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Impact Assessment Report

Annex to the

Proposal for a

COUNCIL DECISION

on [Community Strategic Guidelines for Cohesion]

{COM(2006) 386 final}

IMPACT ASSESSMENT: COMMUNITY STRATEGIC GUIDELINES FOR COHESION, 2007-2013

Lead DG: DG REGIO

Other involved services: DG EMPL

Agenda planning or WP reference: 2005/REGIO+/013

1. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

1.1. Organisation and timing

On 14 July 2004, the Commission tabled its proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund [COM(2004)492 final].

In accordance with Article 23 of the draft Council Regulation (EC) laying down general provisions for the European Regional Development Funds (ERDF), the European Social Fund (ESF) and the Cohesion Fund, it is for the Council to establish, after the adoption of the regulations and on the basis of a Commission proposal, and taking into account the Opinion of the European Parliament, Community strategic guidelines for cohesion policy to “give effect to the priorities of the Community with a view to promote balanced, harmonious and sustainable development”¹.

These guidelines have already been adopted in draft form (COM (2005) 299 final, 5 July 2005). This draft proposal takes into account comments submitted by Member States, the results of the public consultation exercise and the Opinion adopted by the European Parliament plenary on 18 May 2006. It is envisaged that the Commission will adopt the Guidelines on 12 July 2006.

1.2. Stakeholder consultation

In the process of preparing the Community Strategic Guidelines, a number of events were held involving Member States, regional/local authorities and other partners:

- A conference on the subject of “Cohesion and the Lisbon Agenda: the role of the regions” on 3 March 2005;
- Consultations with Member States between January and April 2005 in the Structural Actions Working Party;
- Presentation on 17 May 2005 of a non-paper for future priorities as a basis for discussion at the Informal Council;
- Discussion on the non-paper at the informal meeting of Ministers meeting in Luxembourg on 20 May 2005.

¹ COM (2004) 492 final, Article 23.

The full text of the strategic guidelines takes into account both the non-paper and the outcome of those discussions.

1.3. Public consultation

A public consultation was held on the draft Community Strategic Guidelines for Cohesion, 2007-2013. The consultation was launched on 7 July 2005 and concluded 30 September 2005, part of a broader consultation process that began with the Commission's legislative proposals for cohesion policy, 2007-2013. Over the course of 2003 and 2004, the Commission engaged in a wide consultation with European regional and local authorities and their associations as well as other interested parties in the debate over the future of cohesion policy, 2007-2013. These first steps are summed up in the impact assessment which accompanied the Commission's legislative proposals in July 2004². Thus, this public consultation was intended to involve the general public and facilitate the exchange of views on the strategic dimension of cohesion policy, 2007-2013.

The results of the public consultation can be summarised as follows:

- (1) cohesion policy is intrinsically linked to the overall competitiveness of the European Union and should support the growth and jobs agenda;
- (2) by developing synergies and complementarities with other Community policies, cohesion policy can further contribute to the Lisbon agenda;
- (3) the emphasis on innovation and the knowledge economy was widely supported; the need to strengthen action in support of research, education and training was confirmed;
- (4) concentration on a limited number of priorities should help to maximize the impact and added value of cohesion policy programmes;
- (5) the inclusion of more innovative elements, such as the emphasis on access to finance and financial engineering, public-private partnerships, investment in health to foster competitiveness and productivity, and administrative capacity-building were widely welcomed and encouraged;
- (6) the Guidelines should allow Member States and regions the flexibility needed to select an appropriate mix of priorities and actions that are appropriate in responding to its own developmental requirements;
- (7) that the territorial dimension of cohesion policy should be emphasized in the Guidelines, not as a trade-off between territorial cohesion on the one hand and competitiveness on the other, but rather as complementary notions. The role of cities as major contributors to the growth and jobs agenda and the need for the economic diversification of rural areas were repeatedly mentioned as important areas to be strengthened in the Guidelines.
- (8) that the emphasis on competitiveness and innovation should take account of the social agenda and that future cohesion policy should continue the balanced approach to reach the objectives of higher economic growth and more and better jobs;

² SEC(2004) 924, 14.7.2004

- (9) the Guidelines should formally recognise the vital role of regions and cities as well as the non-governmental sector in the planning, design, delivery, implementation and evaluation of cohesion policy programmes;

In reply to the public consultation, 197 valid contributions were received. A report was published and placed on the Europa website. This consultation ran in parallel with the institutional process involving the European Parliament and the Council. The comments received through the consultation were then, as appropriate, incorporated into the text.

1.4. Opinion of the European Parliament

The European Parliament adopted a report on the draft Guidelines³ on 18 May 2006.

The main conclusions of the EP opinion can be summed up as follows:

- (10) The EP welcomes the fact that the strategic guidelines set the Community's priorities in promoting balanced, harmonious and sustainable development.
- (11) stresses that cohesion policy cannot replace the efforts of Member States which are necessary in many policy areas in order to attain the Lisbon Strategy's ambitious targets.
- (12) the Lisbon strategy objectives should not be pursued at the expense of achieving stronger social and economic cohesion, but rather must contribute to strengthening this cohesion within the framework of the strategic guidelines.
- (13) the Lisbon Strategy must go hand in hand with the Göteborg strategy on sustainable economic development.
- (14) takes a critical look at the earmarking of cohesion policy expenditure in favour of Lisbon strategy priorities.
- (15) highlights the importance of taking into account the urban dimension.
- (16) stresses the importance of the partnership principle as a key factor in determining the success of the implementation of the programmes.
- (17) highlights the importance of the use of public-private partnerships;
- (18) the exchange of 'best practice' and the positive experience with the Community initiative EQUAL should continue in the 2007-2013 programming period;
- (19) 'territorial cohesion' needs to be been sufficiently addressed in the Community Strategic Guidelines.

³ EP opinion, A6-0175/2006, 10 May 2006.

1.5. Opinions of the Committee of the Regions and European Economic and Social Committee

The Committee of the Regions adopted an Opinion (no. 140/2005) of November 2005 on the draft Community Strategic Guidelines as well as the European Economic and Social Committee (CESE 592/2006) of April 2006.

2. PROBLEM DEFINITION

In accordance with Article 23 of the draft Council Regulation (EC) laying down general provisions for the European Regional Development Funds (ERDF), the European Social Fund (ESF) and the Cohesion Fund, it is for the Council to establish, after the adoption of the regulations and on the basis of a Commission proposal, and taking into account the Opinion of the European Parliament, Community strategic guidelines for cohesion policy to “give effect to the priorities of the Community with a view to promote balanced, harmonious and sustainable development”⁴.

3. MAIN OBJECTIVES

The key objective of the Community Strategic Guidelines for Cohesion is to provide Member States with guidance for the preparation of the National Strategic Reference Frameworks, with a view to ensuring that the programmes co-financed by the Funds are in line with the priority policy areas defined at Community level, in particular, to help deliver the Lisbon agenda for growth and jobs. In light of the above and of the renewed Lisbon strategy for growth and jobs, programmes co-financed through the cohesion policy should seek to target resources on the following three priorities:

- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential;
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies; and
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

These priorities correspond to those set out in the Commission’s “Partnership for Growth and Jobs” paper published in February 2005⁵ and endorsed by the 2005 Spring European Council.

The Community Strategic Guidelines represent a single framework which Member States and regions are invited to use when developing national, regional, and local programmes, in particular with a view to assessing their contribution to the objectives of the Union in terms of

⁴ COM (2004) 492 final, Article 23

⁵ Communication to the Spring European Council “Working Together for growth and jobs – a new start for the Lisbon Strategy”, COM (2005) 24, 2 February 2005

cohesion, growth and jobs. The Guidelines are a necessary condition, but not the only condition for achieving the right level of concentration on key priorities for each Member State and region in accordance with the renewed Lisbon agenda.

4. POLICY OPTIONS

The Guidelines are a requirement under Article 23 of the draft General Regulation. In terms of content, the regulation confirms that the Guidelines should identify Community priorities for support under cohesion policy and, in particular, to strengthen synergies with, and help to deliver, the Lisbon strategy for growth and jobs. This is why the Guidelines adopt the three priorities identified in the Commission's Communication "Partnership for Growth and Jobs" and endorsed by the 2005 Spring European Council.

This approach is supported by the results of the public consultation which confirmed the widespread view that cohesion policy is intrinsically linked to the overall competitiveness of the European Union and should directly contribute to the growth and jobs agenda. Both the results of the public consultation and the European Parliament's Opinion also confirm that by developing synergies and complementarities with other Community policies, cohesion policy can further contribute to the Lisbon agenda. The final version of the Community Strategic Guidelines, which is subject to this decision procedure, maintains the same short list of priorities, which is essential to ensure a concentration of financial resources on a limited number of priorities would have greater political, economic and social impact. Furthermore, the final version of the Guidelines provides more detail on the existing priority actions, in response to the results of the public consultation, comments from Member States and the European Parliament's Opinion.

5. ANALYSIS OF IMPACTS

The analysis presented in this section does not amount to a full quantitative analysis of impacts on the economy, the environment and the society. An account of the expected impacts on the economy, the society and the environment of the new cohesion funds can be found in the IA accompanying the Commission proposal for new regulations.⁶ By their specific nature, the Guidelines cannot have a direct, measurable and quantifiable impact on the functioning of the internal market, the competitiveness of enterprises or the creation of new jobs. Rather, the intended impact of the Guidelines is to ensure that Community financial resource for cohesion policy are targeted on Community priorities, in particular, on achieving the growth and jobs agenda while acting as a powerful lever for the implementation of other Community policies. In so doing, the Guidelines also draw attention to the need, where possible, to maximise the synergies and complementarities with other Community policies.

With regard to growth and jobs, the impact of cohesion policy in supporting the Lisbon strategy is to be delivered by ensuring close coordination with the National Reform Programmes. Most National Reform Programmes focus on the importance of modern transport infrastructure and of information and communication technologies (e.g. broadband availability). These are examples of the kind of investments that can be supported through cohesion policy. Finally, in accordance with the Commission's Annual Progress Report, "a

⁶ SEC(2004) 924

large number of Member States also need to ensure that Community cohesion and rural development spending is targeted towards supporting the Lisbon strategy in general. Indeed, it should be programmed to give direct backing to the national reform programmes"⁷.

6. MONITORING AND EVALUATION

The parallel procedures for the Lisbon process and the preparation and implementation of cohesion policy programmes involves regular reporting in both cases including opportunities for cross-checking to ensure consistency. It is the cohesion policy regulations that provide the legal basis for cross-checking.

In the case of cohesion policy the regulations provide for (1) the preparation of annual implementation reports by the Member States from 2008 onwards and (2) for reporting by the Member States on the strategic achievements of the programmes on two occasions, 2009 and 2012. The strategic reports must contain information on, among other things, how the programmes have contributed to achieving the objectives of the Lisbon Growth and Jobs Strategy. In 2010 and 2013, the Commission will publish a summary of the national reports for the attention of the Council and the European Parliament. A key-quantitative source of information for the strategic reports will be the information on resources committed under each of the categories earmarked as Lisbon-related.

In the case of the Lisbon process, the key point relates to the fact that cohesion policy regulations make explicit provision for the cross-checking arrangements. For the first time in 2007, Member States will be required to provide information on the contribution of cohesion policy in their Lisbon annual implementation report in pursuit of their National Reform Programme. In its reaction to these annual reports, which takes the form of the Annual Progress Report, the regulations require the Commission to summarise the information provided by the Member States.

In short, the new regulations will seek to ensure that cohesion policy genuinely plays a role in the realisation of the Lisbon agenda with the help of these robust reporting and cross-checking arrangements.

⁷ COM (2006) 30 final, 25.1.2006, p. 14.