
ЖАС ҒАЛЫМДАР МІНБЕСІ ТРИБУНА МОЛОДЫХ УЧЕНЫХ

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REGIONAL POLICY OF THE EU IN SPAIN (by the example of the Cohesion Fund)

Мақалада Біріктіру Қоры мысалында ЕуроОдақтың Испаниядағы аймақтық саясаты қарастырылған. Ол арқылы мемлекеттік және жеке ұйымдардың Біріктіру Қорынан қаржыландырылған әр түрлі жобалар көрсетілген. ЕуроОдақтың Испаниядағы аймақтық саясатына сараптама жасай отырып, мақаланың авторлары ЕуроОдақтың бұл бағдарламасы Испанияда өзінің тиімділігін көрсетті деген тұжырым жасаған.

В статье рассматривается региональная политика ЕС в Испании на примере деятельности Фонда Сплочения. Показаны разного рода проекты, реализующиеся государством и частными организациями, финансируемые из бюджета фонда. Анализируя региональную политику ЕС в Испании, авторы пришли к выводу, что данная программа доказывает свою эффективность.

«We believe there is still a great deal to do in the Community in the field of regional policy. The possibilities have perhaps not been properly realized or acted on. In particular, we need to give a fresh impetus to regional policy formulated at the same level of the Community and, I should point out, with regular cooperation by Member States' governments, which is essential if it is to succeed».

Jean Rey, President of the European Commission 1967–1970.

In 1986, Spain became a full member of the European Economic Community. Since then, according to the European Commission, Spain carries out the tasks set by the European Council (EC) and included 2701 directive into its domestic law.

Accession to the European Union marked for Spain, as for the other Member States, significant changes: from the middle 90's established the European single market and the European Economic Area, a pledge of retail space without borders. Since then, the European Union visibly moved forward in the integration process by strengthening the political and social ties between citizens; Spain in the course of this process was characterized by the fact that it became one of the leaders in a matter of the introduction of measures for liberalization.

In May 2004 ten new terms were joined to the European Union (Hungary, Cyprus, Latvia, Lithuania, Malta, Poland Slovakia, Slovenia, Estonia and the Czech Republic). This expansion of union is unprecedented on the scales and the variety: territory increased by 23 %, and population grew by 100 million people. Furthermore, since January 1, 2007 in the European Union Romania and Bulgaria have status of member states of the European Union. Spain acquired serious responsibility within the framework of the European Union, after becoming, together with Poland, the fifth country on the number of voices in the Council of Ministers.

Introduction to Euro on January 1, 2002 marked the beginning of the third period of the chairmanship of Spain in the European Union, after becoming the culmination of long process and creation of a number of conditions for an increase in the Spanish and European markets. With the introduction of the euro in the European Union was formed currency area, which becomes the largest area of trade in the world and will facilitate the integration of financial markets and economic policies included in its Member States. These changes ensured the coordination of fiscal systems of Member States, promoting the growth of the stability of the European Union. The introduction of the euro area and the single European currency has clear results at the international level, helped promote this initiative on the international and financial forums (meetings

«Seven»), as well as in multilateral organizations. Economic and trade stability, achieved because of the euro, consolidate the current growth of the Spanish economy, along with its international political projection.

Financial instruments and initiatives to address economics and social imbalances at Community level did exist since the beginning of European integration but only in 1986 legal foundations introduced by the Single European Act paved the way for an integrated cohesion policy. During the period 1957–1988, the European Social Fund (ESF, since 1958), the European Agricultural Guidance and Guarantee Fund (EAGGF, since 1962), and the European Regional Development Fund (ERDF, since 1975) co-financed projects which had been selected beforehand by Member States [1].

Objectives, Structural Funds and instruments
2007-2013

Objectives	Structural Funds and instruments		
Convergence	ERDF	ESF	Cohesion Fund
Regional Competitiveness and Employment	ERDF	ESF	
European Territorial Cooperation	ERDF		

Differences between regions of the European Community have been from the beginning (the clearest example — the lagging regions of Southern Italy). These differences became more vivid after the entry into it in countries such as Ireland, Greece, Spain and Portugal. The variance of GDP for some regions reaching 3.5 times the unemployment rate — up to 7 times. Reduction of regional social and economic disparities and promote equitable development of all the EU is one of the components to the overall EU policy — regional policy. EU regional policy can be considered an integral part of structural policy, which is implemented through EU Structural Funds and Cohesion Fund. Structural support of the European Union has consistently reduces the social and economic differences between member countries and selected regions of the EU. Underlying its value can be called in two words — «solidarity» and «cohesion». Solidarity — because the aim is to help as compared with the average EU economically and socially poorer regions. Cohesion — as the decrease in the difference between income and property of the poorer and richer regions is beneficial for all. Structural Funds policies primarily aim to assist in difficulties to adapt to changing economic and social conditions. The Structural Funds finance projects that help keep the difficulty for companies and their employees to start other more promising activities. Another option — to increase the efficiency of economic activity sectors of the economy experiencing a crisis and to help them withstand the pressure of competition. For example, unemployed people can learn to acquire more promising profession. However, the Structural Funds of funds do not fund passive social policies (unemployment benefits, etc.).

Spain — a member state, which in recent years has received the largest amount of structural funds and the Cohesion Fund, which used to finance infrastructure projects and development projects. In fact, states that Spain has received in the period 2007–2013 more than 35 billion euro through a variety of structural and Cohesion funds [2], becoming the second recipient of such funds from the EU after Poland. Furthermore, Spain will receive a special grant for research and development amounting to 2 billion euro according to the decisions taken at the European Council meeting in London. Through these funds the Government has embarked on major projects for joint investment in infrastructural facilities with the participation of private initiative. The most important of these measures was the introduction of the Program «INGENIO 2010». The main goal of the Program will a chive in 2010 the level of 2 % of GDP on public and private investment in R & D. «In line with what was agreed at the Lisbon European Council (2000), its aims include increasing the ratio of investment in R&D in relation to GDP, from 1.05 % in 2003 to 2 % in 2010, and also increasing the private sector's contribution to investment in R&D, from 48 % in 2003 to 55 % in 2010» [3]

The 7 new regulations, which regulate the work of structural funds for the period of 2000–2006, were accepted in June and July 1999[4]. Structural funds for this period will be further used for the support of the programs of 15 member states, although they will be concentrated, mainly, in the regions, which are needed aid to the greatest degree. On the proposal of the Commission, the Council decided to reduce to three the

number of groups of priority objects of structural funds in accordance with the simplification and concentration of structural actions:

- A new group of objects first concerns the structural development and regulation of the least developed areas, those where per capita income below 75 % of the average for the EU.
- The new second group of objects will obtain support for the social and economic reconversion of regions with the structural difficulties; this task will cover a maximum of 18 % of the population of the European Union.
- New third group of objects associated with the adaptation and modernization of policies and systems of education, training and employment.

Funds allocated to these funds for the period 2000–2006 up 195 million euro, distributed among the objects as follows:

- Objects 1: 69,7 %.
- Objects 2: 11,5 %.
- Objects 3: 12,3 % [3].

The remaining 6 % are sent to finance innovative projects and technical assistance, as well as other initiatives within the EU.

The support within the framework the European Union selected for the period of 2000–2006 are the following initiatives:

- Interreg III, which aims to stimulate cross-border, transnational and inter-regional cooperation;
- Leader+, which promotes rural development;
- Equal, which provides for the development of new ways of combating all forms of discrimination and inequality in access to the labor market;
- Urban II, which encourages the economic and social regeneration of declining towns, cities and suburbs [4].

The contribution of funds to development projects in Spain used in the following limits:

- Object 1 provided the percentage of funding for structural funds cannot exceed 75 % of the total cost, in Spain, with its status as the beneficiary Cohesion Fund in the period 2000–2006, to increase the maximum permitted level of 80 %. In the case of channeling investments to companies limit reduced to 35 % of the total cost.
- For other objects sets the maximum limit of 50 % of the total cost.
- For investments in companies within the zone of the object 2, set a maximum limit of 15 % of the total cost [4].

However, the above limits may be increased to a maximum of 10 % in cases of the use of funding other than direct assistance.

EU structural funds used almost the entire Spanish territory, are as follows:

- the European Social Fund (ESF)
- the European Agricultural Guidance and Guarantee Fund (EAGGF)
- the European Regional Development Fund (ERDF)
- the Financial Instrument for Fisheries Guidance (FIFG)
- the Cohesion Fund

The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90 % of the Community average. It serves to reduce their economic and social shortfall, as well as to stabilize their economy. It supports actions in the framework of the Convergence objective. It is now subject to the same rules of programming, management and monitoring as the ESF and the ERDF. For the 2007–2013 period the Cohesion Fund concerns Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. Spain is eligible to a phase-out fund only as its GNI per inhabitant is less than the average of the EU-15. The Cohesion Fund finances activities under the following categories: trans-European transport networks, notably priority projects of European interest as identified by the Union; environment; here, Cohesion Fund can also support projects related to energy or transport, as long as they clearly present a benefit to the environment: energy efficiency, use of renewable energy, developing rail transport, supporting intermodality, strengthening public transport, etc.

The financial assistance of the Cohesion Fund can be suspended by a Council decision (taken by qualified majority) if a Member State shows excessive public deficit and if it has not resolved the situation or has not taken appropriate action to do so [5].

Map № 1. The Cohesion (convergence) Fund



The European Union has as one of the main objectives of the development of economic and social convergence of its citizens, strengthening the socio-economic progress and gradually eliminating the distinction between different levels of life. In this sense, the introduction of the single currency further reinforces the need for a growing convergence between the economies and economic policies of participating Member States. From the Fund financed projects related to conservation and trans-European transport networks in Member States, which GNP of less than 90 % of the EU average. For the period 2000–2006 European Council highlighted on the Cohesion Fund of 18 billion € [6].

Table 1. Cohesion Fund for the four eligible Member States in average, 2000–06 (1)

Elláda	España	Ireland	Portugal
3 388	12 357	584	3 388

(1) Ireland only until the end of the year 2003 (million EUR commitments in 2004 price)

Table 2. Cohesion Fund for the ten new eligible Member States in average, 2004–06

Česká Rep.	Eesti	Kypros	Latvija	Lietuva	Magyarország	Malta	Polska	Slovenija	Slovensko
936,05	309,03	53,94	515,43	608,17	1 112,67	21,94	4 178,60	188,71	570,50

(million EUR commitments in 2004 price)

Source: European Commission. Regional policy. Available at http://ec.europa.eu/regional_policy/funds/procf/cf_en.htm

For the period 2000–2006, expenditure from the Structural Funds amounted to approximately € 4 billion in Spain R & D and innovation activities covered:

- over 21 000 R & D and innovation-based projects;
- nearly 10 000 researchers participating in projects;
- the co-financing of most of the present 64 Spanish technology parks;
- support for technology-based activities in around 100 000 small and medium-sized enterprises (SMEs);
- investment of nearly € 1 billion in information and communications technologies (ICT) infrastructure, significantly narrowing the gap with the EU average [7].

Thus we see that Spain and the EU placed a great emphasis on research and development, proof of the above are used to finance research and development. As a result, the finance allocated under the Structural Funds and Cohesion Fund and the high level of management of the Government of Spain became the reason that Spain has shown a very good development evaluation. Thus, Spain has reduced the gap with the rest of the EU-27 in terms of gross domestic product (GDP), moving from 92 % to reach 106.8 % of the Union average GDP per head between 1995 and 2007. Growth in GDP per head was on average 0.5 percentage points

FUNDS FOR SPAIN IN BILLION € 2007–13				
Objective	Fund	EU	National Public	Total
Convergence	CF	4	1	5
	ERDF	17	7	24
	ESF	5	1	6
Total Convergence		26		
Regional Competitiveness and Employment	ERDF	6	4	10
	ESF	3	2	5
Total Regional Competitiveness and Employment		9		
Total European Territorial Cooperation*	ERDF	1	-	1
TOTAL		36	15	51

Figures have been rounded up
 * Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

Source: European Commission. Cohesion Policy 2007–2013. Available at http://ec.europa.eu/regional_policy/atlas2007/fiche/es_en.pdf

In conclusion, we would say that the totals for 2000–2006 program years have shown the effectiveness of all development policies, so say the EU's development strategies in Spain through its structural funds. This is a true indicator of the direction of development in general. But despite all these successes are a great number of outstanding problems, as transport and communications, water supply, illegal immigration, increasing and improving the quality of intellectual wealth of the country and certainly the most important problem of modern Spain is the high rate of unemployment, need to be solved in a short time in order not to lag behind their more developed neighbors in the EU. But surely we are entitled to repeat that success of projects financed from the Cohesion Fund in 2000 — 2006 and it also have successfully implemented projects for 2007–2013.

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