



Border, Midland & Western
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**Ireland's Regional Assemblies
Submission to the Consultation
on
the Conclusions of the
Fifth Report on Economic, Social
and Territorial Cohesion**

January 2011



Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union



European Union

European Regional
Development Fund

Summary of Key Points

The Assemblies:

- Support the continuation of an ambitious EU Cohesion Policy with territorial cohesion and regional competitiveness at its core, to enhance the potential of all regions and raise the competitiveness of the EU overall.
- Believe that there should be an extension of the National Reform Programme process through the Open Method of Co-ordination to assess Member States actions on territorial cohesion;
- Strongly believe Territorial Cohesion should be an explicit objective of the National Reform Programmes 2011-2013 to be submitted and approved in 2011;
- Advocate the continued utilisation of a clear definition of region-specific investment needs which avoids a broad-brush approach to Cohesion Policy development;
- Urge careful consideration of the *concept of conditionality* external to Cohesion Policy, which is regarded as an ambitious proposal and should not be developed without a careful appraisal of impact.
- Recommend that *incentives* should be based on delivering added-value from Cohesion Funding and should focus on output and result optimisation.
- Support the move to introduce a *results-based management* approach to monitoring performance. This could shift the focus away from financial proofing of projects to one where delivery and impact become the benchmark of success.
- Consider that in the current economic climate the main priority should be a focus on job and wealth creation through the stimulation of the European economy, programmes should be designed with this as a clear measurable goal.
- Expect that every effort should be made to maximise the complementarities between the instruments for Cohesion Policy and Community sectoral policies.
- Conclude that a contract of confidence may be the best mechanism to allow programme managers progress the delivery of the most cost-effective programmes.
- Strongly recommend the development of a more simplified financial engineering instrument of a scale to match the needs of all regions, large and small. Some of the instruments previously offered were suitable for large-scale regeneration and large-scale venture funds only.
- Fully support the proposal to develop a common strategic framework incorporating ERDF, ESF, EAFRD and EFF programmes and a single national strategic framework setting out Member State strategic priorities, aligned with Europe 2020 and the Strategic Guidelines framework.
- View the establishment of mutually agreed financial reporting, monitoring and audit systems prior to programme launch as a pre-requisite in developing future programmes.
- Are in full support of the proposals for a more clearly defined and expanded 'transition' category and consider that a mechanism should be developed to capture those regions whose GDP will fall in the period 2010-2013 to 75-90% of the EU27 average, due to the current economic crisis.

Introduction

The Border, Midland and Western (BMW) Regional Assembly and the Southern and Eastern (S&E) Regional Assembly welcome the opportunity to participate in the debate on the future of Cohesion Policy. The Irish Regional Assemblies have over ten years experience in the preparation, management, monitoring, financial control and evaluation of national, regional, cross-border and trans-national EU Structural Funds Programmes.

A joint declaration on the future of EU Cohesion Policy was adopted by the Irish Regional Assemblies in 2010¹. The declaration highlighted the value of Cohesion Policy as a long-term development policy, administered under decentralised shared management arrangements, with an explicit regional/spatial orientation, with the objective of enabling all regions to mobilise their territorial potential. We therefore support the continuation of an ambitious EU Cohesion Policy with territorial cohesion and regional competitiveness at its core, to enhance the potential of all regions and raise the competitiveness of the EU overall.

Cohesion Policy is of great importance and added value to all regions in its strategic orientation and content: its stable multi-annual financial provisions; its EU-wide additionality; and its visible manifestation of the EU's ongoing commitment to economic, social and territorial cohesion, of benefit to all citizens.

Cohesion Policy has given regions across the EU a significant input into investment planning, implementation, management and monitoring and it has strengthened regional governance through its partnership arrangements, giving regional bodies a role in the preparation and negotiation of investment programmes – a form of multi-level governance, while also providing a direct link between regions and EU institutions.

In Ireland, Cohesion Policy has made a major contribution to Ireland's economic, social and environmental development over the past 20 years, through investment in infrastructure, productive sector, human capital and in rural development. It has also enabled the establishment of the Regional Assemblies as effective regional structures to prioritise, plan, manage and monitor complex multi-annual programmes.

The Irish Regional Assemblies are also signatories to the declaration signed by 141 regions submitted to President Barroso, Commissioner Hahn and others in Brussels on 7th October 2010 on the need for the continuation of the Regional Competitiveness and Employment objective post 2013, with sufficient funding and flexibility

This submission responds to the 13 questions raised by the Commission arising from the 5th Cohesion Report.

¹ See <http://www.bmwassembly.ie/news/publications/Future%20of%20EU%20Cohesion%20Policy.pdf>

A. Enhancing the European Added Value of Cohesion Policy

Q1. How could the Europe 2020 Strategy and Cohesion Policy be brought closer together at EU, national and sub-national levels?

The Kok Report² highlighted the failure of the Lisbon Strategy to take due account of the important role played by local and regional authorities in the practical implementation of its strategic objectives. The same error should be avoided with the roll-out of the Europe 2020 Strategy. This should be reflected through greater recognition that Europe 2020 and Cohesion Policy are indeed interdependent.

In order to ensure a greater role for local and regional authorities within the framework of the Europe 2020 Strategy, the Regional Assemblies propose that there should be an extension of the National Reform Programme process through the Open Method of Co-ordination. This would include an obligation on Member States to engage in a peer review of the application of the territorial cohesion principle at Member State level. As a basic step, each Member State should provide a precise expression of its territorial policy goal(s) and the modalities it applies to achieve that goal. Overcoming this prevailing disconnect could also assist in ensuring coherence between the overall EU convergence goal and intra-state spatial and cohesion goals.

Improved co-ordination between sectoral and territorial policies can only be achieved through enhanced territorial governance at Member State and at regional levels. This implies a 'territorialisation' and improved co-ordination of sectoral policies at EU and Member State levels, and enhanced governance structures at regional level. One mechanism through which territorialisation of sectoral policies can be achieved at Member State level is through enhanced engagement with regional interests in sectoral policy formulation.

Territorial cohesion should be an explicit objective of the National Reform Programmes 2011-2013 (NRP) to be submitted and approved in 2011, as part of the Europe 2020 process. Regional Managing Authorities should be engaged in the preparation of the NRP Strategies and should have a role in their implementation and monitoring at national level. The alignment of the NRP with the current programmes 2007-13 should also be clearly set out in the NRP with particular reference to kick-starting some of the flagship initiatives with the support of EU Structural Funds.

Better coordination will also require suitable responses from the European Commission, with a Member State liaison within each relevant Directorate-General to allow Community sectoral policies to have a deeper understanding of the circumstances and structures in each Member State, and their regions, and enable better informed policy.

The Assemblies support the Opinion of the Committee of the Regions (CoR)³ who advocate a more binding approach to the horizontal method of ensuring Cohesion Policy has the

² Kok, Wim. 2004. Enlarging the European Union: Achievements and Challenges – Report to the European

³ Opinion of the Committee of the Regions on the Contribution of Cohesion Policy to the Europe 2020 Strategy, October 2010 (CdR 223/2010 fin).

opportunity to play a significant part in implementing the Europe 2020 Strategy. The CoR highlights the need to more closely align the Europe 2020 flagship initiatives with existing procedures and actions. This can ensure greater levels of transparency along with removing the duplication of processes and reporting obligations.

Q2. Should the scope of the development and investment partnership contract go beyond Cohesion Policy, and if so, what should it be?

The development and investment partnership contract is based on the Common Strategic Framework, and will set out the investment priorities, the allocation of national and EU resources between priority areas and programmes, the agreed conditionalities, and the targets to be achieved. The Assemblies broadly welcome this proposal which will provide a greater alignment between Europe 2020 objectives and the ambitions of Cohesion Policy. While the argument for developing this contract lies in the criticism that Cohesion Policy is only loosely linked with EU priorities, it is important that this contract should be developed in conjunction with all levels of governance to ensure regional programming does not simply become a tool determined by national priorities.

A second consideration lies with overseeing the implementation of this contract - without a clear system of evaluation and monitoring, this contract will falter and become meaningless. Further consideration should be given to this system before the next steps are taken.

A further consideration is that under Article 175 of the Lisbon Treaty, Member States must support economic, social and territorial cohesion. The proposed investment partnership contract provides a means by which Member States can elaborate in broad terms how national and regional policies and national framework conditions are contributing to economic, social and territorial cohesion.

Q3. How could stronger thematic concentration on the Europe 2020 priorities be achieved?

The EU Budget Review refers to more developed regions allocating the entirety of their Structural Funds allocations to two or three priorities. This was also the intention for the 2007-13 period, however the recent economic crisis in Ireland necessitated a broadening of the 'menu' of co-financed measures in the BMW Region in order to ensure absorption of EU funds. The lessons from this experience must be applied to the post-2013 period. It must be recognised that there is often a trade-off between thematic concentration and timely financial execution – it is not always possible to achieve both simultaneously.

The Assemblies believe The EU should not be too prescriptive and should allow regions and Member States to prioritise actions based on regional specificities, consistent with the agreed Community Strategic Guidelines. Regions should be enabled to pursue their own specific strategies within a broad EU and national framework. The approach to Cohesion Policy should therefore remain flexible, providing local and regional responses to challenges that will ultimately help attain the goals of Europe 2020. It would be desirable if future programmes were to be developed by establishing what the key regional objectives will be in meeting the challenges of EU 2020 and using these to develop the future Programme themes and priorities. In this way, the new Programmes will provide a realistic view of the potential across Europe,

encouraging each region to contribute what it can towards the achievement of the overall objectives of EU 2020.

When consideration is given to the EU Flagship Initiatives such as ‘The Agenda for New Skills and Jobs’, ‘Innovation Union’, ‘Digital Agenda’, ‘Resource-Efficient Europe’, and ‘An Industrial Policy for the Globalisation era’, evidence from the roll-out of Cohesion Funding demonstrates that these broad EU aims are also driven by regional policy.

However, the Assemblies stress that not all thematic approaches at EU level are designed with the best interests of territorial cohesion. For example the approach to promoting research and development generally follows a ‘*competitive research excellence*’ rather than a territorialised ‘*balanced excellence*’ model. This is entirely contrary to the principles of territorial cohesion in that it serves to perpetuate disparities. All regions need improved systems for technology transfer and innovation, but weaker regions are usually hampered by poor research bases. The Assemblies look forward to further debate on the ‘Innovation Union’ and on how the approach to innovation might be developed in light of the Commission’s recent Communication⁴ on raising the innovation potential of regions.

This point is further illustrated by the lack of consideration given to the differential territorial impacts of transport policies. New economic geography models are available which can predict the likely spatial impacts of major transport infrastructure projects. For example linking weaker and stronger urban centres may disproportionately favour the stronger urban centre, i.e. leakage rather than linkage. These are examples of the territorial effects that must be taken into account through better impact assessment.

Q4. How could conditionalities, incentives and results-based management make Cohesion policy more effective?

The concept of conditionality external to Cohesion Policy, in the form of sanctions linked to poor performance in relation to macro-economic governance, structural reforms or to the transposition of Directives, is regarded by the Assemblies as an ambitious proposal which requires careful consideration and should not be developed without a careful appraisal of impact. Concern has been correctly expressed by European Ministers⁵ that such sanctions could impact unfairly on the Convergence Regions and could likely lead to a deconstruction of regional programming which could ultimately deprive these Regions of the resources required to accomplish the Europe 2020 Strategy.

The Assemblies believe that there is merit in the proposal to include internal incentives as a support to programme delivery, however caution is again required in the design of such a scheme. Incentives should be based on delivering added-value from Cohesion Funding and should focus on output and result optimisation. This system provides an opportunity to take the first steps towards a results oriented management approach, as advocated in the Barca Report.

⁴ European Commission. 2010. Regional Policy Contributing to Smart Growth in Europe 2020. COM (2010) 553. October 6th 2010.

⁵ Conclusion of an Informal Meeting of the Ministers in charge of Cohesion Policy, Liège, 22nd-23rd November 2010.

However, several specific concerns arise in with regard to conditionalities external to Cohesion Policy:

- Sanctions linked with the Stability and Growth Pact (SGP) – what linkages are there with the proposed quarterly monitoring of Ireland’s National Recovery Plan? Could sanctions be imposed arising from a SGP monitoring process unrelated to the Structural Funds?
- What protections will be in place to ensure that matters that are outside/not directly related to Structural Funds assistance are not imposed as conditions on Member States? There is an inherent risk that conditionality mechanisms would be used to enforce compliance with matters that are unrelated to the effective delivery of Structural Funds, e.g., water pricing framework compliance sanctions in a region where this investment does not form part of the co-financed assistance. There are already provisions to impose fines on Member States for such non compliances – why potentially penalise regional programmes for national no-compliance in un-related areas?
- There are 4 requirements listed on page 3 of the discussion paper. In our view a fifth requirement is essential – *they must be considered **relevant/necessary** for the effective implementation of Cohesion Policy within the Member State*
- It should be explicitly made clear that conditionality mechanisms should not exacerbate the economic circumstances of Member States and Regions that are under severe fiscal pressures. There is a risk that the proposed conditionalities would have an asymmetric effect on Member States in financial difficulties by suspending payments to them. This would be counter-productive.
- The political realities of seeking to ‘impose’ structural reforms must be recognised. A Member State government may attempt to introduce reforms, but be thwarted from doing so – would the Member State suffer sanctions in these circumstances?
- What options are there for Member States to challenge conditions that they consider to be over-prescriptive or onerous or structural reforms that are unachievable within the timeframe proposed?
- Putting in place the appropriate conditions, tailored to national/regional circumstances will require a high level of expertise and understanding by Commission Officials and a willingness to take Member State concerns on board – how is this to be assured?

The EU Budget Review also refers to “qualitative competition among programmes for cohesion funding”, this includes the plan to set aside part of the Cohesion budget in a performance reserve at EU-level which would be attributed during a mid-term review to those national or regional programmes that have contributed most to the Europe 2020 targets. Given the mixed experience with the Performance Reserve 2000-06, the Assemblies would like to seek further exploration of this proposal as to how this is to be operationalised. More clarification is also required on what is meant in practise by performance-based programming. The need for effective performance indicators is accepted and recognised, i.e., *indicators must be clearly interpretable, statistically validated, truly responsive and directly linked to policy intervention and promptly collected and publicised.* What implications are there for regions and Member States who fail to meet their targets?

The Assemblies fully support the move to introduce a result based management approach to monitoring performance. This could shift the focus away from financial proofing of projects to one where delivery and impact become the benchmark of success. The challenge will be to develop appropriate, robust and relevant tools of measurement; in order to deliver these a

consultative process will be required at all levels at the programme development stage. Barriers will emerge with respect to quantifying soft/qualitative indicators as well as the general availability of local and regional statistics. New tools such as territorial impact analysis tools could be developed and applied to all sectoral policies having a territorial impact.

A key requirement in respect of the introduction of a results-based orientation of Cohesion Policy is that the Commission personnel (DG Regio) who interact with programme managers must have the capacity and the expertise to act as strategic advisors in order to ensure that the performance management framework put in place is the correct one for each Operational Programme.

Q5. How could Cohesion Policy be made more results-oriented? Which priorities should be obligatory?

There has long been a recognition of the need to a move towards a more result-orientated Cohesion Policy, proposed by the Barca Report⁶ and many other evaluations of the current approach. The Irish Regional Assemblies believe that through the construct of a formal consultative process involving local, regional, national and European level stakeholders, an appropriate system could be developed to enhance the European added-value of Cohesion Policy. This can be achieved through a similar development process for the proposed incentives, conditionalities and result based management system. A clear and robust results-orientated approach should be developed but it must also take due cognisance of not placing additional administrative and bureaucratic burdens upon the system of delivery.

In the current economic climate, the main priority must be job creation through the stimulation of the European economy, programmes should be designed with this as a clear measurable goal. Evidence should be presented as to how projects can contribute towards this priority to enhance competitiveness, growth and real economic development. It is not a matter of making certain priorities obligatory, but rather ensuring that Cohesion Policy has in-built flexibility to enable the roll-out of relevant responses to emerging and rapidly changing realities.

Notwithstanding some of the advantages of adopting thematic concentration as discussed under question 3 (above), we would have concerns regarding the inclusion of any 'obligatory' priorities. Regions and Member States should have the strategic autonomy to prioritise their investment plans, aligned with Europe 2020 and the Community Strategic Guidelines, without obligatory elements, in our view.

⁶ Barca, Fabrizio. 2009. An Agenda for a Reformed Cohesion Policy: A Place Based Approach to meeting European Union Challenges and Expectations.

B. Strengthening Governance

Q6. How can Cohesion Policy take better account of the key role of urban areas and of territories with particular geographical features in development processes and of the emergence of macro-regional strategies?

The Assemblies recognise the importance of urban areas as drivers of economic development but also acknowledge that smaller urban areas and the rural economy have important roles that need to be maintained under Cohesion Policy. Indeed in order to form a greater understanding of these urban economic drivers (referred to as ‘Gateways’ in Ireland’s National Spatial Strategy 2002-2020), the Assemblies have constructed a composite Index. The Gateway Development Index⁷ takes account of the current level of development and trends across a common framework of key indicators which include population, enterprise, environment, economic, employment and social factors in nine Gateways. A public awareness survey was also conducted to capture residents’ views of the quality of life and the impact of Gateway designation in each Gateway city/town. This complements the move towards a results-orientated approach to measuring the impact of Cohesion Policy and reflects a robust methodology to monitor the impacts arising from projects undertaken in these urban areas. The Assemblies would recommend that similar analysis is undertaken across the EU at the ‘urban level’, including building on the work completed to date by ESPON, as this will ultimately inform an evidence-based approach to policy and programme development as well as building a more output focused approach in regions. The EU Urban Audit⁸ undertaken by DG Regio (with a new report due in 2011) is a positive development in the move to a more evidence-based approach to place-making policies, however it should be noted that many of the smaller regional cities and towns are not included in the analysis. In the Irish case, only 5 of the 9 Gateways are considered.

The harsh new fiscal realities which the EU faces necessitate a process of prioritisation and sequencing of public expenditure to ensure the EU takes advantage of the global economic recovery when it occurs. Therefore there is a strong rationale for targeting investment at the urban level. However it is important to consider that such programming may disproportionately favour the stronger urban areas. The development potential of the ‘regional’ cities and towns can also make a significant contribution to this recovery at local and regional level and ultimately to the national accounts. Recognition is required that national economies comprise no more than the sum of their individual regions’ performances. As such, caution is urged by the Assemblies at the inevitable prospect of focusing solely upon developing cities which compete on a global scale.

The question with regard to the need for special policy measures for territories with specific geographic handicaps is perhaps superfluous. If the principle of territorial cohesion⁹ is properly applied, then policy measures of an appropriate scope and scale would continuously be applied differentially to all regions as necessary, consistent with budgetary provisions, in order to enhance their capacity to make the optimal use of their territorial assets. It would be a matter for the EU and Member States to agree the shared competences for resourcing the

⁷ Gateway Development Index. 2008. <http://nss.ie/Publications/11497BMWGDIREport.pdf>

⁸ <http://www.urbanaudit.org/>

⁹ Although without an ‘official’ definition, territorial cohesion can be understood simply as ‘no region left behind’

different regional investments. The complementarities between rural and regional policies are often acknowledged but rarely exploited. It is falsely assumed that the solutions to the many problems facing the agri-rural sector are to be found exclusively within agri-rural policy.

The Assemblies welcome the progress towards developing an EU Strategy for the Atlantic-Area, however the role of macro-regional strategies should be as a platform from which inter-regional co-operation takes place and not as an alternative to EU Cohesion Policy funding.

The appropriate territorial scale at which to address policy issues should logically correspond to the scale of the policy issue – supra-national, national, regional or local. Appropriate partnerships and governance arrangements should be introduced to collectively engage and identify appropriate solutions. The Assemblies would fully support the conclusions of the informal meeting of the European Ministers with responsibility for Cohesion Policy¹⁰ in their call to avoid a sectoral approach to Cohesion Policy. Instead, every effort should be made to maximise the complementarities between the instruments for Cohesion Policy and Community sectoral policies.

Q7. How can the partnership principle and involvement of local and regional stakeholders, social partners and civil society be improved?

The Partnership Principle has evolved since it was first introduced in 1988 as one of the four fundamental principles governing Structural Funds. Initially this principle was narrowly applied to the Commission and Member States but has evolved to include wider participation. However, as previously noted, the failure to apply the Partnership Principle was readily recognised in the shortcomings of the Lisbon Strategy. There are two distinct strands to understanding how best to apply the Partnership Principle: firstly, it is evident that local and regional levels of administration need to become more involved in all the stages of the development of Cohesion Policy (partnership as a governance mechanism) while the second issue to be addressed here is the role for civil society in this process (partnership as a tool for projects).

This submission has sought to put forward relevant proposals in respect of the former (please refer to response to Q1) which relates to direct involvement of relevant actors. It can be argued that additionality could be gained from seeking the involvement of a range of local and regional stakeholders. However a challenge remains in the provision of a greater role for civil society and how this differs from a role that would be provided to appropriate stakeholders. Indeed a key issue identified in the literature relates to the question “what is civic society?”

One of the main challenges arising is raising the level of public awareness of the contribution of EU Regional Funding. In general the outcome of surveys have demonstrated a knowledge of funding provided to large infrastructure projects such as roads and buildings but much less awareness is demonstrated when it comes to ‘softer’ interventions.

¹⁰ Conclusion of an Informal Meeting of the Ministers in charge of Cohesion Policy, Liège, 22nd-23rd November 2010.

C. A Streamlined and Simpler Delivery System

Q8. 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?

Some of the proposed administrative and reporting requirements would represent additional administrative burdens, while parallel discussions taking place on the financial regulation point to the introduction of additional financial assurance requirements and the possible transposition of the regime for the EAFRD onto the Structural Funds programmes. Our experience to date under the 2007-13 programming round indicates that the enhanced compliance assessment, management verification and operations audit procedures are yielding far better levels of compliance and lower error rates overall, with several operational audits showing zero corrections. The Assemblies therefore believe that a contract of confidence may be a better mechanism to allow programme managers progress the delivery of the most effective programmes.

The Regional Assemblies, through their participation on the ROTOPI Group of regions have highlighted several instances across Europe of poorly conducted audits, perverse findings and incorrect interpretations of the regulations¹¹. There have also been instances of auditors applying the standards relevant to procurements above the EU thresholds to small-scale procurements to which the EU procurement regulations do not apply. Financial control and audit practices must be clearly based on regulatory compliance and should be proportionate. It must also be acknowledged that risk-based sampling strategies always amplify error rates. A further issue to be addressed is that the standard checklists used by Auditors, provided by COCOF, contain items that are not in the EU regulations, nor required by national regulations. This form of ‘creeping regulation’ must be addressed for future programmes.

Q9. How could application of the proportionality principle alleviate the administrative burden in terms of management and control? Should there be specific simplification measures for territorial cooperation programmes?

We strongly support the principle of proportionality and would urge the Commission to consider means in which it could be extended to the post-2013 programmes. However, there was some evidence of ‘creeping regulation’ in this area as Managing Authorities were ‘encouraged’ to provide Evaluation Plans and Audit Authorities were ‘encouraged’ to prepare audit strategies, where there was no requirement to do so under the proportionality principle.

The Assemblies believe that there is a need for more simplified financial engineering instruments of a scale to match the needs of all regions, large and small. Some of the instruments previously offered were suitable for large-scale regeneration and large-scale venture funds only. The Irish Regional Assemblies have adopted a joint statement¹² on the future of EU Cohesion Policy and on its administration within Ireland, calling for a more direct role in project selection, allocation and payments to beneficiaries, thus contributing to

¹¹ Round Table of Practitioners in Implementation (ROTOPI) - ‘The Burdens of Financial Management’ (April 2009).

¹² See <http://www.bmwassembly.ie/news/publications/Future%20of%20EU%20Cohesion%20Policy.pdf>

administrative simplification, greater performance controls and compliance and greater visibility of Structural Funds administration in Ireland.

One practical means by which the EU can facilitate new territorial partnerships is to simplify and improve the way in which inter-regional co-operation programmes are managed. Improved inter-regional co-operation ensures not only a co-ordinated approach to shared problems, but also recognises that innovative solutions are not delimited by existing territorial boundaries. The EU could also facilitate new territorial partnerships through agreed joint spatial planning frameworks across national boundaries.

The Assemblies would welcome a review of procedures relating to territorial co-operation programmes with a view to establishing common rules across programmes and recognition that nationally accepted audit procedures can apply to partners thus removing the need for lead partners from having to verify audits from third party Member States.

When preparing for the start of a new programming period, all the rules and audit requirements should be agreed and clearly communicated well in advance of the Programme start date. This would give each Member State the time to submit its proposed procedure and implementation plans for the programme for agreement by the Commission, before a Programme commences operations.

Q10. How can the right balance be struck between common rules for all the Funds and acknowledgement of Funds' specificities when defining eligibility rules?

We support the development of common rules and procedural practices for all of the funds. We also support the proposal to develop a common strategic framework incorporating ERDF, ESF, EAFRD and EFF programmes and a single national strategic framework setting out Member State strategic priorities, aligned with Europe 2020 and the Strategic Guidelines framework. The specificities of each fund can be defined in the Regulation and reflected in the common Strategic Guidelines. It should then in our view be a matter for each Member States to elaborate its own national eligibility rules and where possible to have these rules standardised for all funds within that Member State.

Q11. How can financial discipline be ensured, while providing enough flexibility to design and implement complex programmes and projects?

In framing ambitious Cohesion Policy programmes for the post-2013 period, it must be recognised that many of the enduring challenges faced in raising the endogenous potential of regions (e.g., raising innovation capacity, developing a knowledge economy, sustainable urban transportation, low carbon economies etc.) are complex and not amenable to quick-fix solutions with immediate financial absorption capacity. The automatic decommitment rule implicitly acknowledges that there is a two year lead-in time needed to generate incurred expenditure and certify it as eligible to the Commission Services. However, Member States and Managing Authorities face a constant trade-off between undertaking complex long-term strategic initiatives with low uptake in the early years and undertaking operations that have high absorption capacity in the early years but do not address the long-term issues.

Member States and Managing Authorities must be given the flexibility to design their programmes to address both long-term challenges and short-term financial absorption

objectives. For this reason, an excessive emphasis on a limited number of priorities (question 3) or on obligatory priorities (question 5) would be counter-productive in our view.

The Assemblies view the establishment of mutually agreed financial reporting, monitoring and audit systems prior to programme launch as a pre-requisite in developing future programmes. Commonality of rules and their interpretation across Member States is vital in ensuring that future funding programmes are used effectively and fairly. Any future programme financial management and control systems should be developed based on the experiences of the previous programmes and should be built upon those systems currently in place as opposed to starting from scratch.

D. The Architecture of Cohesion Policy

Q12. 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?

There is a strong argument for a re-integration of some funds – EAFRD and ERDF and the ERDF and ESF – to develop a combined regional funding allocation. The current artificial divide between funding streams prevents regions from developing comprehensive and integrated interventions that link the needs of all and not just part of their territories. The Assemblies welcome the common strategic framework proposed by the Commission as something likely to achieve greater synergies between these funds.

At present, the provision of predictable levels of ESF funding is not an issue in Ireland. For the 2007-13 programme period, 50% of the Structural Funds allocated to the two NUTS II Regions are ESF funding, implemented through a single national Human Capital Investment programme. It should continue to be a matter for Member States to determine the appropriate proportion of ESF within their overall NSRF. As part of the future national strategic reference framework, it would be anticipated that ESF operations would be clearly aligned with Europe 2020 strategic objectives. There is also an argument to be made for the ESF Programmes to be aligned with the Regions used for ERDF Programmes to ensure greater integration and synergies and better targeting of identified regional need.

Q13. How could a new intermediate category of regions be designed to accompany regions which have not completed their process of catching up?

The Assemblies support the proposals for a more clearly defined and expanded ‘transition’ category. This should include regions phasing-out of convergence, phasing-into regional competitiveness and employment (RCE) along with those current transition regions suffering declining GDP per capita as a result of the economic crisis. The arguments for this, in our view are as follows:

- The unprecedented impact of the economic crisis on Ireland and on the BMW Region in particular;
- The possibility, if the current framework were to pertain, that regions with a higher GDP per capita than the BMW Region in 2010 would qualify for transitional status, while the BMW Region would not;
- The clear distinction between the transition regions’ performance across a range of indicators as per the 5th Cohesion Report and that of the convergence and RCE regions indicates that transition regions need a longer transition timeframe than

previously expected and their sustained economic development necessitates continued supports;

- The presumed reference years of 07/08/09 would not fully capture the full extent and depth of the economic decline in Ireland, presenting a misleading impression of the economic status of the BMW Region, leading into the post-2013 programming period¹³. Consideration therefore should be given to develop a mechanism to capture those regions whose GDP will fall in the period 2010-2013 to 75-90% of the EU27 average. This can take the form of delaying the reference timeframe including regional GDP or a trend mechanism which takes due account of individual cases as they arise; and
- The focus of ‘intermediate’ Regions should remain on competitiveness and employment measures but they should be allowed to co-fund ‘convergence’ activities as applies in the 2007-2013 period, continuing to apply a degree of flexibility within the system remains critical.

Based on the difficulties experienced during the current programming period which required a front-loading of expenditure by transitional regions, the Assemblies would urge the Commission not to impose this stipulation upon this new expanded ‘intermediate’ category but rather to give each Region in this category the opportunity to develop a longer-term approach to programming development.

While the 5th Cohesion Report illustrated a range of indicators, there has been a tendency to use uni-variate and over-simplistic indicators to capture territorial characteristics and trends (e.g., GDP per capita) where a more integrated perspective based on multiple variables might be more appropriate and representative of reality. There should be greater use made of the following indicators:

- Composite indices (e.g., Gateway Development Index in Ireland, see Q6);
- Use of trends in ‘relative share’ indicators (e.g. trends in relative share of national output, income, population);
- Measures of dispersion (e.g., co-efficient of variation in Regional GDP within states);
- Composite accessibility indicators (including access to and usage of public transport);
- Access to healthcare, education and other services; and
- Business start-ups and patent applications.

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¹³ See Annex 1.

Annex 1

Economic Status Indicators for NUTS II Region in Ireland as at January 2011

		BMW Region	S&E Region	Ireland
Economic Growth	GVA per Capita (2007)	69.3	111.2	100
	GVA per Capita at Current Market Prices (2007) (EU27=100)	102.7	164.8	148.2
	Growth in GDP per Head 2000-2007 (EU27=100)	3.0%	3.6%	
Lisbon Strategy Performance Measure	The Lisbon Index 2010 (268 NUTS II Regions)	147th	113 th	11 th (EU27)
Competitiveness	EU Regional Competitiveness Index 2010 Ranking	129th	43rd	9th
		(268 NUTS II Regions)		(EU27)
Employment	Unemployment Rate (2010 Q3)	15.1%	13.5%	13.9%
	Total Labour Force 000s (2010 Q3)	551.9	1,598.6	2,2150.6
	Participation Rate (2010 Q3)	58.6%	62.2%	61.2%
Income	Disposable Income per Person (2007) (State=100)	93.4	102.4	100
	Disposable Income of Private Households (2007) (EU27=100)	100.2 (172th)	112.6 (114th)	
		(268 NUTS II Regions)		
Poverty	At risk of Poverty Rate (2009)	Border 14.1% Midland 23.5% West 14.1%	Dublin 8.3% Mid-East 14.6% Mid-West 18.9% South-East 18.3% South-West 14.7%	Ireland 15.5% 13th (EU27)
Research	Total R&D Expenditure as a % of GDP (2007)	1.29	1.28	
Accessibility	ESPON Ireland Multimodal Accessibility Index (EU27=100)	55.8	78.4	
Tourism	Overseas Visitors 000s (2009)	1,980 (30%)	4,575 (70%)	6,555
	Revenue Generated by Overseas Visitors €m (2009)	611 (20%)	2,504 (80%)	3,115