

Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy

Contribution by Spanish ESF Operators

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

Spanish ESF operators welcome the correlation between the Common Strategic Framework (CSF), the development and investment partnership contract setting the investment priorities and the Operational Programmes (OP), which could prove an efficient approach, through an appropriate governance, to bring the EU2020 Strategy closer to the national arenas at all levels.

Having said this, it is important to acknowledge that clear and measurable OP targets contributing to national targets in the framework of the EU2020 Strategy would need to be accompanied by proper indicators.

General indicators at EU level, to be translated into national indicators by Member states, are deemed necessary in an attempt to enhance OPs' successful implementation and contribution to the EU2020 objectives. Indicators should reflect specific regional needs (for instance in terms of human resources), specific and global impacts (linked to overall objectives); results (reflecting immediate effect on beneficiaries); and outputs (that refer to activity, and are connected with the operational objectives). These should be much wider than the GDP criterion and easy to measure.

It is of outmost importance to maintain and enhance the pluri-regional programmes that generate strong partnerships and tackle intraregional disparities while guaranteeing sustainable interventions across the territory.

Reinforcing horizontal as well as vertical coordination of Managing Authorities with different stakeholders will contribute to increase effectiveness of Cohesion Policy and better achieve EU2020 objectives.

When it comes to the categories of expenditure, those linked to employment, social inclusion and accessibility for vulnerable groups, in line with the Integrated Guidelines and EU2020 Flagship Initiatives, should be earmarked and made binding. These mechanisms should contribute to enabling an Inclusive Europe, an EU explicitly recognized dimension of the EU2020 Strategy.

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

The scope of the development and investment partnership contract should be focused on Cohesion Policy only, while incorporating other policies and financial instruments that are connected with Cohesion Policy. The focus of the partnership contract should be flexible but remain targeted to cohesion policy objectives contributing to the success of the EU2020 Strategy.

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

Spanish ESF operators find that the recommendations of the Commission's conclusions on the future of the cohesion policy are interesting and should be further explored.

In the first place, legal clarity is very much needed. All thematic priorities, stemming from the Integrated Guidelines and the EU2020 Strategy flagships, should be clearly mentioned and explained in the Cohesion Policy Regulations. In this respect, expenditure categories should be explicitly recognized in the spirit of Annex IV to (current) Regulation 1083/2006 (as referred to in Article 9(3)).

Cohesion Policy should be fully aligned with the objectives and priorities of the Europe 2020 Strategy. In accordance with the key priorities of smart, sustainable and inclusive growth established by the Europe 2020 Strategy, social inclusion constitutes one of the EU's core policy priorities. Accordingly, social inclusion should be considered a horizontal priority for all EU funds, not only the ESF.

In any case, priorities linked to employment, social inclusion and accessibility for vulnerable groups should be made binding. It is understood that national policies cover these priorities erratically and, on many occasions, insufficiently.

Ring-fencing expenditure for vulnerable groups should be applied, especially considering the potential vital contribution of these groups to the EU2020 Strategy's objectives. Social innovation and other targeted interventions to reach the 'hardest to reach groups' should be promoted and adequately financed across all EU regions. Cohesion Policy should not only have a more inclusive approach, but explicitly refer to targeted actions towards the most disadvantaged groups disproportionately affected by social exclusion and discrimination.

The pluri-regional approach of Operational Programmes are an asset to respond to specific economic, social and territorial needs, therefore dealing with intraregional disparities affecting specific groups in the labour market.

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

Conditionality provisions creating incentives for reforms should include areas such as the reduction of social exclusion, which should be cross-cutting to all thematic priorities in all EU regions. Compliance with these rules should be monitored by the evaluation process and checked in payment claims.

When it comes to the financial sanctions and incentives linked to the Stability and Growth Pact, more clarity is needed as regards the impact on end beneficiaries. The European Commission must clarify how potential suspensions or cancellations of EU funds to Member

States would not compromise the funding certainty of EU projects. This is an area of major concern for Spanish ESF operators.

Spanish ESF operators moreover adhere to the Performance Reserve initiative and call on a system of incentives for good practices and successful programmes.

Intensifying the coordination of EU Funds at national and European level will surely increase effectiveness of Cohesion Policy, facilitate an integrated approach of actions and achieve greater impact.

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

A successful result-oriented policy lies mainly on the right approach. The interrelation between the CSF, the partnership contract and the OPs should be governed by relevant specific targets and useful output and result indicators, which can make interventions measurable and comparable at EU level. These indicators should allow for a final assessment to measure progress made and impact on specific target groups (Roma, people with disabilities, migrants, etc.). At the same time, OPs should incorporate a result-oriented logic, as it is the case of the Spanish ESF OP 'Fight Against Discrimination'. Intermediate and impact evaluations are necessary to measure ongoing performance and results.

Moreover, enhancing the partnership principle can help leverage additional resources from other public and private sources, thereby contributing to a more efficient implementation of the EU funds.

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

Actions implemented concurrently at the national and local levels have proved to achieve a greater impact. The involvement of local and regional stakeholders is an opportunity for combining action levels; but Structural Funds become real policy instruments just when actions implemented at the local level have a national strategic design.

Legal clarity is also needed in terms of local and regional stakeholders' involvement. Guidelines and minimum requirements for their participation should be incorporated in the General Regulation and be therefore applicable to all Structural Funds. In this context, the role of NGOs should be recognized and enhanced.

The implementation of the partnership principle should also be structurally monitored by joint efforts by the European Commission, the Member States and the organized civil society.

Increased funding for technical assistance should also be considered.

Other practical means for strengthening the partnership principle could be the establishment of global grants. Regional Programmes could be moreover asked to include budget lines for small and targeted projects led by local actors in the territory, in the spirit of the former Community Initiatives.

- *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?*

A unique audit system that reflects a clear understanding of the national funds' operational rules is of outmost importance in order to reduce the administrative burden and ensure an efficient financial control. Whether the management and control role relies either on the Member State or an accredited body, rules should be clear in advance for all the parties involved. The Commission's role should be focused on assessing the correct implementation of those controls, according to the established rules.

In any case, it would be advisable that both national and European Commission (EC) audit authorities signed a 'trust agreement', and that third party audits were considered valid. Otherwise, Member State - EC joint audits would be recommended.

The audits should be adapted and proportionate to both the size of the projects and the nature of the eligible activities for each of the funds.

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

Common rules should be adapted to each fund, in particular when it comes to audits. Difficulties emerging from the current programming period relate, to a large extent, to the application of rules for eligible projects under one of the funds, which are disproportionate to the other fund. For instance, on the spot verifications for projects relating to infrastructure are easier to manage, whereas on the spot verifications for training courses or courses of various kinds addressed to people are more difficult. This is because these verifications take place even before the payment of invoices that justify the expenses.

Clarity of the rules is as important as the stability of the interpretation of the rules. When the subsidiarity principle applies for Member States to establish the eligibility of the rules, they should also be the ones managing the impacts of this interpretation. The Commission could issue examples of case law regarding the eligibility of expenditure of operations, which would be very useful for the Managing Authorities, the auditors and the project operators.

Clearer rules for funds' complementarity are needed, in particular to encourage integrated approaches that are crucial to some cross-cutting areas, for instance the fight against social exclusion. Article 9 of the ERDF Regulation (1080/2006) is a good example in this respect.

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

More and better evaluation is required to ensure financial discipline, while ensuring the right flexibility for the OPs to achieve results. In particular intermediate evaluations should be a focus, given that this programming period has not utilized these evaluations.

The application of the automatic decommitment rule has been very useful to avoid funds' losses, and should be maintained. However, it should be applied at programme level and not at priority axis level, which sometimes leads to spending the money on projects without any added value (misuse of the funds).

Financial rules for areas in transition should also be reviewed. Despite the fact that some regions should be under this transitional scheme, the scheme should be based on an even distribution of the amounts across the programme's life cycle. Currently, larger amounts are allocated during the first year, with an abrupt reduction of the funds in the last three years. This creates difficulties in the management of programmes, which require a more constant financial support in each of the years, while the aid gradually (and naturally) reduces towards the end of the programming period.

- *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 the ESF and to focus it on securing the 2020 objectives?*

As a financial instrument for supporting employment and promoting economic and social cohesion, the ESF will play a pivotal role in involving vulnerable groups in the achievement of the EU2020 Strategy.

It is clear that the ESF could be strengthened through enhancing Cohesion Policy thematic priorities linked to employment, social inclusion and accessibility. These priorities should be binding and reflected in clear investment categories under the General Regulation.

At the same time, these intervention areas should be subject to conditionality of funds for Member States, while incentives should be studied for OPs dealing with social innovation and tailored approaches to the 'hardest to reach groups'. In this respect, pluri-regional OPs entail huge added value as they operate on the basis of the territorial distribution of exclusion and poverty.

Ring-fencing funds for vulnerable groups and other targeted measures, including financial lines to promote the involvement of local actors, should clearly strengthen the ESF's role and contribution to the 'inclusion' dimension of the EU2020 Strategy.

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

The recognition of a new intermediate category of regions is very much welcome by Spanish ESF operators. This category should be governed by specific thematic priorities that, in the context of the EU2020 Strategy, reflect regional needs, in particular as intraregional disparities and key areas of investment for competitiveness and growth are regarded. These priorities should be guided by economic and social indicators that complement the GDP information and assist the regions in the process of economic crisis recovery.

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