and inclusive growth. The participants of the discussions supported the Commission's proposal to adopt a Common strategic framework outlining how each EU policy and relevant financial instrument should contribute to the implementation of each objective and flagship initiative of the Europe 2020 strategy (identifying investment priorities and targets of each policy area and financial instrument, accordingly).

It was noted that in order to increase the impact of EU and national investments, coordinated implementation of different policies pursuing similar goals should be ensured. This could be achieved not only by introducing the Common strategic framework, but also by integrating planning systems of policies, having similar objectives, as well as by optimising the number of strategic planning documents and reports.

The number of priorities to be financed should differ according to the development level of the region, i.e. regions under the Convergence objective should have an option to finance more priorities than the ones under the Regional Competitiveness and Employment objective. Flexibility of EU cohesion policy should also be ensured by giving EU regions the possibility to allocate the certain part of their EU cohesion policy resources to finance their regional development priorities that do not necessarily contribute to the main objectives of the Europe 2020 strategy, but are vital in the context of the fundamental goal of the EU cohesion policy, enshrined in the Treaty, i.e. promote economic, social and territorial cohesion among EU regions. For instance, for Lithuania, as a Convergence region, the investments into the development of the basic infrastructure will remain important after 2013.

The participants of the discussions stressed the importance of focusing the European Social Fund (ESF) investments to securing the Europe 2020 strategy priorities that are closely linked with the objectives of

the European Employment Initiative. Also, while seeking for the greatest possible integration of the EU policy planning processes, their synergy as well as higher impact and added value of the ESF investments, it was considered that after 2013 ESF should remain an integral part of EU cohesion policy. As regards question presented in the Report on the predictable financial volumes of the ESF, it was argued that the distribution of resources among priorities and thus among the different Funds has to be decided by the Member States and regions in partnership with the Commission taking into account particular contexts.

Structural and institutional reforms that are implemented by strengthening the administrative capacity, improving the public services, reducing administrative burden, etc. are necessary for the effective use of the EU structural assistance. According to this, ESF investments in administrative capacity building should be maintained as an important part of the development of human resources, especially, in the less developed regions. Moreover, the continuity of administrative capacity and management and control structure were emphasized as highly important for building upon acquired management experience and knowledge.

During the discussions it was stressed that the greatest possible orientation of EU cohesion policy towards results is needed. It was proposed that this could be achieved by allocating EU structural assistance to a limited number of priorities; simplifying and harmonizing the rules of implementation including audit and control arrangements among different funds and taking better account of proportionality; improving the quality of indicators; and establishing a common list of core indicators at EU level, which would enable to compare the implementation of EU cohesion policy in the EU Member States and contribute to making the results of EU Cohesion policy more visible to EU citizens.

Every programming period brings some new EU structural funds implementation methods, which are tested practically and if their value added is proven by good results and positive evaluations, they are considered as having a good perspective in the next programming periods and other regions. In this context the novelties of the programming period of 2007–2013 such as financial engineering, lump sums, flats rates and standard scales of unit costs seem to have served their purpose and should be applied more broadly where appropriate in the future.

Considering that sometimes EU Cohesion policy implementation becomes slower not because of the projects or the planning process, but due to the related structural conditions, the proposal to implement respective structural preconditions was supported. But it was outlined that these preconditions should have a direct impact on the effective EU Cohesion policy investments and should not complicate the


programming process, should let to start the implementation in time and should not “punish” the regions due to the misconduct of the Member state. Moreover, additional analytical contribution of European Commission would be very welcomed in this new field.

In the opinion of the discussants, setting aside a share of cohesion funding in a performance reserve, allocated on the basis of the progress made by the Member States towards Europe 2020 objectives, would stimulate a more rapid absorption of EU structural assistance at the expense of the objectives pursued and would encourage to choose less ambitious ways of achieving the Europe 2020 objectives. Besides, it would be difficult to set objective criteria for allocation of the aforementioned reserve due to very different plans of the Member States for the achievement of the Europe 2020 objectives – e.g. not all the objectives will be implemented straight at the beginning of the programming period, moreover, the results of the investments are visible only after a certain period of time and depend on the factors specific to particular regions.

As regards the implementation of EU cohesion policy, further simplification and wider application of the principle of proportionality were widely supported. In the context of the simplification it was noted that the multi-fund approach should be brought back to the programming process, because the principle of “one fund – one programme” applied in the current programming period did not simplify anything but just burdened the programming process and introduced the unnecessary “cross-financing” calculations.

All in all, the participants of the discussions welcomed the Fifth Report on Economic, Social and Territorial Cohesion and we believe that the results of the discussions presented in this letter would make a valuable contribution to the debates on the future of Cohesion policy which is of high importance for our country.

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