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Cohesion Policy 2014-2020

Summary of SALAR standpoints

- SALAR (Swedish Association of Local Authorities and Regions) shares the Commission's view of the importance that the cohesion policy reflects the Europe 2020 Strategy and the underlying ambitions that are contained in the regulations. These comprehend coordination between policy areas, multilevel governance, simplification, clearer focus and results as well as monitoring and learning from experience.

SALAR considers that a concerted approach to the Structural and Cohesion Funds should be accompanied by a more concerted implementation organisation at the national level. The Association is also of the opinion that preconditions should be created for a decentralised administrative responsibility across the structural fund programme.

SALAR considers that regional/local authorities should be actively involved in the formulation of the partnership agreement between the Commission and the Swedish government.

SALAR welcomes the focus of the Social Fund on strengthening competence and skills and on conditions enabling individuals to enter the employment market. It also considers that there are grounds for increasing the share of these funds in Sweden. It is most important that the Social Fund programmes are applied in a more flexible manner than has been the case during the current period.

SALAR, in principle, is positive to a theme-based concentration of the strategic goals of the Regional Funds where regional development is concerned. It wishes, however, to emphasise the importance, in this context, that all parts of the country must have the possibility of utilising funding from all existing funds.

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SALAR welcomes the proposal concerning locally led development but believes that additional clarifications need to be made concerning what this method would imply in a Swedish context.

SALAR views with interest the proposals for financing instruments intended for the regional and local levels; however it believes that these should be investigated thoroughly.

- SALAR welcomes proposals concerning more cross-border territorial collaboration and wishes to underline the link both to the Objective 2 programme (Regional Competitiveness and Employment) and to macro-regional collaboration/Baltic Sea Region Strategy.

Commission's proposals for Regulations

This statement deals with the following regulations having special significance for Sweden's local authorities and regions:

- Proposal for a regulation of the European Parliament and of the Council laying down common provisions. . . 2011/0276 (COD)
- Proposal for a regulation of the European Parliament and of the Council concerning European Social Fund initiatives. . . 2011/0268 (COD)
- Proposal for a regulation of the European Parliament and of the Council concerning the European Regional Development Fund. . . 2011/0275 (COD)

Proposal for a regulation of the European Parliament and of the Council concerning the special provisions for support from the European Regional Development Fund on behalf of the objective of European territorial cooperation... 2011/0273 (COD)

Introduction

The end of 2013 marks the commencement of a new seven-year period for the EU's cohesion policy. In this context, the structural funds are the tool of the European policy to counteract regional imbalances and to promote regional growth and employment.

In Sweden, the cohesion policy during the present period covers partly the eight regional structural fund programmes for regional competitiveness and employment (Objective 2), partly the national programmes of the social funds and partly thirteen territorial cooperation programmes (Objective 3 – cross-border, transnational and interregional). For the current period 2007-2013, Sweden has been allocated SEK 8.4 billion in EU funds for the Objective 2 programme, SEK 6.2 billion for the social fund programme and about SEK 1.3 billion for the Objective 3 programme, i.e. a total of almost SEK 16 billion or about SEK 2.3 billion per year.

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Even though implementation of the cohesion policy in Sweden, in general terms, has worked out quite well, SALAR has identified the need to make significant changes to achieve more effective multilevel governance. In order to strengthen the local, and regional ownership of - and responsibility for - the programme, the Association wishes to underline the importance of a strengthened role for local authorities in the formulation of the structural fund programmes as well as the regulatory framework and organisation. Such an arrangement would also promote the vital learning process at the sub-national (regional and local) level.

In recent years, the Commission has submitted a series of proposals intended to renew the content and implementation of EU development policy. During 2010, the Europe 2020 strategy was adopted, including the prioritisation of smart, sustainable and inclusive growth, with objectives set for EU policy for the coming ten-year period. It is proposed that the new cohesion policy be based on the priorities inherent in this strategy.

The proposal for the new long-term EU budget 2014-2020 was presented in the summer and the proposal for new structural fund regulations for the same period on 6th October this year.

In the following, SALAR adopts a standpoint on a number of central and, for our members, important aspects of the Commission's current proposals. The statement shall be seen as an approach to the Swedish government in the run-up to the negotiations within the EU as well as with a view to the coming planning and formulation of the cohesion policy in Sweden itself.

Standpoints of the Association

General focus of the cohesion policy

SALAR shares the Commission's view in principle on the importance for the cohesion policy to be linked with the policy objectives of Europe 2020 in order to underline the added European value of its operations and to achieve the desired for results from these operations.

Even though Sweden in the EU has adopted a restrictive budgetary approach, SALAR is working to persuade the Swedish parliament and government to support the Commission's proposal for a continuing strong European regional policy. This policy shall offer all of Sweden the possibility of participation in some form – not only in terms of cross-border projects or in thinly populated areas.

SALAR also shares the Commission's fundamental ambitions in formulating the cohesion policy for the coming period, in respect of which the Association wishes to highlight the following particularly

- the need to achieve better coordination between different components of the cohesion policy, such as programmes for rural development and research
- more multilevel governance
- simplified administration

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- pressing need to clearly focus the inputs and to deliver results with emphasis being laid on monitoring and evaluation at all levels on the basis of the overall programme and component projects.

Common Strategic Framework

The Commission proposes a Common Strategic Framework (CSF) for the Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund. Within such a framework, the objectives (for smart, sustainable and inclusive growth) shall be translated into key measures for the respective funds concerned.

In order to facilitate coordination across different sectors and territories for these different inputs, the strategic framework shall specify the principal support areas, territorial challenges and prioritised areas.

The Commission is of the opinion that it should be possible to combine support from different funds in joint operational programmes. The Commission also proposes measures for member countries to bring about a more integrated implementation organisation for these funds within the common strategic framework. These could take the form of joint organisational control, evaluation and project management procedures.

SALAR considers

- that a concerted management of the relevant funds should facilitate the desired for coordination, not least between programmes in regional development and social funding respectively. Furthermore, SALAR welcomes the fact that the Agricultural Fund for Rural Development is handled within the same framework as the structural funds themselves. Rural development should be seen as an integral part of regional development and in principle also led by those institutions that have responsibility for regional development issues.

However, in order for proper coordination to be implemented in practice, it is important to clarify the priorities for the respective fund more clearly than is currently the case in the Commission's proposals. SALAR, once again, is keen to point to the gains to be derived from a more concerted administrative structure at the national level for the funds concerned. Such an arrangement would imply both tangible synergy gains and the streamlining of processes for local authorities in Sweden as well as for other applicants and project stakeholders. It would also open up possibilities for strengthened integration between urban and rural areas. Moreover, it would contribute to an enhanced and necessary coordination of the inputs at the national level and open the door to regional organisations assuming the role of administrative authority.

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Partnership agreements

Partnership agreements shall be established by member states together with partners in accordance with the principle of multilevel governance, according to the Commission. Partnerships shall comprise the “authorised local and regional authorities, business and labour market organisations as well as representatives of civil society”. In these agreements, the priorities set at the national level shall be broken down into more concrete goals and milestones to reach. Following assessment, the document shall then be approved by the Commission in dialogue with the member state.

The Commission shall also issue a European code of conduct in order to stimulate the national partnership “to participate in the drawing up, implementation, monitoring and evaluation of the partnership agreements and the programmes in a consistent manner”.

SALAR considers

- that the partnership agreement between the national and regional/local level can be a way of further strengthening the local/regional influence and strengthening participation at the local level. SALAR also emphasises the importance of the partnership agreement being drawn up in far-reaching cooperation with local and regional representatives as well as representatives for the labour market parties (e.g. unions and employer organisations). In this way, the agreement’s legitimacy will be assured and it can then serve as a positive expression for multilevel governance where the responsibility for accomplishing the objectives that are set is shared by all the parties concerned.

Increased allocation to the Social Fund

For a more developed nation such as Sweden (and generally for Objective 2 regions), it is proposed that the Social Fund in future shall constitute at least 52% of the country’s total Structural Fund budget. During the present period this figure amounts to only about 42%.

SALAR welcomes

- the clear focus of the ESF on countering social marginalisation through the development of competence and skills and by establishing preconditions for individuals to get a foothold in the employment market and strengthen their position there. Furthermore, the proposed + 20 % priority allocation to counteract marginalisation is a clear marker of which target groups must be prioritised in the coming period.



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SALAR considers that there are reasons, during the coming period, for Sweden – bearing in mind the economic situation and high youth unemployment with the risk of long-term marginalisation – to make greater investments in relative terms, than has occurred until now, within the framework of the Social Fund.

The work to prevent young people dropping out of school is particularly important in order to avoid the negative socio-economic consequences that arise subsequently. Such measures are not only an investment in the young people themselves but also in the future welfare and social cohesion of Sweden and the EU. It is consequently an essential feature of the work of implementing the living standard objectives of the EU 2020 strategy.

It must also be possible for the proposed increase in the share of funding for the Social Fund to be utilised for competence and skills development (human capital) amongst broader occupational groups and sectors - in line with the adjustment which the thematic concentration within the Regional Development Fund points to. It is also essential that co-financing is facilitated in such a way in the implementation process that all those groups that are removed from the labour market are given the opportunity of benefitting from the Fund's inputs. One target group in this respect are those persons with different forms of functional disability.

At the same time, SALAR is keen to underline that needs across Sweden vary in intensity and inputs from the Regional Development Fund and the Social Fund may need to be weighted differently on the basis of regional differences. It is also most important that Social Fund programmes, due to possible fluctuations in the employment market for example, shall be able to be applied more flexibly than has been the case during the current period.

Concentration on thematic objectives within the Regional Development Fund

In order to become more results-oriented, it is also proposed that the Objective 2 regions, over and above the existing focus of the Social Fund goals on employment, focus their activities (to 80 per cent) solely on a few theme-based objectives/priorities i.e. renewable energy and energy efficiency, preconditions for small and medium-sized enterprises as well as on behalf of R&D.

SALAR is

- positive, in principle, to a concentration on certain key input areas – in Sweden with a focus on conversion to a greener economy and knowledge-driven, innovative and more small-scale enterprise development. However, in order for activities to be perceived as relevant and indeed essential there should also be real



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scope for the regions to set their own priorities. It is only thus that, in the structural fund programmes, it will be possible to fully benefit from the ambition, energy and potential that find expression in the future-oriented regional development strategies.

SALAR, once again, wishes to highlight how important it is that all parts of Sweden have the opportunity to utilise the resources from all available funds. Thematic concentration like the main emphasis on social funding must not become an obstacle to broad needs-based development work, locally or regionally.

Special conditions (conditionality)

The Commission proposes that five per cent of every country's funding shall be used as a 'result-based reserve' from which funds shall be disbursed only to those programmes that have met the objectives and time plans set.

SALAR considers

- that such conditionality may contribute to unnecessary bureaucracy and monitoring activity – and moreover serve to downgrade projects aiming for ambitious and innovative goals in favour of those that are easier to accomplish.

Locally led development

The Commission proposes that within all programmes it shall be easier to initiate projects centred on locally led development that transcend specific sectors and that are based on local development strategies. This is a method that derives from the work with the Leader programme. This method shall also be applied to cross-border programmes.

In line with this proposal, the member states themselves shall determine if they wish to make use of this method and, where this is the case, also stipulate the criteria for selection of the local development strategies. Such strategies must then be approved by the end of 2015 at the latest

It is local action groups which shall draw up and then implement the local development strategies. However, it is the member state "that stipulates which role the local action group and the authorities that are responsible for the implementation of the relevant programmes shall play in connection with implementation of the strategy." In an action group neither the public sector nor any individual interest group may have more than 49% of the votes.

SALAR considers

- that the proposal on locally led development, with its clear bottom-up perspective, could provide welcome additional scope for the local level (even the municipal

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district or village community level) to become involved in important development projects.

Additional analyses, however, are required to clarify in which contexts a locally led development would be especially justified. There is also a need for far-reaching discussion concerning the management of such a project – as regards role and responsibility allocation, possible priorities, forms of audit (review).

SALAR assumes that the government will consult with the Association concerning the possibility of using this method in Sweden and also concerning the formulation of the criteria that, in such a case, would apply to the selection of local development strategies.

Financing instruments - revolving funds

Besides grant funding, the Commission proposes that financial support to enterprises and projects expected to deliver substantial economic returns shall mainly be provided through so-called financing instruments, *inter alia* so-called revolving funds. Revolving funds are funds formed to finance investment projects for certain purposes, where a part of the return on the investment goes back to the fund and can then be used for similar projects.

This form of financing has only been used to a certain extent at the regional level in Sweden ('Jeremie light').

For the next programme period, the Commission wishes to simplify its utilisation *inter alia* through the formulation of 'turnkey solutions at the EU level', with 'clearer rules' that enable utilisation for 'all types of investments'.

SALAR views

- with interest the Commission's proposal relating to use of innovative financing instruments such as 'Jessica' and 'Jeremie'.

The Association states, however, that this financing solution, so far as Sweden is concerned, has been shown to be difficult to utilise. The explanation for this is that there are different opinions regarding the legal scope offered to Swedish municipalities for such an arrangement. Furthermore, it has been difficult to evaluate the model in economic and administrative respects

Against this background, the Association believes that it is necessary to acquire further knowledge concerning the use of this type of solution, which ostensibly may contribute to EU financing being used to more strategic effect. In light of

the Commission putting forward this type of financing, it is essential, during the next programme period, to secure the legal prerequisites so that in Sweden, too, it shall be possible to utilise this form of financing where it is appropriate.

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SALAR wishes to point out that determination of the form of financing must be based on a local or regional appraisal. The simplified financing instruments must be able to be used both in regional and local development work.

SALAR also sees a need for a higher level of microfinancing and seed financing. Bearing in mind that it is not always simple to find good objects for this type of investment, Sweden has nevertheless made serious endeavours in this respect during the current programme term. The argument concerning revolving funds is based mainly on investing in very large companies with large loan requirements. It is important to achieve a proper balance between these requirements and interests.

Indicators for programmes

The Commission proposes common European indicators for programme activities within the Regional Development Fund, the Social Fund as well as for Territorial Cooperation Programmes. The purpose of these indicators is to better illustrate the results as well as impact of the measures undertaken. The indicators shall start from a 'base-line' and the goals to be achieved shall be established up to the year 2020.

SALAR's view

- The Commission's proposal is in line with SALAR's previously established view concerning a future cohesion policy that is both more results-oriented and better co-ordinated. The effects of this policy must be able to be described and measured better and, to this end, there is a need to design a relevant indicator system on the basis of a given starting point for all regions in Sweden. SALAR is of the opinion that flexible procedures must be worked out in such a double reporting system wherein both results and outputs shall be reported, in order thereby to avoid excessive administration and extra work.

Sustainable development in the cities

The Regional Development Fund, according to the Commission, shall support sustainable development. At least 5% of the regional fund's overall funding at the national level shall, according to the Commission's proposal, go to urban development work. The Commission wishes to allocate an additional 0.2% of the regional fund for 'innovative measures' within sustainable urban development.

The Commission also wishes to prepare a special urban development platform for 'sustainable urban development', comprising a maximum of 300 cities in Europe and a maximum of 20 cities per member country. Each member state, in its partnership agreement, shall draw up a list of these cities in which integrated measures for sustainable urban development shall be carried out. An annual grant shall also be disbursed to these cities.

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SALAR welcomes

- this initiative concerning an issue where Sweden lacks an explicit policy. However, it is doubtful that a specific percentage should be indicated for this purpose. Furthermore, the Association believes that the list of towns and cities to be drawn up for participation in urban development work must be based on an indication of interest on the part of the urban areas concerned to participate in a European context. SALAR assumes that the Association has the possibility, together with representatives for the towns and cities interested, to discuss the specific forms of such participation with representatives of the Swedish government.

Working methods in strategic programme planning

The Commission proposes that it shall be possible to draw up joint action plans in the local and regional project work. These plans shall describe inputs that cover a group project that forms part of an operational programme, with specific goals, result indicators and outcomes established by the member state and the Commission. The action plans shall have a simplified administration and control system which is focused on results. The EU funding shall be payable mainly on the basis of demonstrated results rather than the project's actual incurred costs.

SKL welcomes

- this complementary 'bottom-up' model in the form of a results-based framework project. Such a working method can facilitate, at the local and regional level, cross-sector programmes with significantly streamlined reporting procedures.

The Commission also puts forward the possibility of instituting so-called Integrated Territorial Investments (ITI). Where a strategy for urban development or a territorial innovation strategy demands an integrated cross-sector approach, with actions within more than one priority area in one or more operational programmes, such measures could be implemented in the form of an integrated territorial investment. Different funds with a common theme may thereby be utilised in a more coherent way between regions or groups of municipalities and even in cross-border collaboration. It shall be possible for ITI to be used directly by the public administration concerned or be delegated to an intermediary.

SKL views

- in a positive light, this supplementary facility for groups of local authorities (municipal and regional) to work in a cross-sector and holistic manner in relation to a specific set of issues. According to this proposal – which however requires further clarification – member states shall be able to mandate local authorities or regional development bodies to assume complete responsibility for the administration of such integrated development work.

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Territorial cooperation and macro-regions

The challenges that the EU member countries and regions now face increasingly cut across national and regional boundaries. Such challenges, in turn, frequently call for cross-border collaboration to achieve the desired results. With a view to the future cohesion policy period, the Commission has therefore presented a separate proposal for regulation of this territorial cooperation. The goals and priorities for this territorial collaboration shall follow on from the objectives of the Europe 2020 strategy and activities in this respect can be integrated with other programmes. The Commission also explicitly states that transnational collaboration shall be enabled to apply for financial support on the basis of the link to macro-regional strategies, such as the Baltic Sea Region strategy. This strategy too shall be adjusted to the EU 2020 objectives and thereby become even more clearly linked to what is happening at the regional level.

The Commission also retains in its proposal the possibility for cross-border collaboration within the framework of the structural fund programme in Objective 2, something that until now has been utilised only to a modest extent in Sweden's regions during the current programme period.

SKL welcomes

- The Commission's proposals wherein territorial cooperation is seen as an integral part of the work of regional development. The Association wishes to concur with the description of cross-border exchange as being exceptionally valuable for the development of Sweden and the EU as a whole. It wishes to underline the importance of the territorial collaboration during the next programme period being closely tied to the structural fund programme within the Objective 2 work, as well as to the preparation of the programme and the precise programme formulation.

The proposal that the Baltic Sea Region Strategy acquire a more far-reaching role in influencing decisions as to which programmes and projects shall be launched is also a positive one. This opens the door to the strategy being developed into a vital, supplementary steering document for collaboration in the Baltic Sea Region.

Sveriges Kommuner och Landsting

[Swedish Association of Local Authorities and Regions]