

Regional Integration and Development

Brazil – EU Dialogue on Regional Policy

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1. Introduction

A clear objective of both Brazil and the European Union is to reduce regional disparities, as provided for in the Brazilian Federal Constitution (art. 3) and in the Treaty establishing the European Community (art. 158). Consequently, Brazil-EU regional policy cooperation entails recognition of this shared goal and the common challenges involved in achieving it.

Brazil and the EU have similar interests and problems regarding the issue of regional development. The socioeconomic disparities in the territories have given rise to policies intended to generate development opportunities for the regions of the 27 federal states (including the Federal District) of Brazil and the 27 EU Member States. The policies intend to overcome the traditional north-south divide in Brazil or the old-new member distinction in the case of the EU, to move towards a more comprehensive approach to regional development.

The challenges faced today have additional particularities - changes in the global economic situation, new migratory and information flows, climate change and energy sources, in addition to ongoing concerns about sustainability and the environment. These issues, among others, rather than being seen as an obstacle, are actually an opportunity for new types of cooperation.

In this context, developments in Brazil-EU regional policy cooperation, as formalised 29 November 2009 with the signing of the Memorandum of Understanding (MoU) between the Ministry of National Integration - MI and the European Commission, are noteworthy. The goals set at that time - to promote mutual understanding and bilateral cooperation in the field of regional policy and to establish channels of cooperation to strengthen the exchange of information - continue to influence cooperation efforts to the present day. Following the proposal by the Brazilian delegation participating in 'Open Days' 2008, the regional policy cooperation agenda for 2009-2011 was launched.

Recognising the political and practical importance of this cooperation, in 2009-2011 the European Parliament agreed on funding to place EU regional policy in a stronger international context and to boost cooperation with countries outside the EU.

This dialogue resulted in several advances in regional development policy between Brazil and the European Union, and the continuity of this initiative is highly significant in overcoming social and regional disparities in both locations.

2. Future prospects for Brazilian regional policy



Fernando Bezerra Coelho, Minister for National Integration, who has been part of the managing team of the government since January 2011 of Brazilian President, Dilma Rousseff, has affirmed his commitment to implementing strategies to integrate regional economies, to build a more just and territorially-balanced Brazil. He formally declared his interest in continuing dialogue and exchange of experience with the Directorate-General for regional policy of the European Commission, as a sign of this commitment.

According to the Minister, "cooperation between our institutions is undoubtedly a testament to the recognition of shared interests, ideals and aspirations between Brazil and the European Union, as well as the common challenges we face in achieving more balanced regional development."

In order to meet the challenge of sustainable development in the country, and to reduce regional disparities, the current management committee has set out two strategic objectives to guide the Ministry's work, from 2011 to 2014:

- Raising national regional development policy to the status of state policy, in order to structure and coordinate the country's regional development agenda.
- Strengthening local production chains and systems, linking them to structured investments in less dynamic regions, in economic and social terms.

By giving Brazilian regional policy the tools necessary to promote and foster the convergence of public actions in the country, the conditions will be created for a sustained and effective nationwide territorial plan. This will focus on transforming production structures in the regions, where economic integration, job creation and inclusion of socially-disadvantaged groups is the priority, thus contributing to achieving the current government's overall goal of eliminating extreme poverty.

The Ministry of National Integration is leading the discussion on restructuring the strategy and objectives of the National Policy for Regional Development - NPRD for the 2012-2015 period. Among the key elements of this strategy is the goal of creating a solid governance model for the NPRD, so as to effectively address major challenges faced by Brazil in regional governance: the implementation, coordination and integration of government activities in the regions. The federal units of Brazil ('States') now play an even bigger role in the national strategy to reduce regional inequalities since a decision to decentralise regional policy. The implementation of a new NPRD funding model, and in particular the creation of the National Fund for Regional Development - FNDR are other key instruments to the current management of the Ministry, essential to finance structural investment throughout the country. The goal is to support the Ministry's mission to "promote the national integration necessary for sustainable development and to overcome regional inequalities in the country, ensuring socio-economic inclusion, and improved quality of life, civil protection and water security for the Brazilian people".

3. Future perspectives for EU cohesion policy

The EU's cohesion policy - worth almost €350 billion over 7 years - provides support for 455 national and regional development programmes across the EU.

In the context of both the EU budget review and the Europe 2020 Strategy – which sets out the sustainable economic development blueprint for the EU for the next decade - a number of options for reforming the policy after the current funding period in 2013, are under discussion.

With the publication of the fifth cohesion report in November 2010, the Commission set out its initial ideas for further simplifying and streamlining the delivery system of cohesion policy, and improving evaluation, performance and results through more effective target-setting.

The report showed that cohesion policy has made a significant contribution to growth and prosperity, with figures demonstrating how it helped to create an estimated 1.4 million new jobs, assisted some 34 million unemployed people in getting back to work, enhanced the skills of another 36 million persons, funded 4,700 km of motorway and 1,200 km of high-speed rail, and provided waste water treatment for an additional 23 million people, access to clean

water for an additional 20 million people, skills training for 10 million people per year, with a focus on vulnerable groups.

However, for the future cohesion policy, the Commission has proposed to focus future funding on the key priorities in line with Europe 2020 goals, with a view to maximise its impact.

Accordingly, the Commission proposes a development and investment partnership contract between Member States, regions and the Commission. This contract will require firstly that Member States and regions concentrate EU and national resources on a small number of priorities - from a menu which reflects the priorities of the Europe 2020 Strategy - responding to the specific challenges they face. For each priority, selected Member States and regions will have to set themselves – at the start of the programming cycle – clear and measurable targets to better evaluate progress. In addition, the performance of the policy will be strengthened through the introduction of conditions and incentives. The global financial and economic crisis has revealed that sound macroeconomic policies, a favourable microeconomic environment and strong institutional frameworks are preconditions for creating jobs, stimulating growth, reducing poverty and bringing about structural changes, and are, in addition, heavily interlinked.



According to the Commission's proposals, the disbursement of EU funding could be linked to specific reforms, closely related to the cohesion policy areas of intervention. These would be negotiated and fixed in the contract at the beginning of the programming cycle. The main purpose is to help countries and regions to address the problems which past experience has shown to be particularly relevant to policy implementation. These may concern, for example, the functioning of the public procurement system, the transposition of relevant EU environmental legislation into national law, the existence of comprehensive sectoral strategies (for transport, waste management, or smart specialisation), or the criteria for project selection.

As regards the management and delivery of cohesion policy, the Commission proposes a number of measures to strengthen accountability and transparency of the shared management system, as, for example, the submission by Member States of a declaration that their accounts are in order.



The Commission advocates a cohesion policy covering all regions of the EU, concentrating resources on less developed regions and Member States, as is the case now, based on GDP per capita figures as an indicator of economic development. This would also include a fair and transparent transition system, paying particular attention to regions that have not yet completed the process of catch-up.

The report also pays particular attention to the EU's cities. With over 70 % of Europeans living in cities, they pose challenges, and are the key to finding solutions at the same time. Challenges, because they waste a lot of energy and resources, generate up to 70 % of all CO₂ emissions, and often host problems of social exclusion and poverty. Solutions, because they offer vast possibilities for innovation and integration; their compact structure offers huge potential to save energy.

4. Results of the cooperation for Brazil

The actions and outcomes resulting from Brazil-EU cooperation have yielded significant results for Brazilian politics, both in terms of facilitating dialogue and sharing of best practice. The following are the highlights of this cooperation:

- **A platform for the National Policy for Regional Development (NPRD) and Brazil EU cooperation in regional policy**

The participation of the Brazilian delegation in the EU Open Days event in 2009 and 2010 provided a platform for Brazilian regional policy in an important international forum, ensuring the exposure of the NPRD to a global audience and the expansion of the partner networks and contacts in Europe and beyond.

Another interesting opportunity for discussion and debate on regional policies was the partnership with the EU at the Brazilian National Exhibition on Regional Development and the International Seminar in 2009 and 2010. These events enabled the dissemination of products in new areas and contact to be established with stakeholders in all regions. The meeting of European experts at these exhibitions also fostered knowledge on Brazilian regional policy and

sharing of best practice. The National Exhibitions are, in essence, the Brazilian equivalent of the EU Open Days.

On the subject of the dissemination of regional policy in an international forum, the Ministry of National Integration and DG Regio's participation in the Universal Expo in Shanghai in 2010 is also relevant. On that occasion, Brazil-EU cooperation in regional development was presented by Ronald Hall (Director, DG Regio), to contribute to the dissemination of the success stories of cooperation, and to encourage the development of international partnerships in regional development.

- **Capacity-building**

With a view to capacity-building, experts from the Ministry of National Integration had the opportunity in 2009 to study various aspects of European regional policy in a training workshop organised to investigate the characterisation of European regional policy in national policy. Training provided by the EU was extended to employees of other federal agencies with an interest in regional and territorial policies in a second workshop. Local and regional stakeholders, including representatives from municipalities, states, the university and private sectors, were prioritised in the third workshop on EU regional policy, held in Foz do Iguaçu.

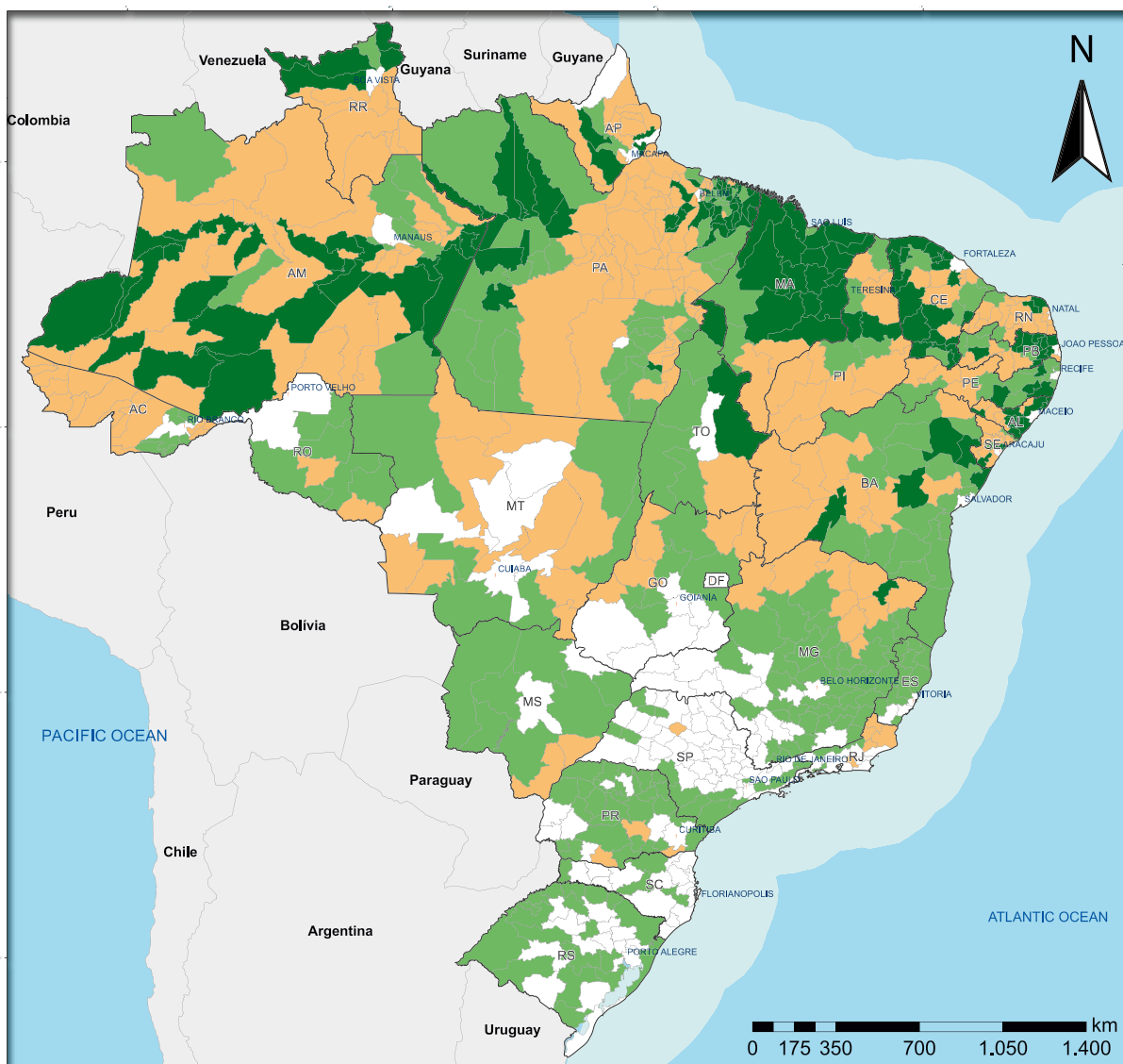
- **Technical support and institutional capacity-building**



In terms of technical support activities to strengthen institutional capacity and evaluation and monitoring of regional development plans and programmes, similarities can be drawn between the Brazilian monitoring bodies and their EU counterparts. With a view to knowledge-exchange, a course was held in Brazil on monitoring techniques in EU regional policy, with the participation of representatives from government agencies and federal government monitoring bodies. This event opens the way for greater dialogue between these bodies, providing methods to develop greater synergy in government actions.

NRDP - National Regional Development Policy

Typology Map 2005



Legend

PNDR Typology

- Low Income
- Stagnant
- Growing
- High Income

Cartographic Elements

- State Borders
- Exclusive Zones for Exploitation

The Sub-Regional typology of the National Regional Development Policy - NRDP: What is it?

NRDPA's typology was devised with the purpose of establishing a reference framework of regional inequalities, emphasizing the need to foster articulated programs and initiatives targeted at overcoming the problem. The methodology is based on two variables: i) Average Monthly Household Income per inhabitant (2000 IBGE Census), comprising every source declared (wages, benefits, pensions, etc.) converted to the purchasing power parity through the DIEESE, 2000 *cesta básica* (the amount of staple foods that are minimally necessary for a family's subsistence); ii) Geometric Rate of Variation of Municipal Gross Domestic Products per inhabitant adjusted by IBGE's implicit price deflators (these are estimated for each state and for large sectors); the criteria of three year moving average of the series' extremes (1990 – 1992, according to IPEA estimates; 2000 – 2002, source IBGE). The series of indicators were divided in three groups of values – high, medium and low – and organized in accordance with the chart below, which is the same as the map above.

The map's territorial base unit is IBGE's geographic micro region. For the states of Acre, Amazonas, Roraima, Amapá and Pará, which boast larger average sizes, the unit adopted is the municipality, maintained the coherence of micro regional distribution of indicators

| | | AVERAGE MONTHLY INCOME (PER HAB) | | |
|---------------|--------|----------------------------------|----------|------------|
| | | HIGH | MEDIUM | LOW |
| GDP VARIATION | HIGH | HIGH INCOME | GROWING | |
| | MEDIUM | | STAGNANT | LOW INCOME |
| | LOW | | | |

Sources: Average Household Income /Inhab (R\$ in 2002); Three-yearly Average Municipal GDP 1990/1992(IPEA-R\$ in 2002); GDP ; Average Basic Food Basket (DIEESE)

FEDERAL GOVERNMENT
Drafted by: Monitoring and Information Management /DPO/SDR/ML



An important issue looked at during cooperation, was the NPRD management model. A workshop held on the topic brought into focus recent discussions on regional development policy. Representatives of DG-Regio, academia and the Ministry of National Integration discussed the matter, analysing the current situation with regard to the NPRD and the key challenges in building a management and governance model, enabling the social, inter-sectoral and federal implementation of Brazilian regional policy.

• Exchange and sharing of experiences

The best practice and experience-sharing approach in the cooperation resulted in two exchanges between representatives of regional policy areas prioritised by the Brazilian regions and their European counterparts. In 2009, Brazilian officials visited important projects and production activities in France, Italy, Portugal, Spain and Germany. The team of technicians, managers and producers from the different Brazilian 'mesoregions' had the opportunity to learn about regional development support projects and first-hand experience of EU regional policy in action. The viticulture, apiculture, precious stone, jewellery, mineral handicrafts and natural park management sectors were all explored. In 2010, members of the Brazilian delegation from nine mesoregions, the border area and the Brazilian semi-arid region learned about the European model of organisation in the production sector and the operational structure of European regional policy, including the management mechanisms for European development funds.

Also, a technical visit to the Local Productive Arrangements (APLs)/ Clusters in Europe enabled participants to become familiar with EU efforts to develop public policies to enhance the competitiveness of the APLs through innovation. Brazilian technicians from several entities took part in the visit to different countries with successful outcomes. The event symbolised the expansion of cooperation between MI and DG-Regio, as well as with other partner institutions from the Brazilian federal government. Subsequently, an International Seminar on Innovation Clusters in Brazil took place, with a select audience of academics, government agencies and industrial sector representatives. The main themes of the seminar were innovation,

investment and finance, education and training, access to domestic and foreign markets, and governance - and have resulted in many excellent presentations and debates on the Brazilian and EU experiences.

Another activity with great potential in this context is the linkage between academia and regional policy. The exchange held in 2010 brought evidence of an alternative view on the role of academia in Brazilian regional policy. The first workshop on the topic was groundbreaking in terms of discussion and networking between research centres focused on regional development and the NPRD .

• Studies in strategic areas

Innovation, which plays a fundamental and increasingly important role in regional policy, was enhanced in the cooperation agenda with the publication of the Comparative Study of Regional Innovation Systems - Santa Catarina and Cordoba. The study provides a detailed overview of the economic and institutional aspects related to innovation, including public policies and stakeholders in the regions concerned. The publication goes beyond the descriptive, examining cases in Europe and suggesting opportunities for cooperation between regional stakeholders and the European Union.

Future Brazil-EU cooperation will pay particular attention to actions in border areas. In this regard, a study was conducted in 2010 on cross-border cooperation in Latin America by the Association of European Border Regions (AEBR). The study provided a general description of the cooperation mechanisms between Latin American countries, and contained a detailed SWOT analysis of the triple border area between Brazil-Argentina-Paraguay and the Brazil-Uruguay border. From this analysis several recommendations have been made, based on the potential joint projects between the countries involved. Short, medium and long-term prospects were also analysed and suggestions made, based on the context identified and the European experience in cross-border cooperation.



The support for Brazil-EU cooperation in regional policy expressed in the Territorial Analysis Study - Territorial Review - conducted by the OECD, is also noteworthy. This study, primarily funded through the current cooperation efforts, aims to examine how the territorial dimension is linked to the formulation of public policy and government action, in the planning, budget allocation, implementation, monitoring and evaluation phases. It seeks to identify processes and instruments that could be established in Brazil on the basis of successful international experiences. The forthcoming publication of the study will allow for a comprehensive diagnosis of regional policy in Brazil and economic and institutional relations improvements to obtain more information to be used in the formulation and implementation of these policies.

5. EU-Brazil Cross-border Cooperation

The European Territorial Cooperation objective of EU cohesion policy aims to encourage cooperation across borders – between countries or regions, including those regions off the European continent, such as French Guyana – which would be impossible without the help of cohesion policy. It is, therefore, an essential component to the EU common market.

A specific objective of the EU-Brazil cooperation programme on regional policy for 2009-2011 was to support the implementation of employment and income generating projects on the Brazil-French Guyana border, which could be a pilot project to test new management practices, and new regional experiments.

These projects are supported by the European Regional Development Fund (ERDF) Operational Programme Amazonia under the European Territorial Cooperation objective for France in partnership with Brazil (states of Amapa, Para and Amazonas) and Suriname. The total value of the programme is 17.1 million Euro, plus the financial involvement of Suriname and Brazil with an ERDF contribution of 12.8 million Euro.



The programme will implement actions to promote the sustainable development of Amazonian ecosystems and to strengthen the appeal of the Amazon area (especially tourism development). It will promote local production, encourage the introduction of joint research programmes and seek to bring the local populations closer together by creating some 30 cross-border networks in education and training, as well as organising a number of joint cultural events.

Economic development of Oyapock basin

A pilot project for the development of the Oyapoque River Basin has been underway since 2008, to exploit the possibilities of the border region between Brazil and French Guiana, which currently has many difficulties due to illegal mining, the construction of the international bridge which will link Oyapoque to Saint Georges du l'Oyapock and its inherent side-effects.

The main objective is to coordinate the different local projects invested in by the European Union, France and Brazil. It is implemented in partnership with the Brazilian Ministry of National Integration and the State of Amapá.

Institutional weaknesses, both in the state of Amapá and in the municipality of Oyapoque, were major obstacles, which now appear to have been resolved or mitigated.

The creation of the Oyapoque River Basin Development Council in 2011 is the result of many years of visits and connections. It will function as a forum for discussions on the development of the region and much more, and will be responsible for developing joint projects that will try to resolve existing obstacles. Brazilian and ERDF Operational Programme Amazônia resources will be used, in order to reduce disparities and achieve the common goal of the integrated development of the Basin.

The joint action plan established in 2011 will address the following cooperation fields:

- Natural heritage protection and conservation
- Joint development of services to population (civil protection, training)
- Development of tourism
- Strengthen economic development
- Administrative Cooperation, namely customs and policy Cooperation.

6. 2012-2015 Cooperation Agenda

Following over three years of effective Brazil-EU cooperation in regional development, it is now possible to carry out an assessment of the work done and to integrate new priority areas. It is clear that the priorities already in place in the cooperation should be maintained, especially regarding exchange of experience/technical support and the strengthening of institutional capacity and governance of regional policy in Brazil, which are due to the successful results achieved to date.



Nevertheless, new issues must also be addressed. Cross-border projects are of great interest and may involve different European agencies, as well as other ministries and government agencies in Brazil.

The cross-border issue is important. The joint management of projects in border areas provides the potential for regional integration and coordination, especially within the Mercosur region, giving added value to the European experience.

In this sense, the following priority areas were deemed to be of interest for the 2012-2015 Brazil-EU cooperation agenda:

- strengthening institutional capacity and support for governance of the Brazilian National Policy for Regional Development – NPRD;
- exchange of information and best practice in the field of regional/territorial policy;
- support for projects and activities related to improving cross-border cooperation.

Future prospects for Brazil-EU regional development cooperation are, therefore, even more promising than the successful results achieved so far. The complexity of the subject, the numerous challenges, the convergence of interests and the economic and social differences of the various regions of Brazil and Europe contribute to the enrichment of the dialogue.

7. 2009-2011 Cooperation Agenda

The 2009-2011 Brazil-EU regional policy cooperation agenda set out two priority areas of interest: i) the exchange of experience and practice in the field of regional policy, and ii) technical support programmes. This period of cooperation involved different activities and outcomes, as described below:

2009

- I National Exhibition on Regional Development - International Seminar - (March/Salvador-BA).
- Participation of the Brazilian delegation in the Conference on Regional Governance in a Global Context (May/Brussels).
- I Brazil-EU Regional Development Training Workshop (May/Brasília-DF).
- II Brazil-EU Training Workshop: Applying elements of the European experience on the Brazilian regional policy (September/Brasília-DF).
- I Exchange of representatives from the regional policy priority areas in Brazil (Brazilian mesoregions) to Europe (September-October/Europe).
- Participation of the Brazilian delegation in the Open Days 2009, and in particular, in an event dedicated to cooperation with Brazil: High-Level Panel on Cooperation in Regional Politics (October/Brussels).
- Elaboration of the Action Plan for Cooperation in 2010 (October/Brussels).
- III Brazil-EU Training Workshop, focusing on themes of interest for priority areas of the National Policy for Regional Development - NPRD (December/Foz do Iguaçu-PR).



2010

- II National Exhibition on Regional Development/ International Seminar (March/Florianópolis).
 - Technical visit to European Local Productive Arrangements (APLs) - in partnership with the Ministry of Development, Industry and Trade (MDIC)/Working Group on Local Productive Arrangements (GTP_APL) (May/Europe).
 - International Seminar to present the results of the technical visit to the Local Productive Arrangements - in partnership with MDIC/GTP APL (June/Brasília-DF).
 - Exchange between organisations and federal agencies involved in the production and dissemination of information, and the audit and evaluation of regional policies with similar bodies in the European Union - in partnership with the Brazilian Institute of Geography and Statistics - IBGE, the Brazilian Court of Auditors and the Brazilian Inspectorate-General-CGU (June/Europe)
 - Joint organisation of the “Water for Development” International Seminar, held at the Universal Expo in Shanghai in 2010 at the Brazilian pavilion (September/ Shanghai - China).
 - Evaluation Workshop on Brazil-EU regional policy Cooperation (June/Brasília-DF).
 - II Exchange of representatives from the regional policy priority areas in Brazil to Europe (September-October/Europe).
 - Participation of the Brazilian delegation in the 2010 Open Days and Brazil-EU Seminar (October/Brussels).
 - Brazil-EU Workshop: proposals for a new management model for the Phase II NPRD (November/Brasília-DF).
 - Exchange between Brazilian academic institutions and their counterparts in Europe (November/Europe).
 - Support for the Comparative Study of Regional Innovation Systems - Santa Catarina, and Cordoba.
 - Support for the preparation of Strategic Studies in Border Regions of Brazil - Report on Cross-border Cooperation in Latin America. Contribution to the process of regional integration, by the Association of European Border Regions (AEBR).
 - Support for the preparation of the Territorial Review – Brazilian Territorial Analysis Study, under the OECD’s technical leadership, coordinated by the Ministry for Budget, Planning and Management (MPOG) in Brazil.
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2011

- Brazil-EU Workshop: The role of academia in Brazilian regional policy (April-2011/Brasília-DF).
 - Brazil-EU Cooperation Planning Workshop for the period 2011-2015 (April-2011/Brasília-DF).
 - Course on Procedures and Monitoring System Techniques for regional policy in the European Union - in partnership with the TCU/CGU (April-2011/Brasília-DF).
 - Technical mission of the Institute of Applied Economic Research (IPEA)/Brazilian Institute of Geography and Statistics (IBGE) in collaboration with Eurostat as part of the National Information System for Regional Development (March-2012/ Brussels and Luxembourg).
 - MI/TCU/CGU technical internships to consolidate technical procedures and practices in the regional policy monitoring system in the European Union (March-2012/ Europe).
 - Participation in the Open Days 2011 and in the seminar “Cooperation between the EU and Latin America in the area of regional policies: contribution to the regional integration process” (October-2012/Brussels).
 - Brazil-EU Exchange: Strengthening Research and Graduate Programmes in Support of regional policy (March-2012/ Europe).
 - IV Brazil-EU Training Workshop: Management and Governance of European regional policy (November-2011/Brasília-DF).
 - International Conference on Experiences of Regional Development in cross-border regions (November-2011/Foz do Iguaçu-PR)
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