

Reducing disparities in the EU

The Federal Council wants to help new EU member states catch up in economic and social terms with another CHF 1.302 billion contribution. Previous projects have proven to be a success. *Hugo Bruggmann, Siroco Messerli*

Abstract On 28 September 2018 the Federal Council decided to put forward to Parliament a proposal for a second Swiss contribution to certain EU member states amounting to CHF 1.302 billion over a period of ten years. Parliament is expected to discuss the proposal soon. The bulk of the contribution (CHF 1.102 billion) is for projects that help the 13 countries that joined the EU in 2004 to catch up in economic and social terms, with a particular focus on vocational education and training (VET). CHF 200 million has been earmarked for migration-related measures to help deal with the challenges being faced by the whole of the EU. For these future projects, Switzerland can build on its previous experience with the roughly 300 projects implemented under the enlargement contribution from 2007 on.

Cohesion in Europe, VET and migration: these are Switzerland's priority areas for its second planned contribution to the EU amounting to CHF 1.302 billion. The focus of the ten-year programme is on the 13 countries that joined the EU in 2004.

The new contribution lies within the same range as the enlargement contribution, which was used to support 210 projects aimed at reducing economic and social disparities in Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia between 2007 and 2017. In Bulgaria and Romania the projects will run until the end of 2019; in Croatia, which joined the EU in 2013, until 2024.

Under its cohesion policy, the EU provides around EUR 33 billion each year to help the EU-13 catch up in economic and social terms. Switzerland's contribution amounts to around 0.35 per cent of the EU's annual contributions to cohesion for the EU-13 and around one third of Norway's contribution to European cohesion.

Security, stability and well-being in Europe also benefit Switzerland which, as a responsible partner, is also committed to these issues – both as a sign of solidarity and as an investment in the peaceful future of the continent. This also strengthens Switzerland's economic and political ties with individual EU member states and the EU as a whole.

Although the contribution is not directly linked to other EU-related dossiers, it does fall under Switzerland's policy on Europe. Major questions concerning the relationship between Switzerland and the EU remained pending at the beginning of November, in-

cluding the outcome of the negotiations on the institutional agreement and the recognition of stock market equivalence, which the Federal Council considers to be essential. However, it is in the interests of both Switzerland and the EU to continue to strengthen ties and maintain their constructive cooperation. Against this backdrop, at the end of September the Federal Council decided to take the next step and submit to Parliament its second contribution funding proposal. This gives Parliament the opportunity to decide on a second contribution while taking into consideration expected developments in the various EU dossiers.

Consultations with the cantons, parties and associations on the planned contribution met largely with approval.¹ Of the 53 submissions, 48 were in favour of making a second contribution. A number of them noted that approval should be dependent on a positive assessment of the overall relationship between Switzerland and the EU. Several of the submissions were unequivocal that approval should only be given if stock market equivalence is recognised without any restrictions.

Switzerland acts independently

A key principle behind the contribution is that Swiss projects will be implemented independently i.e. based on Swiss regulations and directly with partner countries. Appropriate provision will be made for EU cohesion policy arrangements. CHF 1.102 billion

is to be allocated to projects aimed at reducing economic and social disparities (see table). A further CHF 200 million is to be used to help countries like Greece and Italy, which are currently severely affected by migration flows. Switzerland's administrative expenses over the ten-year period will be set at five per cent. Two per cent will be specifically earmarked for project-related Swiss expertise, with a view to bolstering bilateral relations with partner countries, providing the necessary specialist know-how and ensuring both the quality and sustainability of the projects and programmes.

The Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO) are responsible for implementing the cohesion-related projects. The main field of VET will be implemented in close cooperation with the State Secretariat for Education, Research and Innovation (SERI). The contribution to cohesion in the EU-13 will be primarily allocated based on population size and per capita income. Under the new system of allocation, the three poorest EU member states – Bulgaria, Croatia and Romania – will receive more funds than under the enlargement contribution; most of the other partner countries will receive around one third less (see table).

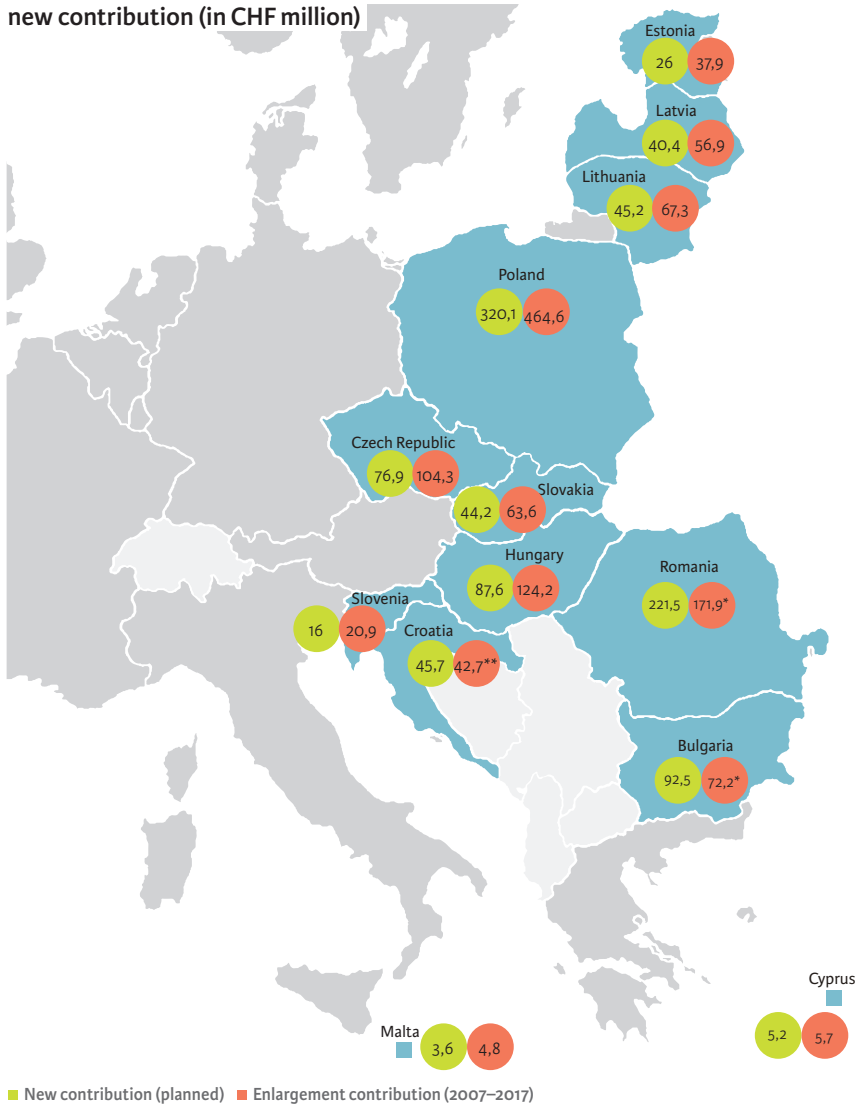
The State Secretariat for Migration (SEM) is in charge of cooperation in the field of migration. As migration routes often change quickly, the projects will be implemented under three multi-year programmes each with between two and four partner countries. The aims include strengthening the structures that admit asylum-seekers, developing more efficient asylum procedures and improving arrangements for returns. Around CHF 10

Examples of the 300 enlargement contribution projects (clockwise): rehabilitation of the oil contaminated Riga port area with the assistance of Swiss environmental waste experts (Latvia), research partnerships between Switzerland and Bulgaria, technological equipment for the emergency services in Estonia and security cooperation for Poland's Schengen external border.

¹ More details under Completed consultations at admin.ch (de, fr, it).



Comparison between Switzerland's enlargement contribution and new contribution (in CHF million)



■ New contribution (planned) ■ Enlargement contribution (2007–2017)
 * 2009–2019 **2014–2024
 The new contribution for cohesion-related projects in the 13 EU member states amounts to CHF 1.0249 billion. An additional CHF 22 million (2%) for Swiss expertise and administrative costs of CHF 55.1 million (5%) bring the total contribution for cohesion to CHF 1.102 billion (excluding contribution for migration).

Switzerland's contribution

Cohesion Partner countries: EU-13			Migration Partner countries: EU-28
SDC, SECO, SERI	SECO	SDC	SEM
VET	Private sector funding for environmental and climate protection	Social and health systems, research and innovation, public safety Migration management, civic involvement and transparency	Migration
CHF 200 million	CHF 451 million	CHF 451 million	CHF 200 million
Total CHF 1102 million			Total CHF 200 million
Total CHF 1302 million			

The legal basis for the enlargement contribution and the second contribution to European cohesion is the Federal Act on Cooperation with the States of Eastern Europe, which was adopted by referendum on 26 November 2006 and renewed in 2016. The part allocated to migration under the second contribution is based on asylum law. As with the enlargement contribution, the second contribution falls under Switzerland's policy on Europe and is not part of its development cooperation.

million will be reserved for special emergency projects where a response to a crisis situation is needed.

Building on experience

Switzerland's cooperation programme with the EU-13 under its enlargement contribution proved successful. That conclusion was reached in four assessments conducted by the Swiss Federal Audit Office (SFAO) and an independent external evaluation carried out in 2015.² The external evaluation showed that the projects have made a positive contribution to social and economic development in the partner countries. The recommendations made by the SFAO and the external evaluation have been used in the elaboration of the second contribution. These include a greater focus on certain topics and, in the larger countries, on disadvantaged regions. The project approval process should also be simplified without compromising quality, and clear guidelines and streamlined reporting would help cooperation. Furthermore, communication regarding the programme in partner countries should be strengthened.

The five enlargement contribution VET projects already provide a solid basis for building on in this field. Regarding the other priority areas that are to be included in future – research and innovation, welfare and health systems, public security and safety, civic engagement and transparency, environment and climate protection as well as SME financing – priority should in general be given to those areas that are in line with the focus of the given partner country and where the enlargement contribution has already created a solid basis on which to build future cooperation efforts.

Switzerland's risk reduction measures in terms of irregularities, abuse and corruption will largely apply unchanged. These include ensuring transparency in the project selection process in the partner countries, monitoring procurement procedures and closely supervising projects implemented by Swiss representations in the field or by specialists that have been tasked to do so by Switzerland.

Partner countries are expected to contribute at least 15 per cent to project costs and finance projects in advance as before. Reimbursements from Switzerland are made based on the projects' progress and verified invoic-

² SDC and SECO (2016). Evaluation: Swiss Contribution to the Enlarged European Union, carried out by German consultancy firm Gopa Consultants. SFAO report nos. 9327, 12467, 13363 and 14447, at efk.admin.ch.

es. Swiss expertise and partnerships should be incorporated into the projects to a greater extent than under the enlargement contribution. Authorities with specialist know-how and other public or private service providers can play a valuable role in transferring knowledge and experience.

The final verdict lies with Parliament

The commitment deadlines are expected to begin once Parliament approves the Swiss contribution. The funds for cohesion-related projects and programmes must be committed within five years; for migration-related activities within ten. In both cases payments are made during the ten-year period.

Upon adoption by Parliament and as with the enlargement contribution, the Federal Council plans to set out a non-legally binding agreement with the EU based on Switzerland's defined parameters. These include contributions to the partner countries, fields of activity and general implementation principles. Switzerland will conclude a bilateral framework agreement with each partner country setting out country-specific fields of activity and regulating in detail all applicable means of implementation.

Staff and offices needed to implement the new contribution must be re-established in the partner countries concerned or, in the case of Bulgaria, Romania and Croatia, extended further.



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