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**Study on the contribution of local  
development in delivering interventions  
co-financed by the European Regional  
Development Fund (ERDF) in  
the periods 2000-06 and 2007-13**

**Third Interim Report**

**Regional Case Study: Andalusia**

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## Acronyms

CED	Community Economic Development
ECPR	European Consortium for Political Research
EIB	European Investment Bank
ERDF	European Regional Development Fund
EU	European Union
GDP	Gross Domestic Product
ICLEI	International Council for Local Environmental Initiatives
LAG	Local Action Group
LDA	Local Development Approach
LED	Local Economic Development
NEG	New Economic Geography
NGA	Networks Governance Arrangement
NGO	Non-Governmental Organisation
NIE	New Institutional Economics
OECD	Organisation for Economic Cooperation and Development
OP	Operational Programme
PGA	Participatory Governance Arrangement
RGA	Regional Government of Andalusia
RTD	Research and Technological Development
RTDI	Research, Technology Development and Innovation
SEA	Strategic Environmental Assessment
TC	Transaction Costs
ToR	Terms of Reference
UN	United Nations

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## Foreword

The European Commission, Directorate-General for Regional Policy, is undertaking an analysis of the role of local development approaches in ERDF co-financed interventions. One aspect of the exercise is a series of five case-study analyses of NUTS2 regions covering interventions co-financed by ERDF across the 2000-06 and 2007-13 programming periods.

The case-studies are intended to describe the institutional and policy context of local development approaches in each area, the development strategies and rationale for such interventions, the basis of any spatial selection, actions undertaken, operational structures and procedures, capacity building and the nature of any change between the programming periods

This report provides the case study review of ERDF local development approaches (LDA) pursued in the Spanish Autonomous Community of Andalusia across the 2000-06 and 2007-13 programming periods.

The case of Andalusia, regarding development policies and the use of structural funds, is complex and challenging. Andalusia is the second largest (87.268 Km<sup>2</sup>) and the most populated (8.415.490 inhabitants 2011) region of Spain, accounting for nearly 20% of the national population. It is also placed in a periferic but nonetheless strategic position at the South-Western end of the European Union, very close to Nord-Africa.

Figure 2: Administrative map of Andalusia.



Source: <http://www.mapavectorial.com>

The history of Andalusia as a political and administrative unity is not longer than 30 years. It begins with the approval of the Statute of Autonomy of Andalusia (December, 30<sup>th</sup> 1981), resulting in the creation of an Andalusian regional government and administration. In the last three decades regional institutions have succeeded in establishing a perception of territorial unity, although the eight provinces it encloses – dating from the Spanish administrative organization of 1833- still play an important symbolic as well as administrative role, concentrated around the provincial capitals.

Considering the size and complexity of the Andalusian Operational Program, the analysis has been restricted to those actions explicitly and specifically raised as local development actions. It is evident that LDA activities may coincide, or overlap with, territorial interventions but existence of the latter need not imply the former.

The case study has been drawn-up by a process that includes:

- desk-based analysis of relevant statistical and socio-economic data sourced from Eurostat, the Spanish National Institute of Statistics (INE) and its Andalusian counterpart (IEA).
- desk-based analysis of documents relating to each period and covering items such as Operational Programme (OP) materials, evaluation reports, Annual Monitoring Reports and articles published in scientific journals.
- semi-structured (face-to-face) interviews with twenty actors including the managing authority, regional and local authorities, universities and external experts.
- a stakeholder workshop to outline, validate and discuss emerging findings from the case-study exercise.

In accordance with the theoretical model proposed and shared by the five case-studies, our research operates on the basis that a local development approach requires the existence of a clear territorial focus, a certain level of policy integration and the establishment of partnerships between key actors, public and private, whether as a tool within the process or as a goal in its own right.

In the OP 2000-2006 Andalusia advanced towards the adoption of a LDA, through the inclusion of a line of action on local and urban development and the consideration of *local and urban development* as a horizontal priority. The approach was innovative, but it neglected the integration of contents and the participation of local agents. The OP 2007-2013 ERDF attempts to pursue a more consistent LDA, through the adoption of a more integrated approach to regional development and a stronger commitment towards partnership and participation. However, certain weaknesses of the Andalusian public institutions added to the ongoing financial crisis and the sheer complexity of ERDF' project management have made it difficult to obtain optimum results.

## 1 Executive summary

Being Andalusia one of the least developed regions of Spain, measured in economic terms, since the reform of the structural funds in 1988 it has been included in the group of Objective or, after 2006, Convergence regions. Until 2006 it had received around 54 billion € in structural funds, which accounts for over 45% of the funds given to Spain. The massive public investment received by Andalusia in the last 20-25 years, to a great extent financed by EU structural funds, has fostered significant improvements in the infrastructure endowment, as well as in the institutional capacities of the region.

The main socio-economic changes experienced by Andalusia in the last two decades are: the ageing of the population, the turn from an emigration society into an immigration one, the improvements in health, education and general quality of life, the steady shift from the primary to the tertiary sector and a remarkable catch-up process in terms of economic growth and disposable income regarding the Spanish and European averages. However, the economic crisis started in 2007 shows that some structural economic problems (a weak industry, low productivity, training deficits...) remain.

Andalusia has a big territory, structured around 771 municipalities that hold strong local feelings. Agriculture and the rural way of life (landscape, cultural expressions) have a privileged place in the collective image of the region. These two features explain why the Local Development Approach (LDA) was traditionally identified with the Urban Initiative on the one hand and with the LEADER method on the other.

In the programming period 2000-2006 Spain made a big step towards the adoption of a local development approach, through the inclusion of a line of action on local and urban development common to all structural funds, the implementation of a *Local Operational Program 2000-2006 Objective 1* and the consideration of *local and urban development* as a horizontal priority for the distribution of all structural funds. The approach was innovative, because it stressed the local dimension and the need to think strategically, but it neglected three crucial points: the integration of contents, the participation of local agents and the provision of specific training for the funds' managers.

Building on the road opened by the OP 2000-2006 and the experience gained from 20 years of management of structural funds, the OP 2007-2013 ERDF attempts to pursue a more consistent LDA. The current OP starts from a deep strategic reflection about the long-term economic and social future of Andalusia, and also of the role that structural funds should and could play to help the region to achieve the desired structural change. Ultimately, the strategy has been defined by an interaction between the Spanish Government and the Regional Government of Andalusia (RGA). With reference to local development, the highlights of OP 2007-2013 ERDF are:

1. The correction of a development model excessively biased towards physical infrastructure –especially transport infrastructure- by the adoption of a more integrated approach taking into account many potential factors for its achievement: the entrepreneurial culture, the qualification of the workforce, the research and

innovation, the sustainable management of resources, the social cohesion or the protection and enhancement of the natural and cultural heritage.

2. An opening of the projects to partnership and participation, which was in the previous programming period somewhat restricted to high level actors at regional level, and to certain points of the process. Now it should be the turn of the grass-roots participation and of the public-private partnerships. However, it seems more feasible to improve communication –using old and new channels to get in contact with the public- than to create meaningful and durable spaces for participation.
3. The inclusion of *Sustainable Local and Urban Development* as a priority axe, accounting for almost 8% of the total budget, around 1.000 million € of which 70% reserved for “integrated local and urban development projects”. To be labelled as such, projects must include actions in several key issues: competitiveness, social integration, rehabilitating the physical environment, public spaces, cultural heritage and a quality urban environment.

In the fall 2007-2008 the first calls for integrated local and urban development projects were launched:

- § a call for municipalities of less than 50.000 inhabitants, subdivided in two; one for the medium-sized cities (20 to 50 thousand) the other for the smaller cities and the villages, coordinated and advised by the provincial administrations.
- § A call for cities bigger than 50.000 inhabitants called *Iniciativa URBANA* (heir of the URBAN initiative that ended in 2006), that takes into account the specific problems of the least privileged areas in those cities, i.e. unemployment and social exclusion, high crime rates, poverty, social distress, urban congestion and environmental degradation.
- § The JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative, whose goal is to help the authorities of the Member States to fund, through repayable loans, projects being part of an integrated plan for sustainable urban development.

So far the development of these actions has been slow, at least measured in terms of physical and financial performance. The official explanation for the accumulated delays focus on two factors: long delays in the approval of the required legal and technological infrastructure and the sudden and deep financial crises which has affected most Andalusian municipalities since 2008. As it becomes more and more difficult to raise the required local co-financing, many projects come to a halt. On the other hand, even in a better context we should expect LDA projects - locally based, integrated and participative - take more time to boot than non-LDA projects, because of the higher degree of complexity and uncertainty.

The monitoring and evaluation system is based on an apparently solid and very complex system of indicators. These should make possible the continuous assessment of performance, results and impacts of every action included in the program. In practice, however, apart from the data on financial absorption, performance indicators are not

displayed in a systematic and predictable way in the different monitoring and evaluation reports. The reluctance to deliver on time meaningful quantitative and qualitative information could be explained by the fear of criticism prevailing in the administrative culture, which is reinforced by the growing occupation of public institutions by political parties.

Andalusian public institutions have made remarkable efforts to update and improve the region's development policies, striving for a more effective use of structural funds. But to assert a real Local Development Approach -place-based, integrated and cooperative- will require that public administrations and social agents be more willing to take risks and to share the responsibility for local and regional development in Andalusia.



## 2 Context related features

### 2.1 Socio- Economic development

In the last two decades Andalusia experienced a remarkable catch-up process in economic growth and disposable income. Andalusia grew at an average rate of 3.30% between 2000 and 2008, while the figure for Spain was 3.09% (data from INE). And the Gross Regional Product per capita was 72% of the European average in 2000 and 79.6% in 2008<sup>1</sup>. This process of convergence has been pro-cyclical and not homogenous along years.

The regional economy maintains a relatively strong primary sector, although it has clearly become a service economy, in which retail and tourism are the most relevant activities, along with the public services sector. In fact, most of the jobs generated by the regional economy in the last ten years belong to these branches of activity. As growth was stopped by the crisis that started in 2008, the construction sector, which had experienced double-digit growth between 2000 and 2006, fell 11,6% in 2009, but other sectors, especially the industry, were also hit badly.

**Table 1: Employed people according to the economic sector (in thousands)**

Sector \ Year	2002	2010
<b>Agriculture</b>	266,5	<b>230,5</b>
<b>Industry</b>	291,2	<b>259,7</b>
<b>Construction</b>	341,4	<b>246,7</b>
<b>Services</b>	<b>1.614,8</b>	<b>2.122,4</b>

Source: Encuesta de Población Activa. EPA. Instituto de Estadística de Andalucía (IEA)

Data on labour force and unemployment speak volumes about the evolution of the regional economy in the last ten years. While the activity rate shows a positive evolution throughout the period (from 52.1% in 2002 to 58.7% in 2010), similar to the Spanish average, the unemployment rate followed the ups and downs of the economic activity, always at a very high level, higher than the Spanish average. The figures ranged between 19,6% in 2002, 13.8% at the brightest moment in 2005 and the devastating 27.97% of 2010<sup>2</sup>.

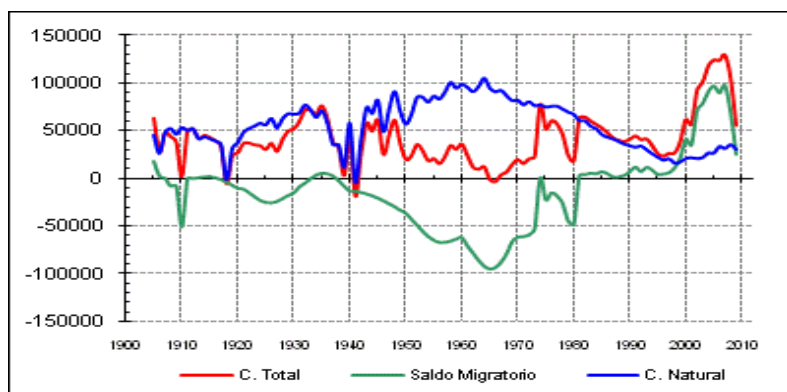
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<sup>1</sup> Gross domestic product (GDP) per inhabitant in purchasing power standard (PPS). Source: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/images/9/91/Chapter\\_7\\_GDP.xls](http://epp.eurostat.ec.europa.eu/statistics_explained/images/9/91/Chapter_7_GDP.xls).

<sup>2</sup> Source: EPA, Labour Force Survey (Instituto Nacional de Estadística).

In spite of the high levels of unemployment, one of the most important drivers of the transformation of the Andalusian society in the last decade has been the arrival of foreign immigration. According to the Municipal Review conducted by the INE, the percentage of foreigners in Andalusia in 2001 was 2.2%, while in Spain the average was 3.4%. In 2010, the foreign population in Andalusia had grown to 8.4%, while in Spain it had reached 12.2% of the registered population. Although the Andalusian ratio of foreign population is considerably lower than the national one, it is very significant that since the turn of the century Andalusia has had a sizeable positive migration balance (green line), taking in account that throughout the XX century Andalusia produced large contingents of emigrants.

**Figure 1: Evolution of the growth factors of the Andalusian population**



Source: IEA<sup>3</sup>

All in all, in the period 2001-2010, the Andalusian population grew by 13.7%, slightly below the Spanish average (14,8%) due to its relative weaker inflows of foreign immigration in the period. The projections for Andalusia are a 5% population increase in the period 2010-2019 (INE data, October 2010), which means growing at a quite slower pace than in the recent past, following a general Spanish and European trend to slower population growth. Albeit the Andalusian population is experiencing an acute aging process, similar to other European countries, it is still slightly younger than the Spanish and the EU-27 average: while the continental proportion of people over 65 is 15,8%, in Andalusia it is *only* 14,9% (Eurostat).

Following (and possibly reinforcing) the unequal internal distribution of economic growth, patterns of distribution of the population in the territory have changed quite dramatically over the last ten years. While the population living in villages and towns has shrunk in relative and even in absolute terms, almost all the population growth has taken place in medium sized cities, sub-provincial centres, cities of the coast and, above all, metropolitan cities that profit from the increased economic weight of the provincial capitals. These, in turn, have not grown much as places of residence, and if they haven't recorded an absolute loss it's because of the many foreign immigrants that have flocked to them.

<sup>3</sup> <http://www.juntadeandalucia.es/institutodeestadistica/sid/dossier/00/dos00Pob.htm>.

**Table 2: Evolution of the patterns of settlement of the Andalusian population 2000-2010**

	<b>2000</b>	<b>2006</b>	<b>2010</b>
<b>Population living in towns (less than 20.000)</b>	2.742.031 (37,36%)	2.689.416 (33,72%)	2.698.501 (32,24%)
<b>Population living in cities (more than 20.000)</b>	3.259.585 (44,41%)	3.890.768 (48,78%)	4.256.125 (50,84%)
<b>Population living in the provincial capitals</b>	2.351.002 (32,03)	2.404.243 (30,14%)	2.422.345 (28,94%)

Source: IEA

Regarding to education, over the last ten years the Andalusian population has taken a significant forward step. However, the general level of formal education is still lower than the Spanish and the European averages, which is mostly explained by the high levels of illiteracy that Andalusia had to overcome in the twentieth century. Andalusia has recently surpassed the 20% mark of people with tertiary education among the population over 16 years, a 5 points growth since 2002 (15.49%). The progress has been even more significant in the population with secondary education, with an overall increase from 55.3% in 2002 to 67.1% in 2010. However, still much remains to be done to reach the European average<sup>4</sup>.

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<sup>4</sup> Source: EPA, Labour Force Survey (Instituto Nacional de Estadística). An appalling indicator of this lag is the average of people in working age (between 20 and 64) with upper secondary and tertiary education: while in EU-27 was 72% in 2009, the figures for Spain and Andalusia were 51.3% and 46.3% respectively. This happens as well in other Mediterranean regions of Italy, Portugal or Greece. Other reports also confirm that the overall educational level is relatively low in Spain. For example, the results of the so-called PISA reports, ordered by the OECD, for the international evaluation of students, corresponding to 2009 and 2010, show that Spain remains below the OECD average, with a much bigger gap and less improvements in the case of Andalusia.

**Table 3: Main socio- economic features of Andalusia**

	Andalusian average			Spanish average			EU average		
	2000	2006	2010	2000	2006	2010	2000	2006	2010
Total Population	7.340.052	7.975.672	8.370.975	40.499.790	44.708.964	47.021.031	482.767.512	493.210.397	501.105.661
Population. over 65	14, 25%	14, 7%	14, 95%	16,89%	16,74%	16,87%	15.6%	16.8%	17.4%
GDP per capita	11.500	17.300	18.400 (2008)	15.700	22.300	23.900 (2008)	19.100	23.700	25.100 (2008)
Activity rate	52,1% (2002)	55,3%	58,7%	54,2% (2002)	58,3%	60,0%			
Employment rate	46,3%	57,3%	51,6% (2009)	56,3%	64,8%	58,6%	62,2%	64,5%	64,2%
Unemployment rate	24,1%	12,7%	25,4%	11,1%	8,5%	20,1%	8,7%	8,2%	9,6%
Net migration	-7.227	6.079	2.150	294.276	660.675	145.701 (2009)			

Sources: EUROSTAT, IEA and INE

## 2.2 Institutional and political characteristics

Since 1980 Andalusia is one of the 17 Autonomous Communities of Spain. It was the last of the four historic territories, after the Basque Country, Catalonia and Galicia, which opted for the fast track to regional autonomy, thus reaching the consideration of *nationality* within the constitutional framework. This relative strong regionalism is matched by the existence of very close ties with Madrid, as well as by a pervading localism, mostly articulated through the eight Andalusian provinces and their capital cities. The complex web of territorial attachments and loyalties is reflected in an even more complex institutional framework. The Spanish Constitution of 1978 devises a structure of political power based on three tiers: central, regional and local, each one endowed with its own legitimacy and not completely subordinated to the other<sup>5</sup>.

The Constitution (Art. 131) attributes the Central government the power to “*equilibrate and harmonize regional development*”, which shall be done through economic planning, somehow taking in account the Autonomous Communities and the main social partners. Indeed, the Central government has gone as far as possible to keep political leverage over regional development through the control of European structural funds. This is the case of the ERDF, managed in Spain by a specific DG of the Ministry of Economy and Finance<sup>6</sup>.

Andalusia has its own regional parliament and government (Junta de Andalucía), who enjoy legislative and executive powers in many policy fields, most notably health, education, employment, social services, environmental protection, public works and territorial planning. These powers have been confirmed and somehow strengthened with the approval of a modernized Statute of Autonomy in 2007. Nonetheless, in most competences there isn't a single acting administration, but are distributed between two or even three levels of power<sup>7</sup> and therefore are the object of a complex system of intergovernmental cooperation.

The implementation of the ERDF in Spain is, all in all, a common undertaking of Central government and regional governments. Each regional Operational Program for the period 2007-2013 was the result of multilevel negotiations between those and the European Commission, starting with a planning document called National Strategic Reference Framework (NSRF, MENR in Spanish), which in turn was an adaptation of the Lisbon Strategy to the Spanish development reality and needs. In Andalusia the alignment of the economic objectives of the region with the Lisbon Strategy and its

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<sup>5</sup> In contrast with what is current practice in federalist states, Spanish local governments are not regulated and supervised exclusively by the second tier (states, länder, etc.) of government, but also and in the most important aspects by the central government.

<sup>6</sup> The supposedly quasi-federal Spain is the only EU big country, together with Romania, which hasn't allowed its regions to assume the role of managing authorities.

<sup>7</sup> A very common case is that the central government enacts the basic regulation, the regional governments develop it in own laws and local governments implement it through local services.

guidelines should be reached by the so-called Competitiveness Strategy 2007-2013, approved by the Regional Government of Andalusia (RGA) with the participation and consent of the most important employers' and trade unions.

The RGA coordinates a multi-sectorial involvement in the management of the ERDF through the DG for European Funds and Planning, ascribed to the regional Ministry of Economy, Innovation and Science.

The key organism for the implementation of the OP ERDF Andalusia 2007-2013, entrusted with programming, monitoring, re-programming and evaluation functions, is the so-called Monitoring Committee (Comité de Seguimiento)<sup>8</sup>, co-chaired by the Spanish and the Andalusian governments and staffed with 8 full members, 4 from each administration. Additionally, there are 9 other members who have the right to be consulted before the decisions are taken, but not the right to vote. Apart from other 6 members of the leading administrations, there are 3 seats reserved for, respectively, a representation of the “*most representative*” Andalusian social partners<sup>9</sup>, a representation of the European Commission and a representative of the EIB and the EIF. Moreover, other intermediate and beneficiary organisms, as well as institutions from civil society, external consultants and foreign observers can eventually be invited to the meetings of the Committee. In principle, local governments are absent from this organism, unless they are invited to one of its sessions.

A novelty of the current programming period is the creation of sectoral networks at national level, understood as coordination and cooperation forums for the public authorities sharing responsibilities in the management of EU funds in a policy field that requires joined-up commitment. From the five networks foreseen in the NSRF, three are already operative: Gender equality, Environment and, significantly enough, urban policies. This last one is co-chaired by the Spanish ministries of Economy and Housing and includes representatives from the regional and local authorities<sup>10</sup>.

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<sup>8</sup> See: “Reglamento interno del Comité de Seguimiento del Programa Operativo FEDER de Andalucía 2007-2013.

<sup>9</sup> In this context, the word “representation” means that it can consist in more than one representative, if the represented entities so will. In fact, the invited entities are three: the Andalusian Employers' Association and the regional branches of the biggest Spanish unions, CCOO and UGT. Their presence in the Committee is officially considered (in the committee's rules themselves) as the proper way to channel participation of civil society in the management of ERDF. But, apart from the fact that these 3 persons are present as merely “consultative” members, the foreseen frequency of the meetings (at least 1 each year) doesn't sound very promising for the realization of participation.

<sup>10</sup> [www.rediniciativasurbanas.es/portalRIU/index.php?option=com\\_content&view=article&id=50&Itemid=60](http://www.rediniciativasurbanas.es/portalRIU/index.php?option=com_content&view=article&id=50&Itemid=60).

### 3 The use of LDA in the region. Telling the story

The origins of LDA in Andalusia can be traced back to the 1980s, which means that the LDA has been present in the implementation of the ERDF since its creation. The answer to how did LDA came up to Andalusia must be linked to the profound economic crisis experienced by the region from the late seventies to the mid eighties. Its most remarkable consequences were, on the one hand, a slump of the industrial sites, especially the heavy industries promoted by the late phase of Franco's regime, and on the other hand an ongoing decay of agriculture, which was a more structural and European phenomenon (Ramos and Delgado, 2002).

When Spain regained democracy agriculture was still very important for Andalusia, in economic, social, political and cultural terms. The region has excellent conditions for agriculture, but an unjust and inefficient structure of property led to a clear underutilisation of the resource. The memories of social unrest and of the later massive immigration from the region's rural areas to the most dynamic cities of Spain (Barcelona, Madrid, Bilbao...) and Western Europe were still fresh. At the beginning of the 80's, coinciding with the process of decentralization, leftist parties promised rural development through a land reform and clear increases in agrarian productivity and output.

However, the entry of Spain into EEC in 1986 forced a restructuring of the primary sector based not on more agrarian production but on economic diversification (Romero and Ramos). The Common Agricultural Policy (CAP) was reformed to complement the traditional top-down approaches (basically subsidies) with a first generation of initiatives (LEADER) that were to be designed and implemented from the rural areas themselves. Essentially, this new concept or local rural development intended to improve the sustainability and quality of life of the rural areas, opening their economies to new sectors, such as agro-industry and tourism, and connecting them better to the urban poles. This approach was adopted and developed by the social-democratic Spanish and Andalusian governments, who had put the development of rural Andalusia in top of their agendas. In this context, from 1991 onwards the LEADER program had a remarkable and positive impact on rural Andalusia. It provided a first participative and holistic LDA that, being adopted by dozens of local groups<sup>11</sup>, created a certain counterbalance to the subsidy-based policies which were adopted to prevent extreme poverty and massive emigration, but risked to impair local development as well, by killing the entrepreneurial spirit and fostering the emergence of a new rural "underclass", unable to break old social and gender inequalities (Izcara, 2002).

The first approach to local development in Andalusia was thought for and implemented in the rural areas. It was strongly committed to (territorial) cohesion through the

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<sup>11</sup> 9 in LEADER I (1991-93), 22 in LEADER II (1994-1999), 52 in LEADER PLUS (2000-2006).

reaching of similar levels of development in all areas, be them urban or rural. The focus was in the provision of infrastructures and services in the structurally weakest areas, usually rural and remote.

A second feature influencing LDA in Andalusia is localism. The region has 771 municipalities, some of them very large and all of them blessed with a particular history and identity. Unsurprisingly, local empowerment is not seen as a constitutional arrangement but as a right and, more than this, a way of understanding public life. Local development, therefore, can only be conceived, pursued and eventually achieved through powerful local governments, endowed with sufficient authority in the key policy fields, with resources to deploy their own policies and programmes, and last but not least, with the lowest possible supervision by the regional and national authorities. As local governments remain the weakest of the three tiers of power devised by the Spanish Constitution of 1978 (central, regional and local), this approach looks like an ideal, somewhat chimerical, but influencing the realities of political life.

In the 1980's most urban local governments tried their own modest approaches in the fight against the looming unemployment. At the beginning of the 90s, when the first wave of European funds was being deployed: *"...the mobilization of endogenous potential ha(d) become a strategic objective of local development, and many local governments ha(d) taken numerous specific policies aimed at achieving this goal"*<sup>12</sup>. These policies were institutionalized through the creation of local development agencies, staffed with a new professional profile: the local development agents. The provincial administrations –second level local administrations with the mission of supporting municipalities- played an important role in this process, providing technical and financial resources. Notwithstanding certain achievements in terms of employment, these policies remained too isolated within the local administrations. They lacked a clear commitment to governance; that is, to the articulation of networks encompassing the public and private actors relevant for local development. At this point, the URBAN Initiative, launched in 1994, was to have similar effects than the LEADER initiative in rural settings: it showed that another way of thinking and putting in practice urban development, more bottom-up, integrated and collaborative, was possible. Moreover the fact that local governments could address their projects directly to Brussels for getting funds, avoiding all intermediation, was highly appreciated. In Andalusia the Urban Initiative earned a remarkable success, but the number of beneficiaries was so low<sup>13</sup> that its spreading effects were rather limited.

In the following period (2000-2006) Spain made a big step towards the adoption of a local development approach, through the inclusion of a line of action (axis) called "Local and Urban Development", common to all structural funds<sup>14</sup>, although it

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<sup>12</sup> See: Gutiérrez.

<sup>13</sup> The Community Initiative URBAN benefited five Andalusian cities between 1994 and 1999 (Urban I: Cádiz, Huelva, Málaga Sevilla and Córdoba) and two (Urban II: Jaén and Granada) in 2000-2006.

<sup>14</sup> In that period the main structural funds (ERDF, ESF, EAGGF) FOR Andalusia were integrated in a single program, the POIA 2000-2006.



accounted for less than 5% of the total expenditure. Moreover, the Spanish government approved a “Local Operational Program 2000-2006 Objective 1”, which encompassed the measures of axis 5 and some of axis 3 (environment), and defined the rules of attribution of resources to local authorities, according to their size. Last but not least, local and urban development was considered a horizontal priority for the whole funds. This 2000-2006 approach was innovative, because it stressed the local dimension and the need to think strategically, but it neglected two crucial points: integration (of contents) and participation (of agents).

Building on the road opened by the OP 2000-2006, the OP 2007-2013 ERDF attempts to pursue a more consistent LDA. On the one hand, it takes up and bets strongly on integration (issue and territorial) and partnership (intergovernmental and public-private) in local projects. On the other hand, local development strategies are encouraged but must be assessed in relation to regional, national and EU strategies. In the background there is the intention to focus the development efforts on cities and urban areas, as these are considered the centre and the engine of development, articulating the territory and pulling the economic growth through innovation, the attraction of capitals and the creation of employment. In the harsh global markets competitiveness must be based on specialization and this in turn requires a certain focus and critical mass; not trying to do everything everywhere, but trying to do some very good things and some advantageous places. The Spanish government used the NSRF 2007-2013 to draw a path that should be followed by the regions<sup>15</sup>. Also in Andalsia, where, according to the expert Alfonso Yerga “...the focus has gone from the local development in the 80's, presided by the euphoria over the endogenous development, to the new regionalism, which involves leadership and strategic planning by the Junta de Andalucía (the RGA)”<sup>16</sup>.

Indeed, the current strength of the regionalist approach to local development in Andalusia can be interpreted as a reaction against the excesses of the localist LDA in the 80s and the 90s. According to regional officials, the regional authority “...produces territorial balance, as they have general overview, as opposed to the divisive parochial or selfish approaches that local authorities might have”<sup>17</sup>. Almost everyone would agree with this statement, but it doesn't close the debate in Andalusia. A crucial question must be put: what is this “territorial balance” about? Selecting the best and most promising projects or guaranteeing territorial cohesion through homogeneous distribution? The Andalusian answer to the dilemma has been, so far, a conclusive both, competitiveness and cohesion. This is why the OP 2007-2013, and to a great extent also the OP 2000-2006, assume a holistic definition of its local and urban strategy<sup>18</sup>.

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<sup>15</sup> “The local and urban development is configured as a main focus of the ERDF 2007-2013 programming period, following the EU guidelines on cohesion policy, in which cities and urban areas take on special significance, because they are the centre and the motor of development, articulating the territory through innovation and the attraction of capital and jobs in each region”. Gobierno de España (2007), P. 119.

<sup>16</sup> Source: recorded interview (April 27th 2011).

<sup>17</sup> Source: minutes of the territorial workshop held in Seville (May 25th 2011).

<sup>18</sup> “Developing the system of Andalusian cities, towns and villages, enhancing its capacity to generate, in a sustainable way, activity and wealth, through the consolidation of the basic infrastructures, commerce,

Regional development efforts, therefore, rely on an active and self-confident local governments which provide local contacts and information, and sectoral integration only makes sense and becomes visible at local level. The LDA pursued by OP 2007-2013 seems to contain an inherent tension between its regionalist boost and its plea for local participation. It remains to be seen to what extent the involved agents will be able to find an appropriate equilibrium point.

## 4 Main interventions using LDA

### 4.1 Regional strategy

#### 4.1.1 2000-2006

The strategy that sustains the Integrated Operational Programme 2000-2006 for Andalusia is based on the Andalusia Regional Development Plan 2000-2006. It departs from the observation that, despite the strength of the concept of competitiveness, which was the leading principle of the Andalusian development strategy in the 90s, in the 2000's a more ambitious approach is needed. The ultimate goal of the strategy for period 2000-2006 is advancing sustainable development<sup>19</sup>, which means, on the one hand, taking into account environmental and social aspects of development as well, and on the other hand, considering a long term vision of development.

In order to achieve sustainable development: it is necessary that Andalusia continues a process –successfully started in the 90's- of *real convergence* with regard to EU standards in production capacities, employment, public assets, internal cohesion and environmental protection. Ultimately, real convergence only will be possible through a sustained economic growth over EU average, which in turn requires the generation of value flows that can be sustained in the long term.

In the new economic context, the concept of regional territory regional recovers an active role beyond a mere hosting area of economic activities. In fact, the capacity to generate value depends on regional assets such as knowledge, human capital, infrastructure and equipment, environmental quality and innovation systems<sup>20</sup>. Therefore the regional development strategy intends to assure three elements which are essential for the territory:

- § Connectivity, to facilitate the flux of goods, services, people and ideas.
- § Social welfare, which means to ensure access to certain infrastructures, job opportunities and environmental quality.
- § Collective action, referring to “*the participation and cooperation public authorities and citizens of the region in the implementation of the actions*”<sup>21</sup>, and expressed in the following three secondary goals: 1. Supporting the creation and dissemination of

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<sup>19</sup> Understood as “*a progress in welfare levels without compromising the ability of future generations to maintain or even increase it*”. (Junta de Andalucía, 2000.b, p. 57).

<sup>20</sup> Junta de Andalucía, 2000.b, p. 60.

<sup>21</sup> Junta de Andalucía, 2000.b, p. 61.

organizational capital, 2. Reducing gaps in human and technological capital and 3. Increasing the efficiency of the territorial model.

The revaluation of the territorial element is the basis for the inclusion in the strategy of a certain local development approach<sup>22</sup>. And this is replicated, as we shall see below, in the subsequent OP ERDF.

#### **4.1.2 2007-2013**

In this period the strategic planning process received another twist. All relevant administrations, as well as economic and social actors<sup>23</sup> were actively involved in the making of the new regional development plan, called “Strategy for the Competitiveness of Andalusia 2007-2013”<sup>24</sup>. A strict connection between the Strategy and both structural funds program and regional and local development policies was assured through their integration in a single document..The plan provides a clear description of the scenario in which regional development will be included and, secondly, a precise definition of the principles and objectives that should guide the implementation of policies. Moreover, its formulation has facilitated the development of the Andalusian Regional Strategic Framework (MER-AN) 2007-2013.

#### **Scenario of regional development**

The underlying concept of the MER-AN is a broad view of economic development based on four pillars: physical capital, human capital, social cohesion and technology. In depicting the scenario of the regional development it acknowledges the fact that despite some progress the Andalusian economy continues to perform clearly under the Spanish and EU averages. While the infrastructure has improved greatly, especially regarding to communication (highways and railroads), along with the basic public services (education, health, social care)<sup>25</sup>, some key structural features haven’t changed that much. The productive fabric of Andalusia is still characterized by a great predominance of small and medium-sized firms, something that undermines the competitive potential of Andalusian companies, as there are sectors where minimum size is needed to compete in international markets. In fact, the Andalusian companies have a very low degree of internationalization, as their sphere of exchange is usually reduced to local, regional and, at best, national level. Moreover, the business density of the region is clearly below the Spanish median, and its productivity is low and difficult to increase.

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<sup>22</sup> Junta de Andalucía, 2000.b, p. 69.

<sup>23</sup> VI Social Partnership Agreement of Andalusia.

<sup>24</sup> [http://www.juntadeandalucia.es/economiayhacienda/planif\\_presup/planes/plan2007-2013/Eca.pdf](http://www.juntadeandalucia.es/economiayhacienda/planif_presup/planes/plan2007-2013/Eca.pdf).

<sup>25</sup> Even though there are still certain deficits in energy, water (supply, sanitation, treatment and reuse) and airport infrastructures.

The reasons that explain the low productivity of the regional economy are: high relative weight of low productivity sectors (agriculture, construction, tourism, public services), lack of effort in research and innovation<sup>26</sup>, fragmentation of the production, low level of capital per worker used in the productive activities, insufficient funding for new and risky activities, mismatch between the skills demanded by the labour market and those offered by the educational system, low levels of labour mobility and high levels of temporary employment. As a result of this, the Andalusian labour market is rather weak, with rates of activity well below the Spanish and European averages, especially regarding to female and young workers. The most affected sectors by unemployment are agriculture and construction.

### **Objectives of the Strategy**

The strategy sets two ultimate goals that reflect the aim of achieving a balance between the economic and the social needs:

1. Increase the capacity of the regional economy to generate wealth and prosperity and promote real convergence with Spain and the EU.
2. Promote a balanced distribution of the population and the socio-economic progress throughout the region.

These broad goals are transformed into policy contents through the formulation of eight axes: 1. Development of the knowledge society; 2. Entrepreneurial development and innovation; 3. Environment, water resources and risk prevention; 4. Territorial balance, accessibility and energy; 5. Local and urban development; 6. Welfare and social cohesion; 7. Increasing and enhancing human capital; 8. Agri-food, fisheries and rural development. The following table shows how the operational programmes (OPs) of the different structural funds have internalized LDA.

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<sup>26</sup> In investment in research and innovation a certain process of convergence between Andalusia and the Spanish average can be detected, although the population's access to ICTs is still a challenge for old people, women and certain rural areas.

**Table 4: Inclusion of a Local Development Approach in the operational programs for Andalusia of the different structural funds in the programming period 2007-2013**

Fund	Intermediate objectives	Actions in which a strong connection to LDA is identified	Financial resources involved in LDA
ERDF	Local and Urban Sustainable Development	Other assistance to improve tourist services	191.443.926
		Protection and conservation of cultural heritage	64.046.124
		Development of cultural infrastructure	54.743.401
		<b>Integrated projects for urban and rural regeneration</b>	<b>690.926.519</b>
ESF	Promoting equal opportunities and participation of women in the labour market	Measures to improve women's access and progress in the labour market for example, facilitating access to care and attention for children and dependents.	18.562.832
	Exploiting the potential of local development to promote the creation of stable and quality work through the use of endogenous resources	(The local element is lost when passing from intermediate objectives to axes and actions)	Indeterminate in ESF OP 2007-2013
EAFRD	Andalusian Rural Development Plan	Quality of life in rural areas and diversification of the rural economy	20.390.000
		Implementation of the LEADER approach	220.490.000
EFF	Sustainable development of the fishing coastal areas	Economic Development of fishing areas	Indeterminate (EFF Andalusia amounts for over 176 mi. €)
		Economic diversification	
		Quality of coastal environment	
<b>TOTAL</b>			<b>1.260.602.802</b>

Source: OPs ERDF, ESF, EAFRD and EFF 2007-2013 for Andalusia

Additionally, the strategy identifies three cross-cutting priorities that are deemed crucial to achieve the goals: equal opportunity, environmental protection and, significantly, the improvement of the public services through *good governance*. Finally, a fourth priority is added: cooperation along the territorial border with Portugal and northern Morocco to encourage the harmonious development and integration of these spaces.

Finally, to make possible the accomplishment of the Strategy's aims (leading principles), the document formulates a set of operating principles that should be shared by all territorially based funds:

**Table 5: Leading and operating principles of the Andalusian Regional Strategic Framework (MER-AN) 2007-2013**

Leading principles	Operating principles
Promote growth and economic development in the region	Strategic Planning
Advancing economic and social cohesion	
Increase the efficacy of funds	Overall coordination and management of the interventions
Contribute to better compliance of the horizontal priorities	Coordination with the related regional, national and EU-policies

Source: Andalusian Regional Strategic Framework (MER-AN) 2007-2013

## 4.2 Mapping ERDF interventions using LDA

### 4.2.1 OP 2000-2006

The Integrated Operational Program for Andalusia (POIA) 2000-2006 included an axis on “Local and Urban Development” (the number 5), accounting for 5.55% of the total budget. The nine measures envisaged in this axis were the following<sup>27</sup>:

- 5.1. Rehabilitation and equipping of urban areas.
- 5.2. Improvement of urban transport systems.
- 5.3. Infrastructure and community facilities in towns under 20,000 inhabitants.
- 5.4. Infrastructure and equipment support for social integration in urban areas.
- 5.6. Support to the local initiatives that contribute to the generation of employment.
- 5.7. Tourism and cultural infrastructure.
- 5.8. Conservation and rehabilitation of historic-artistic and cultural heritage.
- 5.9. Infrastructure and social and health facilities.
- 5.10. Sports facilities and leisure activities.

These measures were all financed by ERDF, except 5.6, which was in charge of the ESF. The integration with EAGGF in rural settings was achieved through the incorporation of measure 7.9. (Endogenous development of rural areas linked to non-agricultural activities).

In addition to that, the managing authority approved a Local Operational Program (LOP) 2000-2006, co-financed by the ERDF and only applicable to Objective 1 regions. It combined, together with technical support (Axis 9), all measures of Axis 5 (except 5.6) with six measures of Axis 3 (Environment and water resources):

- 3.1. Water supply to population and economic activities.
- 3.3. Sanitation and wastewater treatment.
- 3.4. Integrated management of urban and industrial waste.
- 3.6. Protection and regeneration of natural environment.
- 3.7. Surveillance, control and reduction of environmental pollution.
- 3.8. Regeneration of land and space.

The LOP was designed “to promote sustainable local and urban development” and it distinguished between two kinds of beneficiaries:

- Municipalities of less than 50,000 inhabitants.

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<sup>27</sup> Note that measure 5.5 doesn't exist.

- Municipalities of more than 50,000 inhabitants and provincial capitals that do not reach that figure.

The managing authority considered that above 50.000 inhabitants a municipality has enough resources to pay for a local team of specialists in managing EU funds, be it from its own staff or outsourced. Therefore those municipalities were to assume the role of sub-delegated authorities with a high degree of responsibility in the management of funds. But the distinction between bigger and smaller municipalities not only affected the management and implementation of the interventions, but also the type of measures that a municipality could aspire. Whereas smaller municipalities were to focus on the improvement of their basic services (water and waste management) and their cultural heritage (for tourism purposes), the bigger ones were to focus in urban regeneration, transport, social integration and the fight against pollution. It is also remarkable that a measure (5.3. Infrastructure and community facilities) was addressed only to towns under 20,000 inhabitants.

**Table 6: Local Operational Program (LOP) 2000-2006. Distribution of measures according to the size of municipalities**

Size of municipalities (inh.)		Axis 3	Axis 5	Axis 9
Smaller than 50.000	Smaller than 20.000		Measure 5.3	Technical Support
	Bigger than 20.000	Measures 3.1, 3.3 and 3.4	Measures 5.5, 5.8, 5.9 and 5.10	
Bigger than 50.000 inh.		Measures 3.6, 3.7 and 3.8	Measures 5.1, 5.2, 5.4, 5.7 and 5.8	

Source: Gobierno de España (2002), p. 2

Besides, there was the Community Initiative URBAN, which allowed the cities of Jaén and Granada to manage a budget of over 16 million € each for the improvement of one of their most disadvantaged areas.

#### 4.2.2 OP 2007-2013

The ERDF OP 2007-2013 was nurtured to a great extent by the conclusions of the evaluation of the previous programming period 2000-2006. The evaluators identified six clear priorities for a more effective and sustainable use of ERDF funds:

- Promoting research, technological development, innovation and information society.
- Intensifying efforts in health care.
- Promoting networks of transport infrastructures.
- Promoting quality in the field of environmental infrastructures.
- Increasing investments in education.
- Investing in urban areas, giving preferential attention to the regeneration of old city centres and the promotion of natural and cultural resources.



- Supporting business initiatives in the areas with problems of depopulation.

In line with this, the new OP was structured through seven strategic priorities, each one endowed with a specific amount of resources and a specific percentage of EU funding.

**Table 7: ERDF Operational Program 2007-2013 for Andalusia, priority axes and funding**

Priority axes	EU funding (€)	National funding (€)	Total funding/axis	EU funding
1. Development of the Knowledge Economy	361.778.076	90.444.530	452.222.606	80,00%
2. Development of business innovation	1.312.835.531	562.643.798	1.875.479.329	70,00%
3. Environment, Natural Environment, Water Resources and Risk Prevention	2.047.767.906	877.614.820	2.925.382.726	70,00%
4. Transport and Energy	1.985.878.770	1.069.319.338	3.055.198.108	65,00%
<b>5. Local and Urban Sustainable Development</b>	<b>700.811.979</b>	<b>300.347.995</b>	<b>1.001.159.974</b>	<b>70,00%</b>
6. Investment in social infrastructure	388.190.972	97.047.745	485.238.717	80,00%
7. Technical and Institutional Capacity Building	46.666.107	11.666.530	58.332.637	80,00%
<b>Total 2007-2013</b>	<b>6.843.929.341</b>	<b>3.009.084.756</b>	<b>9.853.014.097</b>	<b>69,46%</b>

Source: OP ERDF 2007-2013 for Andalusia

The strategic objective of the sustainable local and urban development policy is to develop the system of Andalusian cities, towns and villages, enhancing its capacity to generate, in a sustainable way, activity and wealth, through the consolidation of the basic infrastructures, the commerce, the culture and the tourism, improving the social cohesion and the territorial equilibrium. The three specific objectives derived from this strategy are: 1. to foster a more sustainable urban development; 2. to push forward the Andalusian tourism sector, based on differentiation and quality and 3. to assess the historic heritage and the natural resources of Andalusia. Its budget accounts for 7.98% of the total budget.

There is a remarkable continuity between the 2000-2006 and the 2007-2013 periods, enhanced by the fact that the Spanish Government decided to maintain the letter and spirit of the disappeared Urban community initiative assuming its cost within the ERDF financial framework for Spain.

Nonetheless, the period 2007-2013 brings also significant novelties in relation to the previous one:

- First, the RGA and other Andalusian authorities involved in the management of regional policy have tried to re-integrate the different European funds at the regional level. To this end they have included in the ERDF OP 2007-2013 the most relevant information on the operational programs of the ESF, the EAFRD and the Cohesion Fund. As far as local development is concerned, the most potentially dangerous overlap could happen between the actions of the EAFRD in rural development (diversification in rural areas) and the ERDF integrated projects for small municipalities, as they are similar in objectives and contents, and at the same time

managed by different authorities (RGA and Spanish Government, respectively). This risk has apparently been identified and tackled quite successfully<sup>28</sup>. However, some experts remain sceptical about the possibility to overcome a coordination problem that seems to be not specifically Andalusian or Spanish, but European<sup>29</sup>.

- Secondly, in the new period local and urban development loses the consideration of horizontal priority, but it is only considered to have “a certain cross-cutting character” in relation to all other strategic lines.
- And the third and most important novelty is that the axis Local and Urban Development includes an action called “*Integrated projects for urban and rural regeneration*” which accounts for most of its budget (690.926.519 € for the whole period). This action puts the local governments at the centre of the stage, encouraging them to adopt a proactive attitude towards development. It is a participative, bottom-up approach that seeks:
  - To strengthen citizen participation in the management of public affairs and the improvement of local services.
  - To promote the cooperation with other potential actors/ partners (institutional, social or economic, both public and private) in the selection of projects and in the promotion of practices.
  - To share and disseminate methodologies and best practices in those matters which are considered interesting for implementation. Coordination and sharing are encouraged through the development of a Network of Urban Initiatives.

The OP describes three types of actions for funding integrated projects:

### **1. Projects addressed to municipalities of medium and small size (up to 50.000 inhabitants).**

It is intended that these projects incorporate the URBAN methodology for addressing their specific problems (aging population, depopulation of the area, poor access to training and new technologies, etc.), thus achieving sustainable development, in economic, social and environmental terms. This requires actions in economic promotion, mobility, social cohesion and civic participation, among others. The final beneficiaries of these actions, which can apply for funding, are the following:

- Municipalities from 20,000 to 50,000 inhabitants (15.8% of the population, 15.7% of the territory).
- Provincial administrations (*Diputaciones*) for projects developed by municipalities of less than 20,000 inhabitants (33.7% of the population, 77,1% of the territory). The *Diputaciones* act in behalf of the smaller municipalities.

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<sup>28</sup> This was stated for the case of the province of Seville. (Source: minutes of the territorial workshop held in Seville (May 25th 2011).

<sup>29</sup> The best sign of this is letter of August 2010, signed by the 4 EU commissioners responsible for the structural funds, and addressed to the President of the Commission, asking for a better integration of the funds.

The development of this action was sub-delegated to the Secretary of State for Territorial Cooperation of the Ministry of Public Administrations; that is, the organism that cares for the relationships between the Central and the local governments. The call was addressed to all Spanish regions, but specifically in the case of the Convergence regions there have been two calls, the first one for projects to be executed from 2007 to mid 2011 (4,5 years), and the second one, published in February 2011, for the remaining 2,5 years of the programming period.

To guarantee the correct implementation of the principle of integration the sectors that were supposed to be integrated in every project were normatively distributed in six blocks:

1. Information society and ICT.
2. Economic development: creation of employment and economic opportunities through the diversification of production and the improvement of local infrastructures and services.
3. Improvement of the natural environment and the environmental quality.
4. Improving accessibility and mobility.
5. Protection and preservation of cultural heritage.
6. Promotion of family conciliation and social cohesion.

Nevertheless, the rules of the call established that for a proposal to be admitted it was enough -apart from a generic commitment to social, environmental and economic issues- that it covers two of these blocks. That is really not much, and in fact not all projects reach the same level of integration. Among those that are presented by a group of municipalities smaller than 20.000, many of them, ultimately, allocate a small sum to every municipality. But other projects show a much more consistent approach that responds to real territorial needs. The following boxes show two examples of this: the first leaned towards natural resources, the second towards tourism.

#### Examples of integrated projects of local development in municipalities of less than 50.000 inhabitants

The Diputación of Granada presented and obtained 7.25 million € for the project called “Integrated sustainable development of the **mountain territories of Granada**”. 48 small municipalities will take part and benefit from it. Its specific objectives are:

1. Economic development: Creating employment and economic opportunities through the diversification and improvement of local infrastructure and services, emphasizing tourism (sport and leisure).
2. Improvement of the natural environment and environmental quality, focused on clean energy production and water management.
3. Protection and preservation of the cultural heritage
4. Improving accessibility and mobility, focused on rural roads.
5. Promotion of family conciliation and social cohesion

The project is coordinated and managed by the provincial administration of Granada. Thus, the municipalities –usually small- don’t have to bother about the procedural arrangements. The participation in networks devoted to local development, as the Granada’s network of municipalities towards sustainability, is deemed important.

For the municipality of **Alcalá la Real** (pop. 22.759, Province of Jaén) it is the first experience with a project of such complexity. The project, worth 4,699,360 € is about the regeneration and economic development of the Northern part of the city, in order to reach equilibrium with the rest of the city. As many other Andalusian projects, it focuses on tourism, but also providing improvements in the social services. Its objectives are:

1. Providing the Northern Zone facilities and social programs required for fixing the residents. The main targets are groups with greater needs, such as older people, young people and those at risk of social exclusion.
  2. Harnessing the tourism potential of the City to generate economic activity and greater job opportunities in the area.
  3. Recovering the degraded environment of de Las Cruces neighbourhood. Of the different neighbourhoods that make up the Northern Zone, Las Cruces is the one in the worst condition, and it is also a cornerstone of the Tourist Route which will articulate the whole Project.
- The local government took the leadership, seeking the feed-back and approval of the neighbourhood's associations. It has created a specific management unit within the local administration and it has subcontracted the technical assistance and the evaluation of the project<sup>30</sup>. According to a local administrative officer, although there have been small conflicts around specific public works, so far the project has resulted in an improvement of the public as well as the private estate of the city, as many neighbours have begun to invest more in the embellishment and renewal of their homes<sup>31</sup>.

In regard to participation, this action departs from an apparently very solid ground, as in the call's definition of objectives the objective "participation" is put on equal footing with the objective "integration". But this disappears altogether when the call exposes the eligibility requirements. A statement on "existence of participation and social consensus on the project" is included in a multi-issue statement of responsibility to be signed by the applicant authority, although it is also expected that the participation process is explained in the project. As the second and last call for projects was launched in February 2011, the priority was to foster financial performance and, in general, better compliance with the hard requirements of the European Commission. Indeed, the new rules improved certain key aspects:

- Transparency: Description and weighting of the criteria to evaluate proposals and obligation to publish the results of the call.
- Feasibility defined as "the ability of the project to spend within a year at least 50% of the total budget".
- Flexibility in financial management: any change amounting for less than 10% of an action's budget is accepted.
- Better communication of the projects by the beneficiaries is required.

But when it comes to weighting, the importance of partnership in the overall assessment of a proposal, it comes to a tiny 5%. And participation is, again, not considered an obligation, but a complement.

However, although we cannot detect a strong and coherent commitment to these principles, it doesn't mean that there is no chance for truly integrated and cooperative projects to be approved and delivered. In this sense, the more or less active role played by key officials of the provincial *diputaciones* seems to be crucial.

The first call received 75 projects worth 610.082.054 € an amount that more than doubled the 248.025.050 € allocated to it. The jury of the call was composed by 3 representatives of the sub-delegated authority, one representative of the Managing

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<sup>30</sup> See: <http://www.alcalalarealurbana.es/PLIEGO%20evaluacion%20ZONA%20NORTE.pdf>.

<sup>31</sup> Source: recorded interview (July 14th 2011).

Authority and, interesting enough, a representative of the most representative Spanish Association of Local Authorities. In the rules of the call, project assessment criteria were described but not weighed, and the internal procedures of the evaluation process weren't made public. Finally 39 integrated local and urban development projects were chosen, spread across 26 local beneficiaries, of which 18 were medium-sized cities (20 to 50 thousand inhabitants) and the remaining 8 were the administrations of the eight Andalusian provinces, the *diputaciones*<sup>32</sup>.

## **2. Projects addressed to municipalities larger than 50.000 (50.45% of the population, 7.2% of the territory)<sup>33</sup>, the so-called *Iniciativa URBANA*.**

The *Iniciativa URBANA* takes into account the specific problems of the least privileged areas of the bigger cities, namely unemployment and social exclusion, high crime rates, poverty, social distress, urban congestion and environmental degradation. The actions are focused on competitiveness, social integration, rehabilitating the physical environment, public spaces, cultural heritage and a quality urban environment. Projects must also not only be integrated but having a strong social component. In these projects the good practices of governance are deemed crucial: participation and dialogue of all actors, multi-level, inter-cities and public-private cooperation, dissemination and exchange of experiences, monitoring and evaluation.

The Managing Authority itself (Ministry of Economy and Finance) was directly responsible for this action, which, in contrast to the previous one, was offered to all regions of Spain and for the whole programming period. That is, there was only one call, which wasn't published in the Spanish Official Bulletin (BOE), as it is current practice, but only communicated through a letter addressed to the mayors of the eligible municipalities<sup>34</sup>, which does nothing but confirm the low degree of priority really attributed to participation. Although the call incorporates the mandate of an intensive coordination between the different local stakeholders when defining the objectives and priorities of the project, it seems that partnership is not considered very relevant when deciding which projects should be funded. In the words of one of its responsible officers, partnership was "*something secondary and not a selection criterion*"<sup>35</sup>. The top-down approach followed in the programming phase (in which a jury composed only by members of a couple of Spanish ministries allocated the funding) is maybe not expected but certainly not discouraged in the implementation phase. In the end, the only hard requisite expected from aspirants is to have

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<sup>32</sup> Detailed results can be consulted in Annex 1.

<sup>33</sup> The population thresholds that were used in both programming periods, 2000-2006 and 2007-2013, to discriminate between big, medium and small municipalities were most probably drawn from a Spanish law, dating from 1985, that regulates the basic principles of local government. This law ascribes different jurisdictional obligations to municipalities by size: up to 20.000, 20.000 to 50.000 and more than 50.000 inhabitants. However, even in the largest cities the population of the area directly targeted by an integrated program does not go beyond the mark of 30,000 inhabitants.

<sup>34</sup>This, together with the fact that the jury was restricted to Central government officials –although regional governments and other administrations might be consulted-, and that the evaluation criteria exposed in the call were generic and not weighted, raised suspicions about grants being decided primarily for political reasons. The officials responsible of the action insist that the selection process was based on objective criteria.

<sup>35</sup> Source: recorded interview (May 10th 2011).

their proposals approved by a majority of the municipal council (*pleno*), which is by no means a proof of consensus. Things being so, it is up to each Mayor to bet on strong participation and cooperation with the local stakeholders.

On the contrary, the principle of integration seems to have played a key role to decide over which projects would be funded. Within the Urbana call for projects integration means, first and foremost, coherence with all planning documents and actions devised for regional and local development. As for sectoral integration, there is an indicative list of 14 sectors, most of them related to economic development, employment and urban environment. But when it comes to define evaluation criteria, sectors are compacted in the three “legs” of the classic definition of sustainable development: social, economic and environmental. All in all we can say that a reasonable degree of integration is expected, but an integration that, in most cases, turns around economy and employment. Insofar, it is coherent with the overall policy architecture, up to the Lisbon strategy.

In Andalusia there were 28 municipalities entitled to participate in it, of which 23 submitted a proposal. According to the financial resources provided for the Initiative for every autonomous community (region), the recommended number of proposals to be selected in Andalusia was 11. When the Andalusian Government was consulted, it agreed on 8 of these proposals, but asked to replace the other 3. Finally, the 3 contested proposals weren’t rejected but they had to be modified. The selected proposals were:

**Table 8: Projects approved in the call URBANA, for municipalities bigger than 50.000 inhabitants**

City	Number of beneficiary population	Total Budget	Total Contribution ERDF	Financial absorption 31-12-2010 <sup>36</sup>	Financial absorption (%)
Alcalá de Guadaíra	4.928	14.285.714	10.000.000	571.402	4,00%
Almería	19.870	14.347.987	10.043.591	0	0,00%
Cádiz	18.064	14.285.327	9.999.729	1.299.741	9,10%
Córdoba	21.265	14.349.189	10.044.432	0	0,00%
Jaén	23.497	14.349.189	10.044.432	479.068	3,34%
Jerez de la Frontera	24.087	14.349.189	10.044.432	2.272.000	15,83%
Linares	15.194	14.349.189	10.044.432	3.680.834	25,65%
Málaga	22.785	14.349.189	10.044.432	3.581.553	24,96%
Motril	6.030	14.349.189	10.044.432	1.276.426	8,90%
Seville	30.940	14.349.159	10.044.411	0	0,00%
Vélez-Málaga	2.317	14.297.300	10.008.110	1.175.103	8,22%
<b>Total</b>	<b>188.977</b>	<b>157.660.619</b>	<b>110.362.433</b>	<b>14.336.127</b>	<b>9,09%</b>

Source: Own elaboration from the Monitoring Reports 2008, 2009 and 2010

<sup>36</sup> Total reimbursement claims submitted by the beneficiaries to the Managing Authority corresponding to years 2008, 2009 and 2010, /including those claims that were submitted during 2011. In some cases there may be real expenditures that haven’t been claimed to the Managing Authority so far, but couldn’t include them, because the data provided by the OP’s Monitoring Reports in this point are neither homogeneous nor complete. We shall come to this kind of weaknesses in the last chapter.

### **3. Actions under the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative.**

JESSICA is a joint initiative of the European Commission and the European Investment Bank (EIB), in collaboration with the Development Bank of the Council of Europe, whose goal is to help the authorities of the Member States to exploit financial engineering mechanisms to support investment in sustainable urban development in the context of Cohesion Policy. The operations aim to develop finance repayable investments in projects forming part of an integrated plan for sustainable urban development. The following kinds of projects are eligible for funding by JESSICA:

- Urban infrastructure (mobility, transport, water supply, sanitation, urban waste management, conservation, rehabilitation and improvement of the historical and cultural heritage, cultural, social, educational, and tourism facilities.
- Refurbishment of disused industrial sites, including demolition and remediation.
- Facilities and offices for research and development for SMEs or companies who work in innovative areas.
- Improved energy efficiency and promoting renewable energy use.

JESSICA represents a fundamental change in the prevalent culture of non-reimbursable grants, and it is expected that it will gain momentum in the next years, as the “classic” ways to finance local public investments (intergovernmental capital transfers or regular bank loans) become much more costly and/or rare. Experts and officials agree that, in the foreseeable future, the EU structural policies and the public investment policies in general will replace grants by credits, at least partially, and JESSICA could be an adequate tool to articulate this change.

## 5 Effectiveness of the interventions using LDA co-financed by ERDF

The chapter will focus on the actions with an explicit commitment to LDA:

- For period 2000-2006: actions included in Axis 5 of the Integrated Operative Program and financed by ERDF, budgeted at 623.978.470 € for the entire period.
- For period 2007-2013: actions called “Integrated projects for urban and rural regeneration”, budgeted at 690.926.519 € for the entire period.

### 5.1 Outputs and results

#### 5.1.1 OP 2000-2006

The data on physical performance shows an enormous variance between the indicators, between 0 and 381%. This can be attributed either to excellent/poor management, but also to changes in the management contexts and even to certain deficiencies of the planning process (design of indicators and forecasting). Evaluators concluded that at least some of these indicators should be reformulated if they were to be useful for monitoring and evaluation purposes<sup>37</sup>. More generally, it might be argued that existing monitoring frameworks and indicators struggle to reflect the ‘essence’ of LDA strategies and that further refinement is required before they are suited to the task.

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<sup>37</sup> See on this: Universidad de Granada (Ex-ante Evaluation of OP 2007-2013).



**Table 9: Effectiveness of the implemented actions of axis 5 ERDF 2000-2006 for Andalusia; XII/31/2004**

Indicator	Unit	1. Objective 2000 - 2006	2. Achieved 2000 - 2004	Ratio = 2/1
Centres created to foster and support different types of groups	Number	12	10	83,33%
Centres to foster and support different types of groups	Number	10	14	140,00%
Creation and retrieval of parkland	m2	584.600	<b>561.390</b>	96,03%
New buildings, preserved and/or restored (social, cultural activity)	Number	28	<b>19</b>	67,86%
Restored and/or preserved buildings	m2	121.562	<b>63.362,39</b>	52,12%
Tourism and cultural buildings	m2	21.362	<b>0</b>	0,00%
Restored or preserved landscapes	m2	10.000	<b>0</b>	0,00%
Access to tourist sites created	Number	203	<b>354</b>	174,38%
Performances in buildings or monuments	Number	107	<b>200</b>	186,92%
Health centres built and equipped	Number	19	<b>10</b>	52,63%
Centres for the elderly funded	Number	30	<b>58</b>	193,33%
Centres for disabled people	Number	3	<b>1</b>	33,33%
Restored centres	Number	114	<b>210</b>	184,21%
Number of libraries equipped and / or computerized	Number	204	<b>0</b>	0,00%
Funded childcare	Number	9	<b>3</b>	33,33%
Rehabilitated or preserved landscapes	Number	17	<b>3</b>	17,65%
Endowments of sanitary equipment	Number	44	<b>168</b>	381,82%
Buildings and other tourist and cultural infrastructures built	Number	100	<b>48</b>	48,00%
Hospitals reformed	Number	9	<b>19</b>	211,11%
Movable property restored	Number	40	<b>0</b>	0,00%
Buildings and other tourist facilities	Number	24	<b>0</b>	0,00%
New facilities	Number	38	<b>33</b>	86,84%
Improved cultural and tourist centres	Number	1.000	<b>531</b>	53,10%
Community social service centres	Number	51	<b>45</b>	88,24%
Architectural barriers removed	Number	840	<b>525</b>	62,50%
Transport exchangers built	Number	5	<b>0</b>	0,00%
Actions undertaken	Number	435	<b>320</b>	73,56%

Source: adapted from: Junta de Andalucía (2006), p. 65 of the Annex

**Table 10: Effectiveness of the results of axis 5 ERDF 2000-2006 for Andalusia; XII/31/2004**

Indicator	Unit	1. Objective 2000 - 2006	2. Achieved 2000 - 2004	Ratio = 2/1
Increase in the number of beds or places.	Number	270	<b>212</b>	78,52%
Users/year of the financed infrastructures	Number	409,200	<b>349,000</b>	85,48%
Visitors/year	Number	2,720,200	<b>2,829,025</b>	104,00%
Visitors/year	Number	6,700,652	<b>4,549,386</b>	67,89%
Directly benefited population	Number	243,000	<b>0</b>	0,00%
Directly benefited population	Number	140,000	<b>82,000</b>	58,57%
Users benefited in the created centres	Number	450	<b>590</b>	131,11%
Users of the restored centres	Number	600	<b>1,748</b>	291,33%
Liberated urban space	m2	80,000	<b>80,000</b>	100,00%
Capacity of the transport exchangers persons/day	Persons/day	10,000	<b>0</b>	0,00%

Source: adapted from: Junta de Andalucía (2006), p. 72 of the Annex

It was estimated that investments generated by the POIA 2000-2006 would have generated a total of 69.000 new jobs at the end of the period<sup>38</sup>.

As for financial performance, at the moment there is no official data available that covers the whole period 2000-2006 for Andalusia and disaggregated by axis<sup>39</sup>. However, the existing data, reaching to the end of 2005, could be enough to assess the specific performance of axis 5.

**Table 11: Financial performance of the OP ERDF 2000-2006 for Andalusia in Dec-31-2004**

Measures	Eligible expenditure		Claimed payments 2000-2004 (3)	Absorption ratio	
	2000-2006 (1)	2000-2004 (2)		=3/2	=3/1
5.1. Rehabilitation and equipping of urban areas	56.069.353	40.863.688	40.390.529	98,84%	72,04%
5.2. Improvement of urban transport systems	62.573.757	42.736.212	30.504.241	71,38%	48,75%
5.3. Infrastructure and community facilities in towns under 20,000 inhabitants	5.733.652	3.993.085	2.365.153	59,23%	41,25%
5.4. Infrastructure and equipment support for social integration in urban areas	5.048.505	3.606.075	1.889.602	52,40%	37,43%
5.6. Support to the local initiatives that contribute to the generation of employment	26.666.904	19.083.072	9.545.643	50,02%	35,80%
5.7. Tourism and cultural infrastructure	176.260.917	94.073.409	72.213.967	76,76%	40,97%
5.8. Conservation and rehabilitation of historic and cultural heritage	103.563.834	67.100.098	42.124.950	62,78%	40,68%
5.9. Infrastructure and social and health facilities	160.178.313	113.931.692	102.724.460	90,16%	64,13%
5.10. Sports facilities and leisure activities	27.883.235	21.970.531	19.476.607	88,65%	69,85%
<b>TOTAL Axis 5</b>	<b>623.978.470</b>	<b>407.357.862</b>	<b>321.235.152</b>	<b>78,86%</b>	<b>51,48%</b>
TOTAL ERDF OP Andalusia	12.115.307.878	8.491.731.810	6.894.039.345	81,19%	56,90%

Source: adapted from: Junta de Andalucía (2006), p. 52 of the Annex

We can see that the financial performance of measures under axis 5 were slightly under average two years before the end of the OP, with a significant variation between the different measures. But when we look a year after, end of 2005, the picture has changed and axis 5 can show a slightly better performance than average. In the end of the program, results for the whole country show an absorption rate for axis 5 which is perfectly on average. It seems that the project cycle of local development measures produces a very strong peak of activity and expenditure towards the end of the period.

<sup>38</sup> Junta de Andalucía 2006, p. 35 of the annex.

<sup>39</sup> The data is available for Spain, but not for the OP Andalusia. In this case we count on the updated intermediate evaluation report, with analyzes data from 2000 to 2004, and the ex-ante evaluation of OP 2007-2013, which analyzes data from 2000 to 2005, but in a less systematic way.

**Table 12: Financial execution of ERDF OP 2000-2006 Andalusia at the end of 2005**

	Eligible expenditure 2000-2006 (1)	Eligible expenditure 2000-2005 (2)	Certified payments 2000-2005 (3)	Absorption rate	
				3/2= %	3/1= %
Axis 5	622.611.291 €	513.374.843 €	426.445.312 €	83,07	68,49
Total OP	12.115.453.199 €	10.300.474.179 €	8.209.206.146 €	79,70	67,76

Source: Own elaboration from: Universidad de Granada (p. 10)

However, it doesn't mean that every agent is equally diligent in spending the money under its responsibility. In fact, in this point Spanish regional governments performed clearly better than the few local governments and other local authorities that had direct responsibility in the management of funds<sup>40</sup>.

Axis 5 (local and urban development) grouped hundreds of miscellaneous projects, mostly based on investments. They were mixed in nature, because they embraced the whole range of policies and public services in which the factor "proximity" is relevant, as well as projects to foster local economic development through tourism and services. In regard to rural areas, where more than half of the money was spent, it seems "that the ERDF proved very useful in supporting a series of projects. The ERDF was used for small scale infrastructure to support craft businesses, hotels and catering and retail distribution, small scale industrial workspace, improvements to village centres, the building of cultural centres and support services for small firms over the 2000-06 period, 797 projects were supported resulting in the creation of 2,114 jobs of which 30% were taken by women. Some of the projects led to the improvement of cultural services for the rural population such as gymnasiums, cyber cafés and so on. Others benefited rural firms in the fields of ICT, electrical repairs, etc. Finally, some projects created jobs in social services like nurseries and day centres for older people"<sup>41</sup>. Additionally, "(s)olutions were found for problems of waste treatment and of drinking water supply in (...) towns"<sup>42</sup>.

However, regarding the contribution of axis 5 to employment, which is the cornerstone of the Andalusian strategy<sup>43</sup>, Spanish evaluators consider that local authorities should take a more active role in the implementation of the European Employment Strategy, increasing the coordination between the institutions involved in employment policies to avoid overlap in the actions of training and employment support. Therefore "*the development of the actions of the Priority 5 should be strengthened through the establishment of such agreements*"<sup>44</sup>.

<sup>40</sup> European Commission (2009.a) P. 20. "Spanish "regional governments in Objective 1 regions were more able to spend the funds allocated to them over the 2000-2006 period than either national or local authorities. This ratio, therefore, averaged 87.5% in the case of regional authorities at the end of 2007 as against 71.5% in the case of national government, 70% in the case of local authorities and just 43% in the case of other agencies (such as Foundations)".

<sup>41</sup> Ibid. p. 39.

<sup>42</sup> European Commission (2009.b), p. 19.

<sup>43</sup> Junta de Andalucía, Dirección General de Fondos Europeos (2006), p. 156.

<sup>44</sup> Junta de Andalucía, Dirección General de Fondos Europeos (2006), p. 232.

### 5.1.2 OP 2007-2013

In December 31, 2010, 21.23% of the total amount planned for OP ERDF 2007-2013 had been spent. The average hides significant differences between the axes. As we see, axis 5, Local and Urban Sustainable Development, is well below average (16,30%), and the action “Integrated local and urban projects” is even lower (14.84%):

**Table 13: Financial performance of the OP ERDF 2007-2013 for Andalusia; XII-31-2010**

Priority axes	Total funding 2007-2013	Spent until 31/12/2010	Financial absorption
1. Development of the Knowledge Economy	452.222.606	51.225.538	11,33%
2. Development of business innovation	1.875.479.329	374.404.451	19,96%
3. Environment, Natural Environment, Water Resources and Risk Prevention	2.925.382.726	319.913.705	10,94%
4. Transport and Energy	3.055.198.108	1.060.204.685	34,70%
<b>5. Local and Urban Sustainable Development. Of which, <u>Integrated local and urban projects (CG 61)</u></b>	<b>1.001.159.974 690.926.519</b>	<b>163.171.338 102.546.770<sup>45</sup></b>	<b>16,30% 14,84%</b>
6. Investment in social infrastructure	485.238.717	111.225.727	22,92%
7. Technical and Institutional Capacity Building	58.332.637	11.170.889	19,15%
<b>Total 2007-2013</b>	<b>9.853.014.097</b>	<b>2.091.316.333</b>	<b>21,23%</b>

Source: Adapted from OP 2007-2013 and the OP Monitoring Reports 2008, 2009 and 2010

Integrated projects usually include many actions of different nature. Taking into account the normal “project cycle” in the Spanish local administrations<sup>46</sup>, we should expect a great bulk of actions that are physically measurable not being accomplished yet. A proxy to measure to measure physical performance could be the number of projects that did start on due time. The monitoring reports of OP 2007-2013 include such an indicator, and it actually shows a degree of development of the action which is quite close to what was expected. It seems a good start, but it doesn’t tell much about what is really happening on the ground.

**Table 14: Integrated urban development projects financed by the ERDF 2007-2013 in the region of Andalusia**

Indicator (OP ERDF 2007-2013)	Expected 2010	Expected 2013	Granted 2008 and presumably started 2008/2009
N. 59. Number of integrated urban development projects	30	37	29 <sup>47</sup>

Source: Own elaboration from the Monitoring Report 2008

<sup>45</sup> This figure is the result of adding the expenditures declared by the 39 beneficiaries of the projects for municipalities of less than 50.000 inhabitants and the expenditures claimed by the 11 beneficiaries of the URBANA call.

<sup>46</sup> For projects that include public works it is normally expected that, in a 4 years long democratic mandate, 2-3 years are devoted to project design, programming and bureaucratic procedures and the remaining 1-2 years to physical implementation.

<sup>47</sup> Included in two different calls: 20.000 to 50.000 inhabitants (18) and more than 50.000 inhabitants (11).

Regarding specifically those projects addressed to municipalities of less than 50.000 inhabitants, in December 31<sup>st</sup> 2010 the beneficiaries had declared expenditures for a total amount of 19.393.818 € which represents only 7.82% of the total expenditure approved for these projects (248.025.050 €). It must be added that the degree of financial performance shows significant differences between projects and between provinces. Six months before the official end of the projects, officially declared expenditures remain very low, and in seven cases any expenditure wasn't declared so far. This later case could be indicative of failed projects, although the official monitoring system (Report 2010) doesn't admit such possibility.

**Table 15: Projects for municipalities of less than 50.000 inhabitants approved in the first call for projects**

Province	Projects	Total Budget	Contribution ERDF	Expenditures 31/12/2010	Absorption rate 2010	Projects apparently not started
Almeria	2	12.571.800,60	8.800.273,02	652.216	5,19%	-
Cádiz	6	34.651.436,31	24.256.005,42	905.885	2,61%	-
Córdoba	9	41.970.679,38	29.379.475,56	5.065.972	12,07%	3
Granada	5	44.170.365,81	30.919.251,07	4.191.447	9,49%	-
Huelva	2	14.113.167,10	9.879.216,97	1.216.513	8,62%	1
Jaén	4	32.723.755,80	22.906.629,06	1.835.027	5,61%	-
Málaga	3	11.838.448,06	8.286.913,64	270.128	2,28%	1
Seville	8	55.985.396,95	39.189.765,26	5.256.630	9,39%	2
<b>Total</b>	<b>39</b>	<b>248.025.050,01</b>	<b>173.617.530,00</b>	<b>19.393.818</b>	<b>7,82%</b>	<b>7</b>

Source: Own elaboration from the RAPID website and the OP ERDF Monitoring Report 2010<sup>48</sup>

Being the rate of financial absorption extremely low, the Monitoring Reports of 2009 and 2010 list possible causes for the delays in the execution of the projects:

1. The economic crisis has forced the government to cut budgets in order to reduce spending, which has caused a slowdown in the execution of operations.
2. Because in most cases the aid granted to the projects approved was smaller than requested, the beneficiaries were forced to reformulate the projects to readapt the project to the grant.
3. Delay in the implementation of the software provided by the managing authority for the declaration and certification of expenditures (FONDOS2007).
4. Practical problems derived from the requirements regarding the management, monitoring, control and assessment established by the EU: interpretation of data, consistency of definitions used and quantification of objectives, programs, etc., which caused, among other things, an updating of the originally planned indicators.
5. Lack of resources and job insecurity of key personnel necessary to start the approved projects.

<sup>48</sup> [www.rapidandalucia.es](http://www.rapidandalucia.es).

Problems 3, 4 and 5, according to the Monitoring Report 2010<sup>49</sup>, are being addressed through the recruitment of more personnel and a greater effort on training. According to the experience of period 2000-2006 we should expect a significant improvement in the financial performance in the next 3 years, as it seems that the project cycle of local development actions produces a very strong peak of activity and expenditure towards the end of the period. Unless the economic crisis ends up disrupting the “normal project cycle” as we know it.

As for the projects addressed to municipalities of more than 50.000 inhabitants, here the financial level of absorption is also rather low, with relative high differences between cities. The problem of delay is not so serious in this call, because projects can be completed until the end of 2013, but nevertheless the extreme slowness of some of the projects is remarkable. Most of the problems alleged by the delayed municipalities are, again, of administrative nature; namely, the slowness of the bureaucratic procedures needed for the setting up of the project office, or the commissioning of the project management to an autonomous organism of the municipality, or to an external organism which then fails to accomplish what was requested. But most of the cities don't even bother to present possible implementation problems. Lacking the monitoring reports a unified structure of contents, it seems that is up to each city to decide over the degree of detail of the information provided. In fact, the only data of created employment available in the ERDF Monitoring report 2010 is provided by the project Urbana Málaga. At the end of 2010 this project had made possible the creation of 120 new jobs, 84 of them held by men and the remaining 36 held by women<sup>50</sup>.

Finally, regarding the initiative JESSICA, it had hardly been put in place at the end of 2009 and in it seems that the first contracts are going to be signed in 2011. However, regarding to JESSICA Andalusia seems to be the most interested and advanced Spanish region<sup>51</sup>. It is considered that “(a)n important opportunity is opening up for development in the urban arena in Andalusia, which must be taken advantage of by local governments as a means to boost sustainable urban development in their towns”<sup>52</sup>.

Through an agreement between the RGA and the BEI, signed in 2009, the Fund JESSICA Andalusia was created. The RGA contributes to this fund with 85.714.286 € 70% co-financed by ERDF. The initiative has had a very slow start because a whole new institutional architecture must be built from the ground. Between 2010 and the first months of 2011 two so-called Urban Development Funds were created in order to channel the money of the Fund JESSICA Andalusia through private financial institutions into good urban sustainable development projects. During 2011 the system will reach the point at which it can deliver the first calls for projects.

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<sup>49</sup> Monitoring Report 2010; pages 385-386.

<sup>50</sup> Gobierno de España, Ministerio de Economía y Hacienda (2011): p. 363.

<sup>51</sup> Gobierno de España (2009), p. 225.

<sup>52</sup> AFI, p. 3.

## 5.2 Sustainability of ERDF interventions using LDA

In Andalusia there is a growing awareness on the fact that a development model based on infrastructures and other physical investment is exhausted and unable to face the coming economic, social and environmental challenges<sup>53</sup>. Therefore, in the analysed programming periods, the usual big infrastructure projects (roads, railways, etc.), are accompanied by stronger investments in research and innovation, training, education, health and social care and the protection of the environment. Ultimately, the goal is to achieve a model of regional development which makes Andalusia economically, socially and environmentally more sustainable in the long term.

In principle, interventions using LDA seem to fit well in this new picture, because the LDA makes it easier to tailor policies to the real needs of the population (non-mediated by elites sitting far away), as well as to tap and to engage local resources to sustain the projects. Consistent with this, we should expect LDA interventions being more sustainable than non-LDA interventions.

However, the good proposals expressed in the official discourses and documents, especially in the years in which the policies for the period 2007-2013 were designed and planned, were somewhat distorted by the economic crisis started in 2008. As the first effect of the crisis was a very sharp decline in the private construction activity –the sector which had fuelled economic growth in the last 10-15 years- the answer of the public administrations was to increase public investment through extraordinary investment plans. Not only the central Government approved an eight billion € Plan-E but the RGA approved its own version of it, called PROTEJA<sup>54</sup> and endowed with 360 million € in 2009 and with 225 million € in 2010. These countercyclical schemes were very similar in aims and design: Both were intended to finance investment in public infrastructures and facilities, both linked this investment with the effort of combating unemployment –especially among construction workers-, and finally both were to be implemented at the local level, leaving local authorities the last word in deciding where the money was to be spent, provided it was used to finance brand new projects.

The effect of these rules, added to the almost proportional distribution (according to population) of the funds between the 771 Andalusian municipalities has resulted in a multiplication of micro-investments along the territory, many of them of questionable public value<sup>55</sup>. This has helped to extend beyond what was reasonable the all too

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<sup>53</sup> “Over the coming years declining net inflows will remove one of the elements that have supported economic growth. Simultaneously, the former model of economic growth based on cheap money, residential construction and strong consumer demand has cracked and the country waits to see what the outcome will be”. (Salmon, p. 173).

<sup>54</sup> Plan for the Transition to Employment of the *Junta de Andalucía*.  
<http://www.juntadeandalucia.es/empleo/calidad/index.php?modo=contenidos&id=137>.

<sup>55</sup> An example of this is the opposition party of Huércal (Almería) complaining of bad public investments financed by the PROTEJA. The UPyD was especially critical of the point that the local government was building a new residency for the elderly people, when many city-owned buildings that stay empty and, furthermore, when less than 50 meters from the new building there is a similar facility.

common practice of Spanish public authorities to focus on achievements which are visible and can be shown as a proof of political prowess. These practices offered political gains because the concept of development followed by most municipalities has been so far framed by two assumptions that, in the current financial and budgetary crisis, have proved to be fallacious. The first fallacy is that public investment in infrastructures and facilities is an essential and probably the most important factor for the achievement of a healthy and sustainable economic growth. The second one is that investment expenditures (in infrastructures and facilities) are always much more onerous than concomitant maintenance expenditures and, this being so, public authorities should try to maximize their investment in infrastructures and facilities, as long as there are opportunities of obtaining external funding.

Now, plagued by the crisis, the political regional and local elites have been confronted with the limits of this kind of expansive policies. They have had to learn that even demanded and used public facilities can become problematic in the mid and long run, as they involve high maintenance costs. These fix costs consume the resources that are much needed for the running of essential programmes and services.

In the mid-term the sustainability of the interventions using LDA in Andalusia will require the selling of redundant and/or non-affordable public facilities and, more generally, an adjustment of the offer of certain public services, in order to achieve more efficiency, through enhanced inter-municipal and public-private cooperation.

More sustainable LDA projects will require a more active role from the side of the beneficiary population. Projects will only be successful in generating more resilient communities if they are appropriated and, in a way, co-produced by the citizens. This brings us back to the demand of stronger, participation and partnership.

The cooperation of EU, national and regional authorities with the local authorities should take in account this new context and redirect funding towards the support and eventual improvement of the already existing -and demonstrably effective- infrastructures, facilities, programmes and services.



## 6 Analysis of the actors involved and process design features of the main LDA interventions

### 6.1 Actors involved

The EU structural policy shows a very complex panorama of relations among actors. Multilevel processes, negotiations and networks constituted by many actors are very common features in the process of managing the initiatives financed by the ERDF. In the case of Andalusia, the ERDF structures and norms must fit into the complex Spanish distribution of powers between central, regional and local authorities. A Spanish government official sums it up this way: *“ERFD involves all administrative levels: the Local Councils and provincial Diputaciones, the regional administration, which has its lines of credit for municipalities, the National Administration (Ministry of Economy and Finance, Ministry of Territorial Policy) and the European Community, as the Commission always ensures that the management of funds is carried out as scheduled and planned. Approximately, municipalities manage between 13% and 15% of all available Spanish funds”*<sup>56</sup>. But in all this mix of authorities and institutions, the Spanish government plays central roles: link with Brussels, coordinator, referee in the specific internal structuring and distribution of funds. As the Managing Authority with the formal power to lead national planning, to monitor and evaluate programs, to approve transfers or to sub-delegate functions, it holds great influence over all the other actors.

As for the RGA, it was the newest actor in the field, but in the last 30 years it has grown steadily, until becoming a full-fledged administration that shows an impressive endowment of human, organisation and technological resources<sup>57</sup>. In 1987 the RGA created the Institute for the Promotion of Andalusia and since then it has deployed many initiatives to frame, lead and foster territorial development, including a formal agreement with employers and trade unions on economic policy and development issues<sup>58</sup>. The RGA’s key role in the management of the European funds earmarked for Andalusia has been both an incentive and an aid for its institutional consolidation in the economic and territorial planning processes. In 2007 the RGA approved a set of

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<sup>56</sup> Source: recorded interview (May 10th 2011).

<sup>57</sup> It is worth noting that the regional government has enjoyed very high degree of institutional stability since its creation and first election in 1982. The Andalusian branch of the Spanish socialist party (PSOE) has held the control of the regional government (Junta de Andalucía) throughout this period, most of the time as a single party government, and most of the time as well with the leadership of the same president: Manuel Chaves (1990-2009). At local level the situation has been somewhat different, because albeit PSOE has dominated the small and medium-sized municipalities, in 1995 all Andalusian capitals turned to the side of the conservative Partido Popular (PP), which has retained some of them ever since.

<sup>58</sup> This agreement (Acuerdo de Concertación Social) was updated six times between 1993 and 2009.

documents that show where things should go regarding to development, most notably the R+I+D Plan 2007-2013 (PAIDI) and the much expected and polemic Territorial Organization Plan (POTA). In April 2010, the regional Ministry of Economy, Innovation and Science was restructured to concentrate in the powerful DG *Fondos Europeos y Planificación* the programming, monitoring and coordination of all European funds, of the RGA's investment programs, as well as the economic and sectoral planning. This DG was intended to become a spearhead of administrative modernization and innovation.

The RGA is responsible for many crucial policies (education, health, social services, territorial planning, etc.), while Andalusian local authorities remain rather marginal in terms of economic resources and political force. This is reflected in the management of the ERDF OP 2007-2013. As explained, multilevel negotiations take place in the *Monitoring Committee* for Andalusia, where local actors are not permanently involved. A regional officer working in this area recognizes that *"Municipalities and provinces do not participate permanently in the Monitoring Committee, but may eventually go as observers (...) but it would not be feasible to represent all municipalities in the Monitoring Committee. The Andalusian Federation of Municipalities and Provinces does not have a permanent representation, though it may be invited as an observer. If we include representatives of all towns and sectoral interests, the Committee would not have capacity, it would not be manageable. It is also a very technical meeting"*<sup>59</sup>.

The role of the local authorities wasn't also very relevant in the first planning stage, because -again a voice from the Spanish high level administration- *"roughly speaking, the Cohesion Policy and Structural Funds are designed in a negotiation between the Commission and the Member State, and nationally, the strategy is designed broadly enough so that the regions can be accommodated. But in the initial design of the strategy, local participation is not very high, and not because the local councils do not want to participate, but because, as the negotiation between the Commission and the Member State proceeded, municipalities, economic and social actors were only informed of the various steps that were given. They tried to be present throughout the preparation of documents (...) but it cannot be said that they were participating in designing the strategy"*<sup>60</sup>. Indeed, we know that local actors, public, associative and private, use their formal and informal resources to try to get inputs into this black box.

But local authorities do design their own integrated strategies and projects according to their local necessities and objectives of development. The medium-sized and bigger cities do it on their own, while the small cities and even more the villages must rely on the guidance and the expertise of the provincial administrations. They correspond to NUTS 3 territories and their official mission is to help the municipalities to carry on their public services and policies. According to a provincial officer, their role, vis-à-vis the smaller municipalities, is paramount: *"what we do (...) is to identify the needs at the provincial level (...) and we prepare an integrated project for several municipalities*

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<sup>59</sup> Source: recorded interview (May 18th 2011).

<sup>60</sup> Source: recorded interview (May 10th 2011).

*(...) to apply jointly. What the Diputación does is an integral project of the area in which municipalities in that area take their part. We must bring them into line and agree to what extent the project will be co-financed by each. If either is unable to take their share of funding, the Diputación can put money or find a co-financier, as a public company or a financial institution”<sup>61</sup>.*

When it comes to implementation, the panorama is still more complex because the local dimension comes fully in and the number of actors gets larger. Local actors are, indeed, the central actors of implementation, because *“we’re not talking about big macroeconomic policies, but the construction of schools, local infrastructures, R & D ... it is in a location where it runs, where the beneficiaries are, so the role that the municipalities has been growing and is expected to grow in 2014-2020”<sup>62</sup>*. Amongst local actors Mayors play a crucial role, because of the quasi-presidentialist character of the Spanish local government system. Besides chairing the Council and directing the local administration, Mayors enjoy relative high levels of public notoriety—much higher than other local political actors— which allow them to act as brokers between the many local interests, as well as between the local and the regional or national levels.

Referring to management instruments, local actors (municipalities and also provinces) make frequently use of Local Development Agencies to manage issues as complex as the management of EU funds, because they can provide a good level of technical expertise, flexibility and firsthand knowledge of the local needs.

Non-institutional actors don’t exert a decisive influence, neither in the programming nor in the implementation phase. Only three very specific actors, namely the two “most representative” unions (UGT and CCOO) and the Andalusian Employers’ Confederation have access to the organisms that take the decisions, but their participation, with the exception of very specific policies, is seen more as a ritual that must be fulfilled than as a chance to provide insights from the non-institutional world. Other social actors seem to be only scarcely present, if at all, at the general level, while in specific policies and projects the quantity and quality of this presence depends on the will and the ability of the institutions in charge. For instance we find NGOs and associations in several Urbana projects usually in a consultative capacity: there are advisory or consultative councils, for instance, in the projects submitted by Almeria, Cadiz, Velez-Malaga, while in Jaén there is one representative of the “ciudadanía” (citizenship), in the Board of Directors. It is not quite clear which, if any, is the role entrusted to these consultative bodies, but it is worth emphasizing that very often the associations or NGOs involved are quite diverse, including economic interests, the representatives of the neighbours, educational institutions, NGOs involved in social policies, etc.

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<sup>61</sup> Source: minutes of the territorial workshop held in Seville (May 25th 2011).

<sup>62</sup> Source: recorded interview (May 10th 2011).

## 6.2 Procedural Design

Regarding to the cross-cutting role LDA in the previous programming period the independent evaluator found out that the program executors could display, at best, a rather generic knowledge about what is meant by “local and urban development”. And as they didn’t know much about the criteria and the contents of this policy, these weren’t integrated properly in the other sectoral policies. Moreover, the potential positive impacts of “*local and urban development*” policies were clearly underestimated<sup>63</sup>.

We could say that, until 2007, Andalusian local governments were mostly passive beneficiaries of the development efforts funded by the EU. These efforts had, indeed, a local dimension, investments were distributed throughout the Andalusian territory, but the agency of local actors was restricted to demanding their investment priorities be attended. They didn’t assume responsibilities for the management and the results of the projects. In this sense, the projects financed by the LEADER and URBAN initiatives remained an exception.

In the current programming period and as far as Axis 5 called “Integrated projects of local and urban development” is concerned, we can say that the criteria and the procedures used in the calls for projects have been moderately effective in the selection of solid projects.

- First, the call made an explicit commitment to the quality of the proposals, putting special emphasis in the need to present an integrated approach, able to address the territory from an economic, social, cultural and environmental point of view. However, this commitment wasn’t translated into specific *hard* requirements to the proposals.
- Second, the transparency of the process was enhanced through the requirement that, before its submission, a project had to be approved by the local council, which implied a sort of ex-ante evaluation of the project with the participation of the opposition parties and the local public opinion. However, the selection process lacked transparency, especially the one called URBANA.
- Third, municipalities with less than 20.000 inhabitants –which are the vast majority in Andalusia- weren’t allowed to submit proposals by themselves alone, but were invited to join other municipalities and seek the coordination and support of the provincial administrations, which in the end played a crucial role in setting the partnerships and in the bargaining for strategic objectives that could be shared by many municipalities<sup>64</sup>. Taking into account the lack of sufficiently qualified political

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<sup>63</sup> OP 2000-2006, Mid Term evaluation report, vol. 1, p. 696.

<sup>64</sup> Each provincial administration must also have an approved “Strategic Plan of the Province”.

and technical personnel in the small municipalities, this decision prevented the submission of low quality projects, and also future problems with the management of the funds.

- Fourth, the competitiveness and the prestige of the calls, together with the fear that 2007-2013 could be the last programming period of European funds with Andalusia in the Convergence objective brought local authorities to pick their best, most mature and most emblematic projects for the call, trying to assure success.
- Fifth, in these calls the decision was taken at a national level, by a group of ministerial bureaucrats, and although public officials are reluctant to recognize it, it was intended to reduce the effects of party-politically based pressures for the approval or refusal of certain projects<sup>65</sup>. However, this centralized and apparently technocratic top-down approach which is not an absolute guarantee of fairness and can make transparency and participation at local level more difficult.

### 6.3 LDA Interventions and partnership between authorities and stakeholders

According to the stakeholders, the two crucial participation moments are at the beginning and at the end of the process, while what happens in between is jealously kept in the hands of the managing authorities:

In the planning phase there is a lively process of participation that feeds back from the top to the bottom and from the bottom to the top. It is the point in which local stakeholders discuss the topics and make proposals to be included in the OPs and other key planning documents. This presupposes also a certain negotiation between the local and the regional delegations of political parties, employers associations, unions, NGOs etc., as well as between municipalities and the Andalusian Federation of Municipalities, in order to accommodate the numerous demands and design consistent projects. However, in the elaboration of key meta-planning documents, such as the Social Agreement or the Economic Strategy of Andalusia, the economic actors (The Employers' Union and the two most important trade unions) seem to play a more important role than the local authorities. And it must be said that, besides this more or less formal and official process of debate, often especially relevant actors, like big firms or capital cities, use more informal ways, quite hidden but well known, of exerting

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<sup>65</sup> Spanish regional governments tend to discriminate municipalities on grounds of their political alignment, especially where, as it has been the case of Andalusia since 1980, "...*regional elections are less competitive (and) the same party has controlled the regional government during many terms*" (Curto-Grau, M., Solé-Ollé, A. and Sorribas-Navarro, P., p. 21). In fact, main party in the opposition, the Partido Popular (PP), has reported data on systematic discriminatory practices by the RGA against municipalities politically led by the PP (<http://www.ppandaluz.es/economia-hacienda-y-comercio/1782-discriminacion-antidemocratica-y-sectaria-de-los-ayuntamientos-del-pp-en-el-reparto-de-subvenciones-.html>).

influence and getting their proposals in the plans. This seems to be accepted as long as it is proportional and doesn't undermine the whole planning process.

The process that leads from the plan to the specific action is led by the managing authorities; that is, the DGs in charge of EU funds in the Spanish and Andalusian governments. In this phase, both authorities are moved primarily by the will of assuring that what was written in the master documents, i.e. the agreed policies, is actually carried on, without being watered down by localist or party-political pressures. They have to stick to the guidelines and the principles if it is to avoid that, in words of a high-ranking RGA-Official, “*every city and town ask us for a techno-park, and another, and another...*”<sup>66</sup>. Such pressures do in fact exist, but the ERDF system is so thoroughly structured that it is really difficult to “get them in”. Local actors are not directly involved in the design of tenders or the criteria to select projects, which can prevent collusive behaviour but also the formulation of potential improvements by their users.

In the implementation phase, local governments come to the fore. Some of them become sub-delegated authority over the program<sup>67</sup>, but all of them manage the funded projects through their technical, specifically local expertise, and through political leadership, ideally searching and achieving the active participation of the relevant local stakeholders through advisory commissions or similar organisms. Generally, the beneficiary cities are trying to develop systems of participation that really make sense in terms of cost-benefit, both for the government and for the stakeholders. What they try to achieve is consensus, co-responsibility and the appropriation of the project by the local community. In the case of Urbana Cadiz, for example, the neighbours' organisations receive continuous information of the project and they spread it to the wider public, thus transforming a governmental project into a (successful) city one. Participation does also occur at the provincial level, where specific negotiation committees are put in place.

Two potential obstacles to partnership building and participation were identified. On the one hand, success in this area depends not only on the will and the abilities of the governmental side, but also on the strength of civil society, which may vary strongly between the territories<sup>68</sup>. On the other hand, it seems that local authorities have, especially in bigger cities, leaned towards a certain selection of the stakeholders invited to the network, in order to smooth the process of project development. In rural areas, where they can count on 20 years of LEADER-method experience and the need for cooperation is more evident, networks seem to be tighter and participation livelier. Moreover, in the last years these rural networks have made an amazingly move from intra-community to inter-community, partly fostered by the calls for projects that force

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<sup>66</sup> Source: recorded interview (May 19th 2011).

<sup>67</sup> Two managing authority of the ERDF OP Andalusia has made extensive use of sub-delegation for the management of the funds. The OP lists 31 sub-delegated entities (*organismos intermediarios*) although most of them are governmental agencies. When we refer to LDA interventions, this use is rather limited and private actors are scarcely present. The most relevant example of local sub-delegation is the presence of the municipalities of the cities that were elected in the call for projects of the Iniciativa URBANA.

<sup>68</sup> Andalusia has a relative low level of social capital, compared to other Spanish and EU-regions.

small municipalities to share strategies, projects and resources. All in all, the trend towards increased partnership and networking seems clear, but it is still in a lot to be done. In the emerging networks the public leadership is overwhelming and there are too few examples of steady public-private partnerships in the (co)management of specific actions or services. Besides the need of having stronger counterparts, the Spanish legislation on public contracts is so restrictive that public-private partnerships come to be seen as an unwelcome additional difficulty for the management of the projects.

## **6.4 The efficacy of the monitoring system in supporting LDA interventions**

The Monitoring and Evaluation Committee established by the OP ERDF 2007-2013 articulates the partnership between national and regional stakeholders in these issues. Both institutions agreed to work together in the preparation of the following reference documents, with the purpose of building a very solid evaluation system:

- Plan for the strategic and on-going evaluation of ERDF, ESF and Cohesion Fund 2007-2013.
- Guidelines of ERDF and Cohesion Fund indicators.
- Shared guidelines for the strategic monitoring of the NSRF, 2007-2013.
- Guidelines for Strategic thematic evaluations.
- Methodological Guide for the Evaluation of Communication Plans of ERDF, ESF and Cohesion Fund Operative Programs 2007-2013.
- Guidelines for the operational evaluations of ERDF and Cohesion Fund.

The monitoring and evaluation system is rather complex. Besides the compulsory ex-ante evaluation, it includes the following:

- Operational evaluation, to be included as an annex to the monitoring reports on each implementation year. They must deliver updated and detailed information on physical and financial performance.
- Strategic evaluation, to be delivered in Strategic Monitoring Reports in 2009 and 2012, regarding the following priorities:
  - Knowledge Economy (I + D + I and the Information Society).
  - Environment.
  - Gender.
- Evaluation of communication activities, to be delivered in 2010 and 2013.

We found out that the existing procedures are well-designed to assess financial performance and physical accomplishment, even though there are certain seemingly

unavoidable delays in the transfer of information “from the ground” to the authorities which are responsible for the elaboration of the reports. On the other hand, an effective procedure for the assessment of results and outcomes at the local level hasn’t been developed so far, despite the many pages devoted to evaluation and the many proposed indicators<sup>69</sup>. It is important to notice, however, that indicators of results referring to axis 5 are the least numerous. And still more problematic is the fact that there are no indicators related to key aspects of the LDA, such as issue integration, participation, public-private partnerships and the building and management of networks. More generally, it might be argued that existing monitoring frameworks and indicators struggle to reflect the ‘essence’ of LDA strategies and that further refinement is required before they are suited to the task.

Besides the administrative-financial accountability, transparency towards the public is also very important, and in this case it must be said that it has grown and become more sophisticated over the years, especially at regional level<sup>70</sup>, in parallel with the interest of local publics towards these projects. Every local official can make use of different channels to reach the public (press releases and conferences, web-sites, radio and TV programs, leaflets, exhibitions...), with increased opportunities for interactivity.

Information and communication devices are not only important for citizen involvement and empowerment, but also for the communication between the different projects, and especially –through useful Intranets- between the sizeable group of qualified professionals involved in them. Through ITC-supported networks key information is distributed, problems socialized and innovations shared. The web-sites *Fondos Europeos Andalucía*<sup>71</sup> for all EU funded programs, RAPID<sup>72</sup> for medium-sized and small municipalities and *Red de Iniciativas Urbanas* (RIU, managed by the Spanish Ministry of Public Works) for the URBANA cities are good examples of this, although the information available is far from complete and not always sufficiently updated.

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<sup>69</sup> It seems to be a common pattern of structural funds management in Spain that, although “continuous monitoring and evaluation procedures have permeated into national policy (a)t the same time, systems to evaluate the effects and effectiveness of projects and programs are not common especially at regional level and, in general; they are simply accounting exercises rather than true systematic impact assessments. European Commission (2009.a), p. 21.

<sup>70</sup> In this point there seems to be a significant difference between the regional and the local level. According to Transparency International Spain, the regional transparency ranking of 2010 was led by Andalusia, whereas in the municipal transparency ranking of the same year Andalusian cities get the third worst results, only better than the cities of Aragon and Extremadura. For more information see: <http://www.transparencia.org.es>.

<sup>71</sup> <http://www.juntadeandalucia.es/economiainnovacionyciencia/fondoseuropeosenandalucia>.

<sup>72</sup> <http://www.rapidandalucia.es>.



## 7 What works and doesn't work

### 7.1 Validity of the mechanisms to explain collective action in the management of ERDF in Andalusia

The calls for integrated projects of local and urban development have been successful in attracting many projects and fostering the constitution of partnerships. This can be tentatively explained by four factors:

1. In spite of the sizeable public investment accumulated in more than 20 years of structural funds, every locality still has, at any given point, a portfolio of projects waiting for resources to be executed. Citizens' demands seem to have grown in parallel to the size of the available funding. In this context,
2. EU projects enjoy a very high level of prestige. All public authorities (national, regional and local) tend to tell a positive story of the development of Andalusia in the last 20-30 years, which is true in many aspects<sup>73</sup>.
3. Spanish and Andalusian municipalities are characterized by a strong imitative character. Everyone wants to do and have what the apparently successful neighbour does and have. When an initiative is prestigious and can show successful examples of its implementation it is much easier to find partners. Especially an accomplished project from the past may be a great driver for the gathering of partners around a new project.
4. When the first wave of calls for projects was carried out (in the fall 2007-2008) the perception of economic crisis was still rather low, although the first signs were there, and equally low was the influence of this perception in the decision of the actors about participating or not participating in the calls for projects.

Competitive tenders tend to increase the perception of efficacy of the projects and teams that are successful in them. The more exclusive the process, the better, and it does not matter that much if it was achieved through a wonderful project or through the display of political high-level contacts. The websites of the cities that were selected show a certain pride for having achieved it. In a way, it is seen as an "objective" proof of the

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<sup>73</sup> "There is no doubt that the institutional, social and economic development of Andalucía is a consequence -not completely but largely- of the European regional policy". Tuñón, p. 202. An analysis of the estimated effects of EU structural funds for the period 1989-2013 concluded that the GDP of Andalusia would have grown 2.91% in average without aid, while aid will raise it to 3.03%; see: Sosvilla (2009).

value not only of the project, and not essentially of the project, but of the team and the leadership that is behind it.

The formalization of meta-rules (such as rules on decision and coordination) and structures of cooperation makes the partnership more stable and durable. Meta-rules and structures of cooperation national-regional, regional-local and national-regional-local are established by the NSRF, the OP and other documents of reference. Moreover, the sharing of crucial powers between Central government and the RGA (such as the right to vote, the compulsory approval of programme's progresses or amendments, etc) has promoted the mediation of interests and reduced the risk of conflicts in the implementation phase.

Regarding the local actors, participation is allowed and encouraged in the pre-planning phase of the policy process (making proposals) and in the implementation of the projects. Local governments which have become sub-delegated authorities (projects URBANA), or the provincial administrations which have the power to manage the funds of the integrated projects for the small local authorities, have enhanced their visibility and responsibility vis-à-vis the other local partners. Where these institutions enjoy high reputation and trust it has been easier to encourage other stakeholders to join the projects.

A certain degree of flexibility – for example in allowing a reprogramming of the actions if the context changes significantly - makes local actors more committed and proactive towards the substantive objectives of the project. On the contrary, extreme rigidity, which is normally in the management of concrete actions, once approved and started, can easily become an obstacle for the adaptation of projects to local realities. This causes anxiety and an excessive focus on the formal aspects of management. Fortunately, the already long time of management of ERDF and other funds has generated a certain administrative culture and powerful networks of institutions and professionals. As they accumulate knowledge and experience, these institutions and professionals learn to work together always better.

Regarding to integrated projects, grants tend to be proportional to the size of the municipality (or neighbourhood, in the case of bigger cities), so that small grants are only current among small municipalities, and these aren't in fact responsible for the management of the project, because the provincial administration, with specialized staff, assumes the greater part of the responsibility. On the other hand, when it comes to develop real projects, cooperation seems to be easier in smaller municipalities. There are fewer actors and probably a greater awareness of the need to stick together. Besides, smaller municipalities have been forced to cooperate between them, something that makes a lot of sense in a country too plagued by micro-localism and parochialism. Local development agents have the chance to meet and to build a community of support and learning.

The monitoring system put in place has helped to detect weak points and room for improvement. The changes have been incremental, taking place from programming

period to programming period. They've involved significant improvements in the management of the funds, assuring a higher degree of physical and financial compliance. On the other hand, the evaluation of outcomes has remained rather undeveloped. In the period 2007-2013, the degree of transparency of the projects and of the ERDF generally has experienced a significant increase, although it is still far from what it should be considered as optimal. Local administrations have learnt that this issue is important for the citizens, and that they consequently want to stay informed about it. It is not only about making information available, but also understandable (through summaries, videos, pictures, etc.). They mostly follow an instrumental more than a normative approach, because the proof of the achievement of intermediate results reinforces the role of project leaders. The pitfall of this approach is that bad news can be hidden from the public without major legal problems<sup>74</sup>.

The figures clearly point to a negative correlation between LDA and implementation time span<sup>75</sup>. As it is known from studies on citizen participation and the building of social capital, the articulation of partnership requires time. An additional factor that could help to explain the delays is that local authorities can have more difficulties when managing complex processes and when incorporating new knowledge and technologies, even though they eventually can count on support by the regional and provincial authorities.

A last point to consider is the difficult financial situation faced by Spanish local governments since the outburst of the economic crisis in 2008, which not only has implied a much higher cost of co-financing investments out of the municipal funds, but also a certain crowding-out of sensible local investment by other initiatives<sup>76</sup>. If there is no significant improvement in the financing system of local governments, there could be a local retrenchment vis-à-vis projects that demand strong co-financing (in absolute terms, if not in relative ones).

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<sup>74</sup> Spain is one of the five EU countries (with Greece, Cyprus, Malta and Luxembourg) that have not yet regulated by Law the public access to government information, and the incumbent government has lost interest in a bill intended to address this embarrassing situation. The same has happened to the reform of local government, which was even more mature. (See: <http://www.publico.es/espana/356578/el-gobierno-entierra-la-ley-de-transparencia>).

<sup>75</sup> Compared to that, in the programming period 2000-2006 the indicators for the years 2000-2002 showed that the financial absorption rate in axis 5 was clearly better than the average of all axis. Linked to that, evaluators also found out that the agents involved in the management of axis 5, were more satisfied than average with the agility of administrative procedures. However, after a deeper analysis of the answers, the same evaluators conclude that positive assessments reflected more "conformity" than real satisfaction. Most of the executive agents were aware that the intergovernmental complexity inherent to local development actions meant an "unavoidable" increase in delays and paperwork (OP 2000-2006, Mid Term evaluation report, vol. 1, p. 303).

<sup>76</sup> In the first place the "localized" but regionally managed and co-financed ERDF projects, or the Central Government sponsored recovery Plan "E", which, among many other things, between 2008 and 2009 all of a sudden poured around 8 billion € to municipalities –all of them, following a strict proportionality according to population numbers- to finance investment in infrastructures and public facilities at full cost. Compared to these alternatives, the incentives for devoting precious local resources -often needed to cover the next monthly pay-roll- to co-finance long-term investments probably are not very strong.

Nonetheless, it is rather uncommon that delay becomes extreme, because the fear of being sanctioned and losing the funds is ever-present. Indeed, all the process seems to be structured, couched and monitored to assure compliance with the basic requirements. Cases of non-compliance remain rare and – regarding OP 2007-2013- couldn't be really detected at this phase of the monitoring process. In the next years there might be a dramatic increase in the cases of non compliance because of the several financial problems uncovered and sharpened by the economic crisis (over-indebtedness, diminished tax revenues, structural deficit, etc.).

## 7.2 Achievements and pitfalls of the LDA in the management of ERDF in Andalusia

The OP 2000-2006 represented a first attempt to mainstream the LDA in the management of structural funds in Andalusia, but results were not very satisfactory in that point. The measures envisaged in axis 5 had, indeed, a territorial focus, but the other two elements required by a LDA -policy integration and partnership- were not very relevant<sup>77</sup>. Andalusian local governments were mostly passive beneficiaries of the development efforts funded by the EU. These efforts had, indeed, a local dimension, as investments were distributed throughout the Andalusian territory, but the agency of local actors was restricted to demanding their investment priorities be attended. They didn't assume responsibilities for the management and the results of the projects. In this sense, the projects financed by the LEADER and URBAN initiatives –outside from ERDF- remained an exception.

Besides, probably because of its novelty, ERDF program executors could display, at best, a rather generic knowledge about what a “local and urban development” policy should be. And as they didn't know much about the criteria and the contents of this new approach, neither about its potential positive impacts, they didn't show much interest in it, and their contents weren't integrated properly in the other sectoral policies<sup>78</sup>. Moreover, in Spain, the national agenda in those years was clearly biased towards physical change, which in turn influenced how local development programmes addressed problems and allocated funding. The thematic emphasis was clearly biased towards urban regeneration issues, leaving social issues at the bottom<sup>79</sup>. In view of all this, mid-term evaluators recommended, in addition to improving training on these issues, to monitor the effective implementation of the policy<sup>80</sup>.

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<sup>77</sup> In over 1.000 pages of mid-term evaluation report (OP 2000-2006, Mid Term evaluation report, vol. 1) the concept “integration” only appears with regard to employment policies and the concept “participation” only with regard to gender equality policies. Last but not least, the word partnership doesn't appear one single time.

<sup>78</sup> Junta de Andalucía 2005 (OP 2000-2006, Mid Term evaluation report, vol. 1), p. 696.

<sup>79</sup> European Commission Regional Policy (2010), pp. 33 and 37.

<sup>80</sup> Junta de Andalucía 2005 (Updated OP 2000-2006, Mid Term evaluation report, vol. 1), p. 84.

As it has been documented along the report, the case shows that the OP 2007-2013 has led to significant advances in the key aspects of the LDA: territorial focus, policy integration and partnership. Some developments have contributed to this general improvement.

In the first place we have a strong commitment to develop a well-grounded own regional strategy of development, adapting the EU and national strategies to the context of Andalusia. This gives a clear sense of purpose to the actions of all actors involved<sup>81</sup>.

The strategy is based on the integration of several policy fields, following a holistic approach, and the LDA provides a good framework to adapt it to the diverse local contexts, as it is shown by some if not all the Urbana projects.

The LDA has fostered intergovernmental cooperation, too. This is especially the case of small municipalities joining and starting to cooperate around common projects. This may be not enough to counter the weaknesses of micro-municipalism, but it is an important step in the good direction.

We also detect a commitment to a locally efficient and effective use of the funds, through well-developed control and monitoring systems that prevent misuse and corruption. This goes hand in hand with a significant effort towards regional and local administrative modernization, through increased training, use of technologies and exchange of experiences. The management of EU funds has continued to be a major factor in the general improvement of local public management.

Finally, in more general terms it is also important to remark the enhancement of local autonomy, reflected in a new and advanced Andalusian Law of Local Government<sup>82</sup>, even if this is (still) not reflected in an improvement of the financial basis of municipalities. Politically and financially stronger municipalities are a requisite for a well-developed LDA.

Nonetheless the Andalusian case also reflects certain weaknesses of the approach, which at least partly are due to structural weaknesses of the Andalusian and Spanish local governments.

The LDA is applied in a national institutional context in which local governments, due to their weaker legal and financial position, end up assuming badly financed

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<sup>81</sup> It is noticeable that all relevant documents of the implementation phase, the actions, the calls for projects and the projects themselves explicitly assume the key ideas of the documents of the programming phase (Strategy, OPs). And these, in turn, refer to European, national and regional principles and guidelines, up to the Lisbon Strategy. All actors, regional as well as local, seem to know these principles and guidelines very well, and are keen to show that they put great value on them. This seems to be essential in order to keep the purpose and the focus through the jungle of overlapping programs and initiatives coming from the different levels of government.

<sup>82</sup> See: [http://www.juntadeandalucia.es/compromisos20082012/principal\\_medida.php?id\\_medida=101](http://www.juntadeandalucia.es/compromisos20082012/principal_medida.php?id_medida=101).

competences, thereby losing their capacity to finance local investment projects, no matter how good they are<sup>83</sup>.

The LDA precisely intends to reward local commitment and local excellence, but in Andalusia there is frequently a competition between LDA projects and financially more convenient and powerful non-LDA local investment schemes for a top-down enforcement of an homogeneous level of local(ized) investment.

On the other hand, there is a too generalised view of the public interest as exclusively defined by public institutions which in their turn are excessively permeated and controlled by the leading political parties. Beyond being dysfunctional for those institutions themselves, it constitutes an obstacle for the creation and good functioning of the much needed intergovernmental networks and public-private-partnerships.

This has surely something to do with the stated deficit in real substantive transparency from the side of public institutions. Transparency shouldn't consist in telling the public what the Mayor thinks it will project a positive image, but about telling the whole story; in a clear, accessible and prompt way.

What we see, thus, is a certain lack of coherence between professed principles (i.e. excellence, integration, partnership...) in the planning and programming documents and their reflection in the small print of the calls for projects.

Ultimately, what could explain this noticeable lack of coherence between the theoretic approach and the real implementation? Tentatively we could argue that integration and partnership mean, in the long run, better projects and sound local development, but they are also complex matters, fraught with uncertainty. It seems that they are not rejected, but also not completely welcomed, as it is critical to keep the complexity and uncertainty associated to projects at a level which is manageable by the organization. If you take in account the strategic importance attributed to EU funds and the permanent threat that they could be withdrawn because of management failures, it is to a certain point understandable that the main priority set by the Management Authority be to guarantee the expected levels of physical and financial performance of the projects.

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<sup>83</sup> The local governments' organizations are very clear in that point See: <http://www.europapress.es/nacional/noticia-femp-caballero-psoe-pide-dos-anos-carencia-diez-aplazamiento-devolver-estado-deuda-municipal-20110924175921.html>.

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