



REGERINGSKANSLIET

Government Offices  
of Sweden

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## Swedish Government's contribution to the Commission consultation on the 5th report on economic, social and territorial cohesion: The future of cohesion policy

### Key messages

- The main goal is that cohesion policy needs reform, primarily in total volume in order to be reduced and also in composition
- Cohesion policy spending should be focused on those parts of the union most in need
- Concentration on key priorities contributing substantially to the achievement of the objectives of the Europe 2020 strategy
- National co-financing rates should be increased
- Review of level of capping of member states allocations should be considered
- A continued need for targeted provisions to reflect the specificities in the extremely sparsely populated areas in northern Europe
- Territorial cooperation should be given continued priority
- Where they exist, macro-regional strategies should be taken into account in all cohesion policy programmes
- A result oriented and cost efficient cohesion policy
- Simplification concerning implementation and control

We live in a time when major societal challenges have come to dominate the political agenda of the EU, such as financial crisis, climate change, energy and resource scarcity, health and ageing. We also live in a world where resources are scarce and where many member states face severe fiscal constraints. This calls for all EU policies to be ever so efficient and effective, and to provide European added value. This also applies to the EU cohesion policy, which should focus even more on the Treaty bound ob-

jectives of economic, social and territorial cohesion throughout Europe.

Cohesion policy therefore needs reform both in composition and volume, and further efforts should be made to meet the challenges and strengthen the competitiveness of the EU. While acknowledging the widespread support for a cohesion policy covering the whole of EU, Sweden considers that cohesion policy funding should be focused on those parts of the union most in need reflecting relative wealth. This would have positive effects for the development of Europe as a whole. To this end Sweden does not support the idea of introducing a new intermediate category of regions. Possible transitional measures should be limited in scope as well as in time. Territorial cooperation should be given continued priority both at cross-border and transnational level.

A cohesion policy for smart, sustainable and inclusive growth, with a strategic approach

Cohesion policy should be designed in such a way that it contributes to the achievement of the Europe 2020 Strategy objectives, notwithstanding the Treaty bound objectives to strengthen economic, social and territorial cohesion in Europe.

To achieve this, there is a need for a strategic framework at EU-level that clearly translates the Europe 2020 Strategy objectives into the cohesion policy and defines how the cohesion policy can contribute to their fulfilment. Sweden welcomes a common strategic framework for all cohesion policy funds, the fishery fund and the rural development fund in order to reach synergies and reduce problems of overlapping between the funds.

Sweden is at this early stage not convinced of the advantages of having a development strategy at national level solely within the National Reform Programme (NRP), as the NRP will connect only to the Europe 2020 Strategy and not to any specific strategic frameworks for the funds. In our view today's system, with National Strategic Reference Frameworks, has worked well, and lessons should be learned before any change is made.

There is now a window of opportunity to take an important step in line with Europe 2020 strategy, by combining the intentions of the flagships, for example “Innovation Union” and “Agenda for new skills and jobs”, with the future cohesion policy.

It is important that Europe focuses its resources on the main challenges it is facing. Cohesion policy measures can contribute to achieving a more innovative Europe and to a sustainable society based on green and inclusive growth. We need to facilitate innovation, research and education and stimulate regional growth by supporting the development of creative environments for SME:s and the design of regional innovation systems. We also need to further develop the synergies between different EU instruments and the interplay with national funding.

The cohesion report shows that even though women generally have higher levels of education than men, this has not yet led to more equal employment in the regions of Europe. Creating more jobs is a matter of fairness and a prerequisite for cohesion. We need to increase labour supply, reduce and prevent social exclusion from the labour market and provide equal opportunities for women and men to participate. Focus should be on those furthest away from the labour market, such as young persons, immigrants, older workers and persons with disabilities. We need to make use of the full potential of the work force. This will among many other things require actions to make it possible for women and men to combine work with family and private life.

The outline and content of the proposed development and investment partnership contract is still unknown, but it will presumably contain the conditionalities and incentives for effective implementation. Even if it would be desirable to have a maximum of coordination and synergies between all relevant policy fields both at EU and national level, one has to reflect about the practical feasibility of such a contract. There is a serious risk that negotiations about the contract could be lengthy, which may risk to delay the start of the cohesion programmes.

#### A focused and result orientated cohesion policy

Sweden sees a need for more visible and effective results of the cohesion policy as a whole. To accomplish this we must ensure an integrated approach in the implementation of the funds.

The present model where the funding split is decided through negotiation between the Commission and the member state should be retained, as it takes account of the special circumstances and needs of each member state. In order to have a more coordinated implementation different solutions should be considered, including the possibility of multi-fund programmes as an option.

Sweden considers that there is a need for concentration on a few key priorities, in order to get tangible results and to achieve European added value. The priorities could be stipulated in the regulations, where the convergence regions should be

allowed to have more priorities than other parts of the union. Member states should be able to choose among the priorities taking account of its special situation and needs and not be restricted to obligatory priorities.

Concentration on a few priorities must not make us lose sight of one of the most important aims of territorial cohesion and that is the cross-sectoral approach. There is a need for a close dialogue with and between major sector policies assuming that each sector policy can more efficiently meet its objectives if different territorial specificities are taken into account. Moreover cross-cutting aspects, such as gender, age and ethnicity, should be taken duly into account.

Sweden stresses the importance of showing results from cohesion policy interventions. However it has proved to be very difficult to measure and compare results in a fair and transparent way. There are several methodological challenges, especially when applied at EU-level given the differences between the individual programmes of the member states. Any conditionality must ensure fairness and transparency and should only be applied where there is a clear link to the cohesion policy itself and not to other policy areas.

A result oriented approach requires a continual learning process at all levels about what works and what does not. By promoting organized and continuous learning cohesion policy programmes can turn into a mechanism for knowledge based development processes supporting the sharing of experience and innovative practices with a view to create growth and jobs.

A performance reserve at EU-level could secure that projects and investments with a clear European added value are chosen. However, as mentioned above, it is difficult to measure and compare results. We also see a risk for more conservative and risk-averse programme management and project selection. Unless these risks are averted reinforced monitoring and evaluation, as well as continuous learning, would be a better way of strengthening the performance orientation of cohesion policy. Sweden considers that co-financing is one of the fundamental principles of cohesion policy, as it ensures ownership of the policy on the ground. We would therefore welcome a review of the co-financing levels. In our view, increasing the national co-



financing rates across the board would give member states an incentive for greater efficiency and would promote the selection of projects with the highest added value.

The European Council has stressed the need for future EU spending to reflect the efforts for fiscal consolidation in the member states. In line with this possibilities to revise the level of capping of member states allocations should be considered.

### Implications of territorial cohesion

With the addition of territorial cohesion to the economic and social dimension of cohesion policy in the Lisbon Treaty, there is a stronger mandate to put regions and territories at the heart of policy development. This should lead to a strengthening of the territorial perspective in policy design, in the coordination of different sector policies as well as a clearer mandate to develop multi-level governance.

Territorial cohesion implies, that a functional geographical perspective should be applied in all territorial development work. Sweden therefore emphasizes the importance of stimulating and taking advantage of the territorial potential of every region, especially regarding territories with particular geographical features. There is a continued need to develop targeted provisions to reflect the specificities in the extremely sparsely populated areas in northern Europe, taking account of the long distances, harsh climate and demographic challenges. In this regard we would like to refer to article 2 of protocol No 6 to the Treaty of Accession of Austria, Finland and Sweden, which in view of their specific constraints, was the basis for additional funding from the ERDF during the present period.

Sweden acknowledges that urban issues will continue to be addressed within the cohesion policy, but we would like to broaden the concept from merely the social and environmental challenges to also cover the role of cities and city regions as engines of growth and hubs of creativity and innovation. Their linkage to rural areas should also be highlighted. The current regulations are already able to take account of urban matters, and article 8 of the ERDF-regulation allows for a specific operational programme or priority axis for sustainable urban development. This possibility should be retained.

### Taking account of Macro-regional strategies

Along with the other countries in the Baltic Sea Region, Sweden has experience from the first Macro-regional strategy in the European Union - the EU Strategy for the Baltic Sea Region. Macro-regional strategies provide a strategic framework for areas of neighbouring countries sharing specific territorial challenges that would benefit from cooperation on macro-regional level. The strategies can thereby serve as a tool for joint prioritization across borders, sectors and administrative levels. This contributes to a more effective and focused use of existing community funding, including the ability to concentrate resources to Europe 2020 goals.

Where such strategies exist, cohesion policy should take a macro-regional strategy into account in all programmes, as should all relevant EU-funding, contributing to alignment of existing funding towards the most prioritized actions. Effectiveness and synergies in, and between, ongoing national as well as territorial programmes are thereby strengthened in an area covering several countries with focus on common challenges. As a consequence of the improved strategic coherence across borders, increased possibilities for all cohesion policy programmes to support cross-border actions should be facilitated in the next program period. This would further underline the importance of overcoming national borders as a hindrance to regional growth and development. It would also underline the European added value of cohesion policy programmes as effective tools for a reinforced cooperation across national borders.

### High priority to European Territorial Cooperation

The European Territorial Cooperation (ETC) programmes are increasingly important as Europe faces challenges that require joint actions beyond regional and national borders. ETC programmes provide an efficient framework for concrete projects in functional areas and they allow regions to jointly address environmental challenges, to boost innovation and develop alternative energy solutions without letting national borders be an impediment to growth. Thereby, ETC programmes bring European added value by enabling joint development projects across national borders.

Consequently, ETC should be a high priority in the next programming period and its share of the cohesion policy be increased. Further, in order to continue to strengthen the strategic value of ETC programmes, a closer connection to other cohesion policy programmes should be facilitated and encouraged. If so, ETC programmes could be more integrated in an overall strategic planning at all levels and in compliance with strategic priorities; thereby giving a qualitative and coherent contribution to regional strategic plans, macro-regional strategies and Europe 2020 objectives. All three strands should continue to offer different tools for integration across borders. In view of macro-regional strategies



the transnational strand should be strengthened and fully programmed to support the macro-regional priorities relevant to cohesion policy.

#### A well functioning governance system

Sweden would like to underline the importance of the principle of subsidiarity. Each issue should be dealt with at the level and in the territorial context that brings most added value.

The cohesion policy multi-level governance system and the partnership principle are both prerequisites for a successful implementation at all levels. The objectives will not be reached without the active participation of the regional and local level.

The importance of the partnership principle and of the involvement of stakeholders at different levels is well addressed in the present regulation, and also works well in many regions. Therefore, it is not a legislative matter if it does not work, but rather a question of implementation. It is up to the stakeholders at national, regional and local level to step up the efforts to reach real involvement in programming and implementation, in accordance with national rules and practices.

Sweden is in favour of a management and control system for the funds which takes account of the preconditions in each policy area. In light of the negotiation on the new financial regulation, Sweden would like an evaluation of the current system - and the possibilities for further simplifications - before a new system is proposed.

#### Further simplification needed

The potential for simplification lies in an as harmonized implementation as possible, while at the same time taking due account of obvious differences

in actions and length of the projects. There must be room for national solutions as well as keeping those parts of the system that have worked well, such as the compliance process. Real simplification should have an impact in particular on the beneficiaries on the ground.

The hierarchy of audits must continue to be distinct through the single audit principle (auditors rely on other auditors work). Compliance is a simplification as the Commission may rely on the work of national auditors and therefore avoid duplication of work. The single audit principle should also be applied at the EU level.

The proportionality principle is not sufficiently applied in relation to the size of the programmes. Real simplification in this area has therefore so far been limited, due to the problem of defining e.g. lower demands on control. We welcome that the report emphasizes the importance of not increasing the administrative burden and the costs for controls, but unfortunately we note that certain aspects of the new proposed financial regulation seem to go in the opposite direction.

There should be common rules for what follows from horizontal legislation such as public procurement, state aid, VAT etc. Certain other cost might also be considered and for the ETC-programmes it is absolutely necessary to have more common rules. The regulation must take account of the fact that ETC involves several member states, as this means complications for most parts of implementation (compliance, eligibility rules, role of authorities and the monitoring committee etc.).

As public procurement and state aid are areas that cause many errors and a heavy administrative burden for cohesion policy, it should be looked into how simplification can be reached and the rate of error decreased.



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