

PROGRAMMING AND MANAGEMENT OF STRUCTURAL FUNDS 2007-2013 – LOCAL AND REGIONAL PERSPECTIVES – BARCELONA, 21 APRIL 2006

Following the project meeting on 19th and 20th April, SRN partners took part in a joint seminar with the INTERREG IIIC project S3 (Sharing solutions on Structural Funds). The seminar was hosted and organised by the Diputació de Barcelona and the Centre for Innovation and Business Development (CIDEM), Barcelona. A key objective was to raise awareness of the complementary role of regional and sub-regional organisations in the management and delivery of EU Structural Funds and especially to consider how lessons from the current programming period can inform programming and management arrangements for the period 2007-13. The seminar also examined the impacts of the changes to EU Regional and Cohesion policy on strategic priorities and funds likely to be available in the Region of Catalunya, and in Spain more generally. Participants came from many different organisations within the Catalunya region as well as from the two IIIC projects.

The opening session, chaired by **Agustí Fernández de Losada** from the Diputació de Barcelona, explained the purpose of the meeting and introduced the contributors, moving on to a brief explanation of the two INTERREG IIIC projects.

Stefania Sommacal, Project Coordinator of the S3 project led by the region of Emilia-Romagna, Italy, introduced S3. Fourteen partners – mainly Managing Authorities and intermediary bodies - from 9 EU Member States have been working to identify innovative experiences and tools used in Structural Funds management with a view to transferring good practice. The project has 4 Components – on management and coordination of the exchange, identifying relevant experiences, networking people, and dissemination. In Component 2 - 'Networking experiences', completed in February 2006, the partners prepared 11 papers describing their approaches and policy tools in detail. A first round of thematic working groups involving sub-groups from the partnership analysed this evidence, identifying innovative and potentially transferable aspects of practice. A second round of working groups highlighted critical success factors, problems and lessons learned. Component 3 - 'Networking people' is currently in progress. This stage of the project involves a programme of study visits hosted by the different partners, when first-hand knowledge of practices should allow participants to make a more direct assessment of transferability.

In S3, each of the four Components is led by a different partner, with responsibility for implementation of Component 3 falling to the UK partner, the South Yorkshire Objective 1 team.

Paul Owens, Project Coordinator of SRN from Bristol City Council's Objective 2 team, explained the focus of this exchange of experience on sub-regional management and delivery of both domestic and European regeneration programmes. SRN has 12 partners from 7 countries. Following an initial round of meetings to establish each partner's context and activities, the partners have begun to put forward good practice examples and will go on to identify lessons learned and transferable models, to be included in a final good practice guide.

The next session focused on new policy for cohesion for the period 2007-2013, with contributions from the Generalitat de Catalunya and the INTERREG IIIC programme.

Antonia Monés, Director of the Economic Programme of Catalunya region's Economics and Finance Department, gave a detailed overview of the new EU budget and then examined the implications of the changing picture of EU funding (touching

on funds for research and agriculture as well as for regional development and cohesion), and the new focus on the EU's Lisbon and Gothenburg policy priorities, for Spain and for Catalunya.

With the budget now approved by the European Parliament, work is currently in progress on the new National Strategic Reference Frameworks and Operational Programmes in all the Member States.

Mrs Monés outlined the new framework of regional policy and the sums to be allocated to each of the three Objectives. Although there will be an overall loss of financial resources as compared with the current period, the Spanish government's successful negotiations with the EU institutions will ensure that all Spanish regions qualify for some financial support. Eligibility for the Cohesion fund is much reduced but not entirely lost, and Spain will continue to be a net receiver of EU funds rather than a net contributor, at least until the next financial period.

In particular, Spain will benefit from a new Technological Fund, an additional allocation of EURO 2 billion from the ERDF, to cover the 'technological activity gap' between Spain and the rest of the EU. However, there is uncertainty at present as to how this will be distributed amongst the regions of Spain and how much devolved responsibility the regions will have as regards the spending of this new budget.

Overall, Catalunya expects to receive about EUR 1.4 billion for the period 2007-13, a reduction of over 40 per cent as compared with the current period when the region benefited considerably from the Cohesion Fund, spent largely on major infrastructure projects. Lobbying is in progress to ensure that the region retains a share of Cohesion funding, especially to allow 'soft loans' to continue.

Although Catalunya is making progress towards meeting the Lisbon goals, especially as regards employment creation, reaching the targets for spending and activity on research and development will continue to be a challenge for both the region and for Spain as a whole.

Michel Lamblin, Director of the INTERREG IIIC West Zone Joint Technical Secretariat, praised the SRN and S3 partners for their creative joint working on a theme central to the IIIC programme.

He explained the role of EU funding in enabling interregional cooperation, outlining the financing and organisational arrangements for the current IIIC programme and highlighting the relevance of this programme for local and regional authorities to cooperate at a distance. With an allocation of EURO 315m, IIIC has received only 1000th of the current Structural Funds and all funds are now committed. About 15 per cent of running operations are Regional Framework Operations – ambitious mini-programmes taking some time to set up. These are possible models for mainstreamed interregional cooperation post 2006. Statistics on the numbers of lead partners, and on the total numbers of partners engaged overall, show high levels of participation in Germany, Spain, Italy and the UK, with support arrangements established nationally being an important factor in determining the extent of activity. M. Lamblin highlighted, for example, Italy's national match-funding sources, and the importance of regional autonomy in both Italy and Spain, with Catalunya being one of the most active regions in this programme.

As regards topics for cooperation, some 34 percent of the projects in current IIIC are clearly in line with Lisbon and/or Gothenburg goals. For future interregional collaboration within the new Territorial Cooperation objective, Article 5.2 of the new

ERDF Regulation is especially relevant. Applicants wishing to work on topics which are not obviously in line with the Lisbon and Gothenburg goals (such as tourism) will have to explain their contribution to these agendas.

Although a loss of about 25 per cent of funds for interregional cooperation, as compared with current IIC, is anticipated, partly because other networking activities (URBACT, INTERACT and ESPON) will be funded from the same package, the rate of assistance will increase to 75 per cent across the board, and the European Commission has also created a significant opportunity for interregional working via the main Convergence and Competitiveness programmes. Partners in SRN and S3 currently delivering Objective 1 and 2, for example, should find their experience of cooperation through IIC valuable in determining whether, and in what ways, to take advantage of this extra opportunity in the new programming period. At the moment the JTS anticipates the launch of the new interregional cooperation programme by the beginning of 2007.

The final session of the day was a Round Table moderated by **Xavier Tiana Casablanca** (Diputació de Barcelona). There were further detailed contributions from SRN and S3 partners on practice in their localities.

From S3, **Richard Holmes** outlined economic conditions in the South Yorkshire Objective 1 region. All current resources should be committed by June this year, and the programme has had particular success in attracting private sector finance. With rising GDP, the area will not qualify for the new Convergence objective.

Richard Holmes described two innovative aspects of programme management and delivery developed in South Yorkshire, both different from actions carried out by the other S3 partners, and both described as key factors for success. Firstly, there was a need to create a new organisation to manage the programme, because there was no existing politically-accountable organisation dedicated to the eligible sub-region. Staff with a range of backgrounds, notably from business, were specially recruited to deliver the programme. The same organisation manages relevant domestic regeneration budgets. All activities, including the development of Priorities, have been carried out through intensive partnership, with community groups and the private sector active in programme management, helping to spread a sense of ownership of the programme.

The second innovative aspect is a method for achieving the cluster of projects to be funded. Agents ('people who could make this happen') have been used to develop desired projects, an approach described as 'commissioning'. In some cases, project promoters have been encouraged to join forces to create more strategic interventions.

Additionally, resources in the programme have been allocated in such a way as to spread benefits to the whole sub region, with only community-based actions in the most deprived neighbourhoods being geographically targeted.

Lessons include the need to take risks, to provide leadership, to recruit knowledgeable staff and to invest in the training of partners early on.

Paul Owens highlighted the increased opportunities for sub-regional management and delivery and the requirements for wider stakeholder involvement in the new Structural Funds programmes. Sub-regional bodies, including urban authorities, could be more involved in developing National Strategic Reference Frameworks than seems to be the case at present. However, it is important for sub-regional

organisations to have the appropriate competences and capacity if added-value is really to be achieved.

Experience from Bristol, in the South West of England, illustrates the possibilities. With a population of about 400,000, this is a generally prosperous city containing some very deprived central wards. The City Council, with a range of local partners, previously ran an URBAN I programme via a locally-managed and delivered Action Plan. The City had complete control. A positive independent evaluation of the management and outcomes of this programme led to use of the same model to manage URBAN II, and an element of the South West Objective 2 programme (ERDF and ESF) is now being delivered in the same way. The Local Action Plan is the mechanism for meeting both Lisbon priorities and local needs. The City Council is able to harness match-funding and can offer successful projects advances of funding rather than always paying in arrears. Projects receive considerable technical support and benefit from a simplified application process. The City Council is able to identify capable partners and projects fitting strategic objectives. Local residents are encouraged to take ownership of the programme, and decisions as to which projects to fund are made by well-informed local players. Results include positive outcomes 'on the ground' and progress towards helping citizens to feel part of the 'European project'.

Stefania Sommocal presented one of the innovative experiences identified in S3, from the region of Emilia-Romagna. The region has 9 provinces covering both the mountainous areas of the south and the Po river delta to the north. These specific territorial features have had a strong influence on the design and implementation of EU programmes, including Objective 2. As Managing Authority for this programme, the regional government has sought to achieve both a balanced distribution of projects across the territory and a balanced distribution of actions between Measures, in contrast to the approach described in South Yorkshire.

In Emilia-Romagna there is a strong focus on partnership, with vertical links between the Managing Authority, the 9 provinces and local authorities, and horizontal links with stakeholders, who are involved in all phases of Structural Funds management.

Guidelines established at regional level provided the framework for Local Development Plans produced by each of the provinces. On the basis of this preparatory work the Managing Authority produced three development plans, one for each territorial area, and only after this work was complete was the Programme Complement finalised. Local authorities therefore played a big part in the definition of the Programme Complement.

The Managing Authority opted to continue with the negotiated programming approach, developing two policy tools for this – the Programme Conference and the Covenant.

The Programme Conference is the board which takes decisions on which projects to fund. The region has held 18 of these, two per province. Through these conferences a large number of projects have been approved, all of them negotiated at local level and without the need for tendering procedures.

The Covenant is a formal agreement between the Managing Authority and an individual province defining the roles and responsibilities of each tier of government - the managing and implementing bodies. The covenant defines, for example, the funds needed to finance the activities approved by the Programme Conferences and the rules to be observed by local authorities and other beneficiaries. The provinces

sign a second covenant with the final beneficiaries for day-to-day management of each project.

Although there have been delays caused by lengthy conference negotiations, this process has been broadly successful. Once projects receive the agreed funding they are usually implemented efficiently, since much has been clarified in advance. The Managing Authority reportedly finds management of the 9 provinces demanding, since they have strong delegated powers, and there are some problems of lack of relevant competences at local level. Pre-conditions for success in such a system include appropriate institutional capacity of local levels of administration, competences in programming and planning, the availability of decentralised budgets and the direct management of resources at local level. Benefits include an expanded role for provinces and local institutions in Structural Funds processes and increased local programming skills. The institutional chain – region, province, municipality – is seen as central to the governance of the whole process.

To complete the Round Table, **Gianluca Baldoni** from the Objective 2 programme in Modena, one of the partners in SRN, commented on the arrangements in Emilia-Romagna from the point of view of the Province. He focused on the method of negotiating the SPD and local impacts of this way of working, especially in the mountainous areas of the Province where numerous companies have benefited from Objective 2 support.

In the view of the Province, their role in the negotiations to shape the programme has been more significant than that of deciding on project applications, which does not involve management tasks. Nevertheless it is worth noting that the two Programme Conferences held in Modena resulted in the allocation of EURO 13m to about 150 projects implemented by municipalities. Many of these are infrastructure projects. One advantage of the process established in Emilia-Romagna is that there is no need for public tender for infrastructure investment. Instead, the agreed 6- year investment plan provides the means for integrating assured Objective 2 resources with domestic funds. The Programme Conferences have also been a good tool for partnership and for the integration of projects. In general, a broad programme like this can help to overcome a lack of resources in small municipalities and enable them to plan the use of whatever resources are available. The method developed for Objective 2 is now in use for a domestic programme for the mountainous region of Emilia-Romagna.

Additionally, the Province has a clear role as intermediary body, with the final beneficiaries usually having contact only with the Province and not with the Managing Authority. The Province can also give technical assistance to beneficiaries and municipalities. This work is carried out with a small staff and at a cost which is low in relation to the impacts in the locality.

During the **discussion** concluding the Round Table and the seminar the representatives from S3 and SRN expanded on their plans for dissemination of their project results. Representatives from Catalunya commented that the examples presented at the seminar had provided food for thought, for example in the areas of private sector involvement, training and institutional support. In considering transferability of good practices, **Stefania Sommacal** provided a reminder that it is important not to focus only on whole systems. Rather, small aspects of an approach, or individual policy tools, may in some cases be applied in a new context where the system as a whole is radically different. She cited the example of an aspect of practice in Emilia-Romagna which has already been introduced in South Yorkshire. The session ended with general agreement as to the benefits of sharing experience –

which can include, for example, staff development as well as management changes – and a willingness to continue with interregional cooperation in the next programming period despite the small resources available.