

A I D E M É M O I R E

Danish Position on the Future of the EU Cohesion Policy

Denmark continues to regard the European Union cohesion policy as an important element of the solidarity between the EU member states. Therefore, Denmark concurs with the necessity as set out in the Treaty on the Functioning of the European Union to pursue economic, social and territorial cohesion through the operations of the European structural funds as well as to contribute in a targeted manner to the achievement of the Europe 2020 objectives.

The European cohesion policy has already achieved important results, notably in furthering the development of the least prosperous regions of the European Union. Many regions have with the help of the structural funds achieved remarkable progress. At the same time, we have to acknowledge that there remains ample space for further progress and improvements: According to one forecast the most successful recipients of structural funds will generate twice as much value from the structural funds in comparison with the least successful. In addition, the administrative burden of implementing structural fund support is often experienced as being heavy and as an impediment for progress.

In order to address these two issues, Denmark would like to draw the attention to the following possible adjustments of the structural funds, which merit further consideration:

1. The Europe 2020 strategy as a foundation for new growth

The Europe 2020 strategy aims at generating smart, sustainable, and inclusive growth in the EU. For the Europe 2020 objectives to become effective in the cohesion policy they need to be implemented by targeted policies and investment choices, based on the specific circumstances and needs of the individual regions. Concentration and streamlining on a limited number on attainable targets will be decisive to this regard.

2. Result and growth oriented cohesion policy

As the European cohesion policies aim at furthering economic convergence and competitiveness, it would be warranted to focus more on achieving sustainable results, notably on the influence of a programme on growth, employment, and competitiveness. Ideally, this stronger focus should simultaneously improve the effectiveness of the structural funds and reduce the administrative burden of the cohesion policy.

Concentration of funding on a limited number of priorities which are based, among others, on the Europe 2020 agenda and the Integrated Guidelines for Economic and Employment policies will improve the effectiveness and maximise the results. This concentration should also protect the cohesion policy against unwanted "mission creep".

Comparable and meaningful core indicators have to be developed. Increased transparency about the results of programmes would generate a positive incentive for larger effectiveness of structural fund programmes.

3. Reinforcing Success

Positive incentives to use the structural funds allocations more effectively should be strengthened. The effectiveness of the structural funds could e. g. be enhanced even further by adjusting the performance reserves to consist of 5 % of the allocations under the convergence, regional competi-

tiveness and employment objectives. Possible adjustments could be considered for regions with repeatedly poor economic performance. Likewise, it is proposed to consider a not pre-allocated European competitive project reserve which could inter alia be used to finance new and innovative programmes.

4. Co-ordination with other policies

In implementing the cohesion policy, the priorities of other European policies should be taken into account where relevant. Wherever possible, synergies have to be pursued. Ideally, European policies should be mutually reinforcing. In this context, the particular objectives of the cohesion policy and its place based approach have to be respected. The role of the Social Fund within the cohesion policy could be designed to further complementarities, notably with respect to social cohesion.

5. Simplifying the administration while maintaining sound financial management

The European Court of Auditors has highlighted the material errors as regards to the implementation of the cohesion policy. Errors in implementation and administration have to be improved upon. At the same time member states regard the administration of the EU cohesion policy as cumbersome, requiring considerable resources.

Administrative requirements should depend on the track record of the recipient of structural funds aid. Hence, accounting and control procedures should focus on such programmes where there are reasons to expect problems. The administrative burden for recipients where no problems are expected to occur should be adjusted accordingly. In this context, the benefits of proportional and simplified rules – e. g. on standardised costs – should be fully exploited.

6. Targeted conditionality

Macro-economic imbalances can constitute a hindrance of economic development. Consequently, Denmark supports the considerations to apply the macro-economic conditionality already foreseen with regards to the cohesion fund on the other structural funds. The phased approach with a number of early warning mechanisms and focus on medium term objectives along the lines discussed in the van Rompuy taskforce should allow the member states to take corrective measures in due time, thereby ultimately avoiding consequences from the EU-budget.

7. Climate change as a horizontal issue and energy

Since the current structural fund regulations were adopted in 2006, climate change has become an ever more important issue. In particular a number of the least prosperous European regions have shown themselves to be particularly vulnerable to the consequences of climate change like draught or flooding. Hence, while focusing on economic growth the effects of a programme on the climate should be taken into account as a horizontal issue during the design of all programmes.

Likewise, to the extent that it furthers economic growth in a region or country already entitled to receive means from cohesion policy, cohesion aid may be used to improve the energy infrastructure and increase energy efficiency. An up to date energy transmission net can reinforce the competitiveness of the European Union in the international energy markets. In addition, it will improve upon the security of supply and contribute to the fight against climate change. This will be particularly relevant to countries with a deficient energy infrastructure. Furthermore, an effective and intelligent transmission network is a precondition for the integration of large amounts of sustainable energy which is one out of several priorities in the Europe 2020 strategy.