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STRATEGIC COHERENCE OF COHESION POLICY: COMPARISON OF THE 2007-13 AND THE 2014-20 PROGRAMMING PERIODS

STUDY

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POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

REGIONAL DEVELOPMENT

Strategic coherence of Cohesion Policy: comparison of the 2007-13 and 2014-20 programming periods

STUDY

This document was requested by the European Parliament's Committee on Regional Development.

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Abstract

The aim of this study is to assess the evolution and implementation of the strategic coherence of Cohesion Policy in 2014-20. Based on documentary analysis and interviews with Member State authorities, the study finds that there have been overall improvements compared to the previous period, but it also highlights a series of EU and domestic challenges in ensuring a strategically coherent approach between different European Structural and Investment Funds and with other EU policies.

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LIST OF ABBREVIATIONS

AM	Amendment
CEF	Connecting Europe Facility
CF	Cohesion Fund
CLLD	Community-Led Local Development
CPR	Common Provisions Regulation
CSF	Common Strategic Framework
CSGs	Community Strategic Guidelines
CSR(s)	Country-Specific Recommendation(s)
DG AGRI	Directorate-General for Agriculture and Rural Development
DG ECFIN	Directorate-General for Economic and Financial Affairs
DG EMPL	Directorate-General for Employment, Social Affairs and Inclusion
DG MARE	Directorate-General for Maritime Affairs and Fisheries
DG REGIO	Directorate-General for Regional and Urban Policy
EAFRD	European Agricultural Fund for Rural Development
EaSI	Employment and Social Innovation Programme
EGTC	European Grouping of Territorial Cooperation
EMFF	European Maritime and Fisheries Fund
ENI	European Neighbourhood Instrument
EP	European Parliament
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
IP/IPs	Investment Priority/Priorities
ITI(s)	Integrated Territorial Investment(s)
LAG	Local Action Group
LDR(s)	Less Developed Region(s)
MA(s)	Managing Authority(/ies)

MDR(s)	More Developed Region(s)
NRP(s)	National Reform Programme(s)
NSRF	National Strategic Reference Framework
OP(s)	Operational Programme(s)
PA(s)	Partnership Agreement(s)
RCE	Regional Competitiveness and Employment
SF	Structural Funds
TA	Technical Assistance
TO(s)	Thematic Objective(s)
TR(s)	Transition Region(s)

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EXECUTIVE SUMMARY

Strategic coherence is a central element of the 2013 reform of Cohesion Policy for the 2014-20 period. This study provides a critical assessment of the evolution and implementation of the strategic coherence of Cohesion Policy, based on documentary analysis and interviews with Member State authorities responsible for the programming of the 2014-20 Partnership Agreements and Operational Programmes. The focus is on four areas considered to be crucial for the strategic orientation of Cohesion Policy: EU strategic frameworks; national strategic frameworks; thematic concentration; and the programme architecture, governance and administration.

EU strategic frameworks

A regulatory innovation for 2014-20 is the use of an umbrella Common Provisions Regulation (CPR) covering five Funds in different policy areas. The Common Strategic Framework, which is an annex to the CPR, is a broader, better justified and more coherent strategic framework than the Community Strategic Guidelines for 2007-13. The CSF has been welcomed by those responsible for programming in the Managing Authorities as a practical and useful asset, although its influence on the programming process is secondary to national strategic frameworks.

National strategic frameworks

The newly introduced Partnership Agreements are strategic plans with priorities covering the five European Structural and Investment Funds (ESIF/ESI Funds). They are negotiated between the European Commission and national authorities and provide more scope not only to coordinate the different ESI Funds, but also to coordinate these with other EU and Member State policies. In practice, national coordination arrangements vary significantly between Member States, not least in terms of their formality, but Managing Authorities are cautiously optimistic that the structures and systems planned or introduced will exploit synergies and lead to greater coordination than in 2007-13. Member States have also been active in implementing the partnership principle during the programming process. They established partnership-based steering bodies or working groups to develop all or part of the PAs and OPs. Public consultation events were complemented by web-based forms of consultation and information dissemination. The Country-Specific Recommendations appeared to have played a limited role in preparing national strategic frameworks, but Member States were mostly able to address them.

Thematic concentration

The new requirements for thematic concentration in 2014-20 have had a major impact on programming in most Member States. There is a significant increase in ERDF/Cohesion Fund allocations to Thematic Objectives 1-4 (RTDI, ICT, SME Competitiveness and Low-Carbon Economy), while infrastructure investment is less prominent compared to 2007-13. Negotiating the allocation of resources to different objectives has not been easy; many Member States are critical about the scope available for balancing thematic concentration with support for domestic priorities. Managing Authorities agree in principle with special ring-fencing provisions (sustainable urban development, ESF shares), but would like more flexibility. Regional differentiation of ring-fencing rules is not felt to be useful, as the regional categories are too rigid and do not reflect regional specificities.

Programme architecture, governance and administration

The CPR for 2014-20 has been widely welcomed and is expected to bring more coherence and coordination to the planning and implementation of ESI Funds. However, many Managing Authorities consider that it does not go far enough given that there are still separate Fund-specific regulations (especially for EAFRD).

There are significant changes in programme architecture in many Member States, compared to 2007-13, which should facilitate better institutional coordination across the Funds; the scope for multi-Fund OPs is regarded as a welcome option in most Member States, but concerns remain regarding administrative complications (e.g. due to separate regulations). Integrated territorial approaches are potentially useful instruments to ensure strategic coherence at the local/regional level. Finally, the role of the Commission in supporting the objectives of strategic coherence is regarded predominantly positively. Yet, there has been some criticism of the consistency and coherence of positions and advice across different DGs. In fact, despite efforts to improve inter-service consultation and cooperation within the Commission, Managing Authorities consider that the continued 'sectoral approach' to the ESI Funds at EU level (with different departments responsible for different Funds) constrains a coordinated approach.

Conclusions and recommendations

1. The Common Strategic Framework has provided a clear statement of EU objectives and priorities.
2. The Commission's Position Papers provided national authorities with a clear understanding of the Commission's likely negotiating position.
3. Thematic concentration will be achieved, at least at the programming stage.
4. There is concern about a progressive 'transformation' of Cohesion Policy into a thematic policy that is in danger of losing sight of its cohesion purpose.
5. Greater strategic integration and coordination of Funds management should be achieved.
6. The partnership principle appears to have been widely respected during the programming process.
7. There is little sign of simplification.
8. The efficacy and utility of the options for integrated territorial development is not clear as yet.
9. There is a relatively high regard for the Commission's role during the negotiations.
10. The preparation of the policy reform process for 2014-20 was relatively open and inclusive, at least compared to 2007-13.

On the basis of these conclusions, the following recommendations are made:

- There would be merit in considering a **more collaborative approach** between the European Commission and Member States in developing both the Common Strategic Framework and the Position Papers.
- There is a **need to go much further on integration of the ESI Funds** and coordination between the Commission Directorates-General.
- **Application of the partnership principle during the implementation phase** of the programmes should be monitored by the EP.
- **Strong EP oversight and scrutiny** of the strategic coherence and performance of Cohesion Policy is recommended.
- **Closer coordination within the European Parliament** is required, notably greater inter-committee dialogue among the four committees in charge of the ESI Funds.

1. INTRODUCTION

1.1 Background of the study

Strategic coherence is a central element of the 2013 reform of Cohesion Policy for the 2014-20 period. The aim is to ensure a more coordinated, coherent and integrated approach to programming and implementation of the European Structural and Investment Funds (ESIF/ESI Funds) through a stronger alignment with EU objectives and governance processes, harmonisation of approaches across policy areas with binding provisions in the Common Provisions Regulation for all the ESI Funds (CPR)[1], and a Common Strategic Framework (CSF) with more possibilities for synergies across the Funds and with other EU financing instruments.

The formal negotiations between the Commission and Member States on the new Partnership Agreements (PAs) and Operational Programmes (OPs) for 2014-20 are well underway at time of writing. By late November 2014, all Member States had formally submitted their PAs and most OPs, and all PAs had been approved.

Previous research indicates that there are significant changes to the programme architecture and organisational arrangements for programme management in a range of countries.[2] Complying with the expectations for enhanced strategic coherence is proving difficult for some Member States, notably with respect to thematic concentration and enhanced administrative capacity. In some cases, there is a significant gap between the Commission's Position Papers[3] and the Member State response in PAs and OPs. It is therefore an opportune moment to assess whether the aim of strategic coherence is being effectively translated into the programming of the new strategies and implementation arrangements for 2014-20.

Set against this background, the objective of this study is to provide a **comprehensive analysis and critical assessment of the implementation of the goal of strategic coherence in Cohesion Policy and whether/how this has changed between the 2007-13 and 2014-20 programme periods**. It has involved an analytical comparison of recent research, relevant legislative texts and guidance relating to strategic coherence, as well as primary research on implementation experiences on the ground. Based on the findings, the study provides recommendations and policy-relevant advice for decision-makers.

[1] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, OJEU L 347. p. 320.

[2] Mendez C and Bachtler J (2014) Prospects for Cohesion Policy in 2014-20 and Beyond: Progress with Programming and Reflections on the Future, *EoRPA Paper 14/4*, Paper prepared for the 35th meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 5-7 October 2014, European Policies Research Centre, University of Strathclyde, Glasgow; Vironen H (2014) In the Final Stages of Programming – state of play of the 2014-20 and 2007-13 programmes, *IQ-Net Review Paper 35(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

[3] Before the formal negotiations the Commission prepared Position Papers to provide a framework for dialogue on the new PAs and OPs. These documents are separate from the legislation and played an important role in the programming process.

1.2 Objectives

The methodological approach to analysing and assessing the strategic coherence of Cohesion Policy is focused on the **key areas where strategic coherence is considered to be crucial** for the programming and delivery of successful regional development strategies. For this study, the key dimensions of analysis are:

- **EU strategic frameworks**: CSF vs. Community Strategic Guidelines (CSGs)[4];
- **National strategic frameworks**: PA vs. National Strategic Reference Framework (NSRF);
- **Thematic concentration**: Europe 2020 priorities and thematic concentration vs. 'Lisbon earmarking'; and
- **Programme architecture, governance and administration:** key changes and effects on delivery structures, actor relationships and administration.

For each of these dimensions, the research undertaken for this study comprised three key components:

(i) **a review of changes** in the EU strategic and regulatory framework, based on documentary analysis of secondary data sources and legislation;
(ii) **an analysis of the impact of these changes** on programming and implementation arrangements, based on research in a representative sample of countries drawing on documentary analysis and interviews; and
(iii) **an overall assessment of how much strategic coherence has increased**, and the influence of the European Parliament and European Commission.

Key **horizontal aspects** taken into account throughout the study are:

- the relevant **positions taken by the EP** in the legislative process;
- the implications of a single **CPR** covering five ESI Funds;
- a **focus on the European Regional Development Fund (ERDF), Cohesion Fund (CF) and the European Social Fund (ESF),** notwithstanding the fact that five ESI Funds are covered by the CPR;
- the **involvement of partners** in the preparation of the PAs and OPs;
- the **role of the Commission** in the implementation of strategic coherence, particularly in the programming process; and
- increased **linkages between Cohesion Policy and European economic governance processes and the European Semester** that are linked to strategic coherence.

The specific objectives are to assess the rationale and implementation of key elements of strategic coherence relating to EU strategic frameworks; national strategic frameworks; thematic concentration; and programme architecture, governance and administration. Each of these is now considered in turn.

Based on the overall and specific objectives, the key questions addressed in accordance with the tender specifications are as follows.

[4] Council Decision of 6 October 2006 on Community strategic guidelines on cohesion (2006/702/EC), OJEU L 291, p. 11.

The new strategic framework

- What are the major differences in the strategic planning framework compared to the previous programming period?
- What is the overall assessment of the evolution in the strategic coherence of Cohesion Policy: does the strategic planning framework in place for the 2014-20 period contribute to a more coordinated, coherent and integrated approach of Cohesion Policy?
- Does an 'umbrella regulation' covering five Funds in different policy areas: (a) create more coherence in respect of the strategic approach and programming process? (b) bring about better coordination among ESI Funds? (c) contribute to the simplification agenda? (d) better streamline the debate on cohesion spending with European governance processes through aligned goal-setting and common reporting provisions?
- What is the general assessment by actors involved in the programming process of the strategic coherence of the legislative framework (also in comparison to the previous programming period)?

Programming for strategic coherence

- What specific challenges have been encountered in the programming process linked to the translation of the strategic guiding principles of the CSF into concrete content of PAs and programmes?
- Does the CSF provide coherent guidance for the programming process and does it enhance synergies with other policy areas?
- What specific challenges have been encountered in the programming process linked to the inclusion of five ESI Funds under the PAs?
- What specific challenges have been encountered linked to the choice of Thematic Objectives (TOs), IPs and translation of broad EU priorities into national settings?
- Do the thematic concentration requirements allow territorial specificities to be taken into account in the programming process in a balanced way?
- What lessons can be drawn from the preparation of the PAs and programmes as regards the involvement of partners?
- Has the role of the Commission changed and how?

1.3 Methodology

1.3.1 Research methods

To address the research questions, **a comparative methodology has been employed based on desk research as well as interview research,** including available evidence from the on-going programming process in the Member States and regions.

The comparative study has explored the specific **research questions,** identifying their interdependencies and their relevance for the Cohesion Policy decision-making process.

The **desk research** has made use of existing sources of literature, legal texts, programme documents, academic research, evaluations, studies, websites and any other relevant sources from EU Institutions, Members State authorities or think tanks. Draft (or final) PAs, OPs and associated ex-ante evaluations provided a key source of information for the desk research. The study has also benefited from data and information gathered from two on-going comparative research networks managed by the European Policies Research Centre – IQ-Net[5] and EoRPA[6] – which provide a unique and comparative source of information and analysis of Cohesion Policy developments across the EU.

Interview research has provided a complementary and vital source of evidence. In order to examine the effects of the new requirements on the strategic coherence elements of the new round of strategies and governance arrangements in 2014-20, interviews were undertaken with a limited number of key decision-makers and stakeholders who were involved in the on-going programming process. While the interviews focused mainly on assessing the 2014-20 period, views on changes with respect to 2007-13 and the lessons learned were also sought. The interviews were carried out with relevant actors involved in the preparation of PAs and OPs in the Member States listed in Table 1 below.

1.3.2 Member State research

Research at Member State-level provided a central component of the methodology, particularly to assess **how effectively the strategic coherence elements of the 2013 reform are being translated into programming and implementation** arrangements across Member States. The analysis focused on the ongoing preparations for the implementation of Cohesion Policy in 2014-20 as well as previous experience and changes relative to 2007-13. As noted above, the main sources of information were draft/approved PAs and OPs and interviews with stakeholders involved in the preparations for the programming period.

The selection of Member State examples has been organised to provide a **balance between policy governance systems, Cohesion Policy eligibility status, different levels of economic prosperity, type of OPs and amount of funding.**

An important selection criterion from a governance perspective is variation in the programme architecture – including Member States that are using the option of joint support according to Art. 98 of the CPR, i.e. so-called multi-Fund programmes (combining the ESF, ERDF and CF) as well as Member States only using mono-Fund programmes. This has allowed comparative assessment of their experiences with this new voluntary provision and the impact on strategic coherence. Many Member States are introducing multi-Fund OPs with ESF and ERDF, or with ERDF, ESF and CF. These joint OPs, mainly ERDF and ESF OPs, are mostly regional programmes. This is a radical change in many Member States and may involve important changes in administrative arrangements. The implications for strategic coherence and delivery were a key issue for investigation in the Member States.

Based on the above considerations and criteria, 11 Member States were selected for in-depth research: Austria, Bulgaria, Estonia, Finland, France, Germany, Poland, Portugal, Slovakia, Spain and the United Kingdom (Table 1).

[5] Improving the Quality of Structural Funds Programme Management through Exchange of Experience, http://www.eprc.strath.ac.uk/iqnet

[6] European Regional Policy Research Consortium, http://www.eprc.strath.ac.uk/eorpa/

Table 1: Member State examples

Country	Governance system	Eligibility status[7]	Financial allocations p.c.[8]	Programme types	OP architecture
Austria	Federal	Mainly MDR	Low	National	Mono-Fund
Bulgaria	Centralised	LDR	High	National and thematic	Mono- and multi-Fund
Estonia	Centralised	LDR	High	National	Multi-Fund
Finland	Centralised	MDR	Low	National	Multi-Fund
France	Decentralised	Mixed	Low	Mainly regional	Multi-Fund (mainly)
Germany	Federal	Mainly MDR	Low	Regional	Mono-Fund (mainly)
Poland	Decentralised	Mainly LDR	High	National, thematic and regional	Multi-Fund (mainly)
Portugal	Centralised	Mixed	High	Regional and thematic	Multi-Fund (mainly)
Slovakia	Centralised	Mainly LDR	High	National and thematic	Mono- and multi-Fund
Spain	Regionalised	Mainly MDR	Low	Regional and thematic	Mono-Fund
United Kingdom	Decentralised	Mixed	Low	National and regional[9]	Mono-Fund

1.3.3 Structure of the study

The key analytical dimensions covered by the research, and which have largely determined the **structure of the following study**, are as follows.

1. Strategic coherence of objectives
   - Methods and tools used for assessing strategic coherence in PAs/OPs
   - Strategic alignment of ESIF with EU objectives and the CSF
   - The role of CSF/PAs in supporting strategic coherence
   - Key changes and lessons learned

[7] Regions can fall into one of three eligibility categories: More Developed Regions (MDR), Transition Regions (TR) or Less Developed Regions (LDR). See CPR Article 90. Countries with mixed eligibility status have similar numbers of MDR, TR and LDR (where applicable).

[8] High financial allocations per capita are above the EU28 average, while low ones are below the average.

[9] The United Kingdom has a complex constitutional and administrative framework, requiring programme architectures which set centralised arrangements for England while respecting devolved arrangements by decentralising programme management from the UK level to administrations in Scotland, Wales and Northern Ireland.

2. Thematic concentration
    - Extent of thematic concentration
    - Use and assessment of flexibility to fund other objectives and priorities
    - Key changes and lessons learned
3. Programme architecture, governance and administration
    - Use and experience with integrated programming
    - Coordination structures and mechanisms in place
    - Relationships among different actors and levels of governance
    - Administrative regulations, coherence and simplification across Funds
    - Administrative capacities for coordination
    - Key changes and lessons learned

2. EU STRATEGIC FRAMEWORKS

KEY FINDINGS

- The introduction of the **Common Strategic Framework (CSF) is a key element** of the 2014-20 programme period. The CSF is included as an annex to the CPR and thus constitutes a **more binding framework.**
- While the CSGs covered only 3 Funds (ERDF, ESF, CF) in 2007-13, the **CSF covers 5 Funds, including also rural development and fisheries** (EAFRD, EMFF) in 2014-20.
- **The CSF highlights key links and priorities for funding to support synergies between ESI Funds and other Union policies and instruments**. This is a **broader range** of complementary strategic considerations than the CSGs.
- The CSF is more concrete than the CSGs and discusses **specific arrangements and mechanisms to facilitate the design and delivery of OPs.** This makes the CSF a more **practical and 'hands-on'** asset for programming authorities than the CSGs.
- **The CSF is welcomed** by programme managers in principle, **but its practical relevance remains limited**. It is seen as a document containing mainly technical arrangements and did not play an important role during programming.

2.1 Common Strategic Framework

A key element of the 2013 reform is the introduction of a CSF for five ESI Funds (Annex I of the CPR). This strategic dimension to the policy was initiated in the 2007-13 period under the CSGs, which can be considered a predecessor of the CSF; it established an indicative framework for intervention of the ERDF, CF and ESF, based on the EU's 'growth and jobs' objectives.[10]

Unlike the CSGs, the CSF is included as an annex to the CPR and thus **contains a more binding framework which is applicable to all five ESI Funds** (ERDF, CF, ESF, EAFRD, EMFF). Article 10 and the 'Introduction' of Annex I of the CPR state the intention of the co-legislators as regards the nature of the CSF. It establishes strategic guiding principles to facilitate: (1) the programming process (preparation of the PAs and programmes); and (2) the sectoral and territorial coordination of EU intervention in order to achieve an integrated development approach.

The 2007-13 CSGs and the 2014-20 CSF share a **degree of common purpose**. Both were developed to facilitate a common strategic approach to Cohesion Policy, intended to be consistent with the broader aims of economic, social and territorial cohesion. Both were designed to provide guidance to Member States and actors involved in the delivery of the Structural Funds or ESI Funds respectively and in particular to authorities responsible for drafting national strategies (the NSRFs in 2007-13 and the PAs in 2014-20) and the design of programmes.

[10] Articles 25-26 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, OJEU L 210 p. 25 ("General Regulation").

The CSGs were formally adopted on 6 October 2006, relatively soon after the 2004 enlargement of the European Union and the renewal of the Lisbon Strategy in March 2005.[11] Accordingly, the CSGs were partly shaped by the territorial development challenges faced by the recently-expanded EU, as well as the relaunched partnership for growth and jobs.[12] The CSF was developed against a somewhat different contextual background. Its first iteration was released in March 2012,[13] although it was not approved as part of the final legislative package for Cohesion Policy until November 2013. The CSF was developed **in the wake of the 2008 recession and in the context of protracted budgetary negotiation** between Member States and debate regarding the fundamental association between Cohesion Policy and the Europe 2020 strategy (the latter formally adopted in June 2010). The imperative of stimulating economic growth in all Member States, and the Europe 2020 macroeconomic strategy in particular, were strong factors in determining the orientation and the content of the CSF.

There are six areas where the strategic coherence between the CSGs and the CSF can be compared:

- multi-Fund complementarity;
- thematic concentration;
- synergy with other EU-wide strategies and programmes;
- economic governance;
- territoriality; and
- organisation and implementation.

Multi-Fund complementarity

The **CSGs applied to three Funds** – the two Structural Funds (ERDF and ESF) and the Cohesion Fund – in the 2007-13 period. However, ERDF and ESF OPs could receive support from one Fund only, although the ERDF and CF could be combined in a single OP.[14] Accordingly, the CSGs did not need to address the question of multi-Fund complementarity in Cohesion Policy programming in detail. Multi-Fund complementarity between the Structural Funds and the Cohesion Fund is referred to only briefly in the CSGs, in that 'a distinction should be made in the programmes between the types of actions funded by each of the Funds in the context of infrastructure development.[15] More generally, in the context of addressing the territorial dimension, the CSGs also acknowledged the importance of complementarity between the Structural Funds and the Cohesion Fund with the then-European Fisheries Fund (EFF) and the EAFRD, and the need to specify demarcation and co-ordination in NSRFs (Section 2.2).

[11] Council of the European Union (2005) Presidency Conclusions, Brussels, 23 March 2005, 7619/1/05 REV 1.

[12] European Commission (2005a) Communication to the spring European Council "Working together for growth and jobs. A new start for the Lisbon strategy". Communication from President Barroso in agreement with Vice-President Verheugen, COM(2005) 24 final, 2 February 2005, Brussels.

[13] European Commission (2012) *Elements for a Common Strategic Framework 2014 to 2020*, Commission Staff Working Document, SWD(2012) 61 final, 14 March 2012.

[14] The only exception to this rule, as outlined in the general regulation No 1083/2006 of 11 July 2006, were the permitted combination of ERDF and ESF funding, to a limit of 10 per cent at Priority axis level (Art. 34(2)), and the permitted use of the Cohesion Fund in some ERDF programmes supporting infrastructure development or interventions under the environmental theme (Art. 34((3)).

[15] European Council (2006) *Council Decision of 6 October 2006 on Community strategic guidelines on cohesion*, 2006/702/EC, 21 October 2006, OJEU L 167, Section 1.1.1.

In contrast to the CSGs, the **CSF applies to all five ESI funds** (ERDF, ESF, CF, EAFRD, EMFF) and thus represents a broader and more encompassing framework for the coordination of programme design and implementation in 2014-20. Accordingly, the CSF includes a much stronger emphasis on multi-Fund complementarity, reflecting the regulatory option to combine the ESF with the ERDF (and CF) in multi-Fund programmes. As highlighted by the European Parliament, the CSF should provide for balanced coordination of Cohesion Policy interventions contributing to the achievement of the TOs.[16] The CSF also includes particular reference to the programming process, specifying that Priority axes within OPs can combine complementary IPs from the ERDF, ESF and Cohesion Fund (Section 3.3.3). Further, the standardisation of administrative approaches is encouraged in order to facilitate the delivery of multi-fund OPs, such as commonality in selection processes between the Managing Authorities (MAs) of different ESI Funds (Section 3.2.(g)) and cooperation between relevant authorities in monitoring and evaluation (Section 3.2.(h)). As such, although both the CSGs and CSF are coherent with respective regulations governing the use of the Funds, the CSF includes greater detail and emphasis on multi-Fund complementarity than the CSGs. Further, it not only highlights practical programming approaches to multi-Fund integration, but it also elaborates on the benefits of harmonised administrative approaches.

Thematic concentration

The CSGs were largely based on **thematic priorities aligned with the objectives of the renewed Lisbon Strategy**, and specifically the Integrated Guidelines for Growth and Jobs (2005 to 2008).[17] Three priority guidelines were set out at the start of the document: (1) making Europe and its regions more attractive places in which to invest and work; (2) improving knowledge and innovation for growth; and (3) more and better jobs. These priorities were further divided into sub-headings, with each sub-section including recommended guidelines for action. Further, the CSGs highlighted the need to comply with the earmarking provisions specified in the 2007-13 general regulations, namely the need to ensure that 60 per cent of expenditure in Convergence regions and 75 per cent of expenditure in Regional Competitiveness and Employment regions are allocated to Lisbon-related categories of expenditure. The CSGs were therefore aligned with an increased focus on interventions promoting economic and social development, in terms of thematic (as well as territorial) concentration of funding, but they set out a relatively diverse range of guidelines in a non-binding manner.

In 2010, the **Fifth Report on Economic, Social and Territorial Cohesion highlighted the need to increase the degree of thematic concentration** in Cohesion Policy in order to build 'critical mass'.[18] The CSF (Section 2.1) accommodates this renewed and more selective approach to thematic concentration, referencing the 11 discrete TOs outlined in Article 9 of the CPR. It highlights the need for Member States to 'concentrate support [to]… ensure the effectiveness of spending' (Section 2.2). It can be seen that the CSF is strongly integrated with the Europe 2020 Strategy, and with regard to thematic concentration, arguably places greater emphasis than the CSGs on the need for Member States to prioritise explicitly growth-friendly expenditure (Section 2.2). The TOs represent a more delineated and focussed approach to thematic concentration as compared to 2007-13. Further, the emphasis of the CSF on thematic concentration and

[16] CPR MANDATE for opening inter-institutional negotiations adopted by the Committee on Regional Development at its meeting on 11 July and 27 November 2012, see amendments 29-33 and 206.

[17] European Commission (2005b) *Integrated Guidelines for Growth and Jobs (2005 to 2008),* COM(2005) 141 final, 2005/0057 (CNS), 12 April 2005, Brussels.

[18] European Commission (2010c) *Fifth Report on Economic, Social and Territorial Cohesion*, November 2010, Brussels, p. XXV.

coherence with Europe 2020 also reflects the ring-fencing requirements introduced for the 2014-20 period (building on the earmarking mechanism introduced in 2007-13), to ensure concentration of spending.

Coordination and synergy with other EU-wide strategies and programmes

As noted, the renewed Lisbon Strategy and Europe 2020 were/are central to determining the thematic orientation of the CSGs and the CSF. The CSGs highlighted a number of other associated EU-wide programmes and strategies within its exposition of the thematic guidelines, and the need for programming authorities to consider them. These included, for example, the need to complement grants from the TEN-T budget, and the need for synergy between Cohesion Policy supporting research and innovation (R&I), the Seventh Framework Programme (FP7) and the Competitiveness and Innovation Framework Programme (CIP). Further strategies explicitly referenced include i2010[19] (Section 1.2.3) and – notably – the European Employment Strategy in the context of the 'more and better jobs' guideline (Section 1.3).

In addition to its alignment with Europe 2020, the CSF similarly highlights the **need for programming authorities to align OPs with other EU-wide strategies and instruments**. However, the emphasis is stronger in the CSF through a dedicated section on coordination and synergies between ESI Funds and other Union policies and instruments focusing on eight main domains:

- the Common Agricultural Policy and the Common Fisheries Policy;
- Horizon 2020 and other centrally managed Funds for research and innovation;
- New Entrants Reserve (NER) 300 demonstration funding;
- the Programme for the Environment and Climate Action (LIFE) and the environmental *acquis*;
- ERASMUS+;
- the European Union Programme for Employment and Social Innovation (EaSI);
- the Connecting Europe Facility; and
- the Instrument for Pre-accession Assistance, European Neighbourhood Instrument and European Development Fund.

For each of these policy domains, **the CSF highlights key links and priorities for funding to support synergies**, albeit with varying levels of detail and guidance. The most detailed guidance is provided on Horizon 2020 (and other research and innovation Funds) and the Connecting Europe Facility. For instance, strong emphasis is placed on the need for programming authorities to align research and innovation (R&I) funding through the ESIF with the Horizon 2020 programme - an instrument supporting the Innovation Union Flagship Initiative under Europe 2020 - through joint funding, close collaboration among the competent authorities and support for actions in smart specialisation strategies to participate in, and exploit, results from Horizon 2020. With respect to the Connecting Europe Facility, the emphasis is on coordinated planning with ERDF/CF support for transport, telecommunications and energy infrastructure. As in the CSG, the CSF calls for the prioritisation of projects linked to Trans-European Network and internal market objectives and guidelines.

[19] European Commission (2005c) *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions – i2010 – A European Information Society for growth and employment*, SEC(2005) 717 (not published in the Official Journal).

Economic governance

As noted, the content and orientation of the CSGs were strongly influenced by the renewed Lisbon agenda, specifically the commitment to economic growth and job creation. The CSGs were preceded by the introduction of the National Reform Programmes (NRPs) in 2005 as an outcome of the renewed Lisbon Agenda; the NRPs themselves were intended to operationalise the Integrated Guidelines for Growth and Jobs, and to introduce greater coherence into the policy-making process.[20] However the main body of the CSGs (excluding the Preamble) included only limited reference to the NRPs throughout – they were mentioned only in the context of the role of environment in growth, competitiveness and employment (Section 1), and again in the context of employment (Section 1.3). The CSGs did not include reference to the Stability and Growth Pact.

In contrast, **the 2014-20 funding period is expected to see a closer relationship between Cohesion Policy and economic governance**. The 2008 economic crisis and the subsequent establishment of the European Semester in 2010 (among other developments) resulted in a more binding contractual relationship between the Commission and the Member States.[21] In the context of Cohesion Policy, the introduction of measures to support sound economic governance (including so-called macroeconomic conditionalities) aims to ensure that the use of ESI Funds aligns with EU economic governance objectives. Accordingly, the CSF exhibits stronger strategic coherence with European macroeconomic governance mechanisms. Section 2.3 for example highlights the relevance of NRPs as well as the need for Member States to accommodate 'Council recommendations based on the Stability and Growth Pact and the economic adjustment programmes'.

Territoriality

Given that **Cohesion Policy has adopted an increasingly thematic focus since 2007**, the degree to which the CSGs and CSF address territoriality is relevant to ESI Fund programming. The CSGs noted that the territorial nature of Cohesion Policy is advantageous in comparison with sectoral policies, in that it can 'adapt to the particular needs and characteristics of specific geographical challenges and opportunities' (Section 2). Further, the whole of Section 2 of the CSGs elaborated the territorial dimension of Cohesion Policy, including the role of cities in the renewed Lisbon Agenda, and the need for economic diversification in rural, maritime (fisheries) and other areas with 'natural' disadvantages (i.e. based on topography, peripherality or physical geography). Sections 2.4-2.6 also highlighted the importance of cross-border, transnational and interregional cooperation, particularly the relevance of the then-European Neighbourhood and Partnership Instrument and the Instrument for Pre-Accession as a means of addressing obstacles to cross-border territorial development. In terms of recommendations for the management of programmes, it also noted that a European Grouping of Territorial Cooperation (EGTC) could be established as the MA for cooperation programmes (Section 2.3).

Like the CSGs, the **CSF includes a section on the territorial dimension** – entitled 'arrangements for addressing key territorial challenges'. It acknowledges the diversity of territorial development challenges in the context of European development, but places a more explicit emphasis on the potentially uneven impacts of global challenges than the

[20] Begg, I (2008) 'Is there a Convincing Rationale for the Lisbon Strategy?', *Journal of Common Market Studies*, 46(2): 427-35.

[21] Mendez, C (2013) 'The post-2013 reform of EU Cohesion policy and the place-based narrative', *Journal of European Public Policy*, 20(5), pp. 639-59.

CSGs – namely, globalisation, demographic change, environmental degradation, migration, climate change, energy use, and the crisis. It also calls for territorial development challenges to be more explicitly framed within the context of the Europe 2020 strategy in the programming of the Funds, arguably weakening the territorial dimension of the policy by imposing a top-down view of territorial challenges and potentials focused on Europe 2020.[22]

Unlike the CSGs, the CSF highlights the need for Member States to consider macro-regional and sea-basin strategies in the programming of PAs and to support their implementation through the ESIF, reflecting the development of the macro-regional agenda (notably the agreement on the first two strategies in 2009 and 2011) after the finalisation of the 2007-13 strategic and legislative framework.

Organisation and implementation

The CSGs and the CSF differ in their respective approaches to outlining specific organisational entities or mechanisms which can be used to facilitate strategically coherent and integrated implementation of OPs. **The CSGs provided guidance** to Member States and programming authorities in the context of building administrative capacity (Section 1.3.4), although this narrative related to capacity in public administration and public services in general, as opposed to the administration of the ESI Funds specifically. In general, the **focus of the narrative was on programme deliverables rather than the practicalities** of efficient implementation.

The CSF, in contrast, highlights a number of specific arrangements and mechanisms which Member States and ESI Fund authorities can use, where appropriate, to facilitate the design and delivery of OPs, often in the interests of promoting coordination between ESI Funds (in the case of multi-Fund programmes) and/or general complementarity with growth objectives. These include, for example, the use of Joint Monitoring Committees for the purposes of co-ordinating multiple authorities across different Funds or common approaches for project selection and development (**Error! Reference source not found.**). The CSF also reiterates the options set out in the CPR for using integrated instruments.

Table 2: Organisational mechanisms and provisions outlined in the CSF

Arrangements or mechanisms	Description
Coordination and complementarity	
Joint Monitoring Committees	A committee which can be set up as part of the organisational structure of programme implementation, to aid the coordination of multiple funds (such as ERDF and ESF)
Joint design of schemes	Involvement of MAs responsible for other ESI Funds in the development of support schemes to ensure coordination and synergies and to avoid overlaps
Joint eGovernance and one-stop-shops	To reduce administrative burden, particularly for beneficiaries of ESI Funds

[22] Mendez C (2013) *op. cit.;* Mendez, C, Bachtler, J and Wishlade, F (2012) *Cohesion Policy after 2013: a Critical Assessment of the Legislative Proposals*, Report to the European Parliament Committee on Regional Development, Brussels.

Arrangements or mechanisms	Description
Common approaches for project development and selection between ESIF	Common approaches between ESI Funds with regard to guidance for the development of operations, calls for proposals and selection processes or other mechanisms to facilitate access to Funds for integrated projects
Cooperation between ESIF MAs in programme management tasks	Cooperation between MAs of different ESI Funds in the areas of monitoring, evaluation, management and control, and audit
Integrated approaches	
Integrated Territorial Investments (ITIs)	An instrument which combines investments from several Priority axes from one or more OP (ERDF, ESF, CF and complemented by EAFRD and EMFF) for the purposes of multi-dimensional and cross-sectoral intervention
Joint Action Plans	A result-based instrument which can be used to implement parts of OPs, in order to link payments directly to outputs or results
Community-led Local Development (CLLD)	A mechanism primarily oriented towards rural development, enabling the integrated use of the ESI Funds to deliver local development strategies with a focus on community-led implementation
Local Action Groups (LAGs)	Groups composed of local socio-economic stakeholders, established to manage CLLDs
Combining Priority axes	To increase impact and effectiveness in a thematically coherent integrated approach, a Priority axis may concern more than one category of region, combine one or more complementary IPs from the ERDF, CF and ESF under one TO and, in duly justified cases, combine one or more complementary IPs from different TOs

In summary, it can be seen that the CSGs and the CSF are strategically coherent in a range of thematic areas. Two main conclusions can be drawn. First, the changes which have taken place in the 2014-20 funding period mean that **the CSF is broader in strategic scope and coherence than the CSGs in some thematic areas**. In other words, it highlights a broader range of complementary strategic considerations. For example, because it encompasses five ESI Funds, it addresses the need for strong multi-Fund complementarity to Member States and programming authorities. It is also more emphatic and provides more explicit direction to programming authorities with regard to thematic concentration, and synergy with other EU-wide policies and instruments.

Second, as an aid for facilitating the programming process, **the CSF can be seen as a more practical and 'hands-on' asset for programming authorities**, in that it signposts important programming and implementation considerations in a more explicit manner. The CSGs represented an indicative framework which Member States and regions were, in the terminology used in the CSGs themselves, 'invited to use'.[23] The CSF, in contrast, presents a more explicit link to the CPR, with less ambiguous instructions facilitating the programming process.[24] This is particularly evident with regard to named organisational entities or mechanisms which can be used to facilitate the implementation of OPs in a coordinated or integrated way. The CSF also makes stronger references to the growth-oriented nature of the ESI Funds in 2014-20, reflecting the closer relationship between Cohesion Policy and economic governance.

2.2 Member State experiences with the CSF

The overall assessment of the CSF among Member States is mixed. Most of the MAs interviewed were positive about the utility of the Framework for strategic programming and considered it to have been more useful than the CSGs in 2007-13 (see Figure 1 and Figure 2). Interviewees in Austria, for instance, highlighted the usefulness of the CSF for **integrating the rural development dimension**. Notwithstanding this general positive assessment, some Member State respondents were **sceptical about the utility of the CSF to coordinate the programming process for several reasons.**

- **The CSF remains a document containing technical arrangements** on how to use Cohesion Policy to support objectives of other EU policies instead of providing a useful framework for coordinating different EU policies and developing synergies (Poland, Portugal);

- The regulations, the Commission's Position Papers and official communications have been **more important for programming than the CSF** (Spain, United Kingdom). **The need for a separate CSF is doubtful**, as most of the CSF principles are also contained in the CPR (Portugal).

Other specific deficiencies identified by interviewees include the CSF's perceived **'superficiality' and 'ambiguity'** (Slovakia), its **inability to link TOs properly to territorial challenges** (Poland) and its **limited use for strategic programming** (United Kingdom).

[23] Council of the European Union (2006) *op. cit.*, Preamble, para. 17.

[24] The Commission originally proposed that the CSF would be adopted as a delegated act, before further consultation determined that it should form an annex of the CPR instead.

Figure 1 and Figure 2: Experiences with the CSF[25]

Source: Interviews with Member State authorities.

Compared to the CSGs in 2007-13, the CSF is considered to be more useful for most programme managers (Figure 1). However, the potential of the CSF has not been fully exploited, e.g. it could have taken the EAFRD more into consideration (Finland). However, some Member States, (e.g. Estonia, Slovakia) **did not feel that the experiences were very different in practice**. As respondents in Estonia pointed out, the very fact that the CSF is common for the five ESI Funds and also covers some elements of coordination beyond shared management, renders the CSF more valuable than the CSGs.

[25] Note: responses do not sum to the same total for each question, as questions received differing response rates.

3. NATIONAL STRATEGIC FRAMEWORKS

KEY FINDINGS

- Partnership Agreements represent the main **strategic framework at Member State level**. Their relationship to programmes is closer than the NSRFs had in 2007-13. They cover **all 5 ESI Funds**, thereby providing **more scope to coordinate Cohesion Policy** than the National Strategic Reference Frameworks (NSRFs) in 2007-13, not least with the wider ESIF context.
- Partnership Agreements have been **developed with a greater degree of top-down influence** from the Commission than the NSRFs.
- Partnership Agreements take into account **Country-specific Recommendations** and **provide details on institutional and governance arrangements** to ensure the effective implementation of the ESI Funds.
- Amongst Member State cases, national **coordination arrangements between ESI Funds covered by the Partnership Agreement vary significantly**, not least in terms of their formality. There is **cautious optimism** amongst programme managers that domestic coordination arrangements allowed for sufficient synergies and coordination.
- **Country-specific Recommendations played a limited role** in the programming process, but Member States were mostly able to address them.
- During the programming process, the **partnership principle was implemented via a great variety of formats and tools** at different governance levels.

3.1 Partnership Agreements

After the CSF, the PAs are the next level in the strategic planning architecture at Member State level. They are **intended to ensure that the use of the ESI Funds in each Member State is coherent with the Europe 2020 strategy**, that funds are implemented effectively, that there is an integrated approach to territorial development, and that arrangements to ensure this are in place. The PA succeeds the NSRF, the equivalent document in the 2007-13 period. Whereas the NSRFs built on the CSGs, the PAs are intended to translate the elements of the CSF into their respective national context, setting out the strategy, priorities and arrangements for using the ESI Funds.

There are four areas in which a comparison of strategic coherence between the PAs and the NSRFs can be made: the development process; multi-Fund coordination; content and complexity; and the relationship with OPs.

The development process

The development process for both the NSRFs and PAs was **based on the partnership principle** involving consultation at national and sub-national levels and in dialogue with the Commission. Similarly, both the NSRF and the PA were intended to be tailored to the socio-economic circumstances and governance arrangements of each Member State.[26] During the programming process, NSRFs and PAs were required to address the following underlying strategic considerations:

- alignment with the CSGs (for NSRFs) or the CSF (for PAs);

[26] See for example Article 27(6) of Council Regulation (EC) No 1083/2006 of 11 July 2006.

- contribution to Community priorities, i.e. the Lisbon Strategy (for NSRFs) or the Union strategy for smart, sustainable and inclusive growth (for PAs); and
- consistency with, and support for the NRPs.

There are two main differences in strategic coherence between the NSRFs and the PAs. First, the respective general regulations stressed the need for both the NSRFs and the PAs to be consistent with the NRPs. However, in practice the NSRFs often contained broad references to the shared goals with NRPs but much less information on how Structural Funds programmes should contribute to them in detail.[27] In contrast, a **much stronger emphasis has been placed on the need for PAs to outline in detail how interventions can produce results consistent with Country-Specific Recommendations (CSRs) and NRPs**. This change relates to the role of the PA as a more binding document than the NSRF including a closer alignment with economic governance under the European Semester.[28]

Second, the Commission produced guidance to support national authorities responsible for the development of NSRF and PA. NSRF guidance was provided through an 'Aide-Mémoire for the Desk Officers', whereas the PA was supported with a template and guidelines. The Commission also sent Position Papers to each Member State in late 2012, to provide proposals for funding priorities, thematic and specific objectives, and governance recommendations. **The development process for the PA was therefore subject to a greater degree of top-down influence** (and even control) and discrimination than that which applied to the NSRF. In particular, PAs had to be based on a template provided by the Commission; the format of the document was delineated through a more formalised and prescriptive approach.[29] This was not the case for the NSRFs, which were open to greater variability in design. The Commission approach to PAs has previously been the subject of some criticism, on the basis that the template and guidance encouraged an overly-formalistic approach and format.[30]

Multi-Fund coordination

A major difference in the content of the PA, in comparison with the NSRF, is that it **covers all five ESI Funds** for the 2014-20 period. In contrast, the NSRF was only required to cover OPs supported through the ERDF, ESF and Cohesion Fund (for eligible Member States). The PA, much like the CSF, therefore **represents a broader and more encompassing framework for Fund coordination** at the national level. Accordingly, PAs must include more emphasis on complementarity between the Funds, with the guidance focussing to a large degree on the effectiveness of implementation between funds – particularly areas of intervention where the ESI Funds will be used in a complementary manner (Article 15(1)(b) of the CPR). Further, as an asset to applied practice, PAs are required to elaborate institutional arrangements facilitating coordination between the Funds.

[27] Polverari L, McMaster I, Gross F, Bachtler J, Ferry M and Yuill D (2006) Strategic Planning for Structural Funds in 2007-2013, *IQ-Net Paper,* 18(2), Glasgow: European Policies Research Centre, University of Strathclyde, Glasgow.

[28] Begg I, Bachtler J, Macchiarelli C, Mendez C and Wishlade F (2014) *European Economic Governance and Cohesion Policy*, Report to the European Parliament Committee on Regional Development, European Parliament, Brussels.

[29] Draft template and guidelines on the content of the Partnership Agreement.

[30] Mendez C, Bachtler J and Wishlade F (2013) A new dawn for Cohesion policy? The emerging budgetary and policy directions for 2014-20, *EoRPA Paper* 13/4, Paper prepared for the 34th meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 6-8 October 2013, European Policies Research Centre, University of Strathclyde, Glasgow. p. 44.

In contrast, the NSRF was not required to place such strong emphasis on multi-Fund coordination. Article 27(5)(b) of the General Regulation specified only that Member States were required to provide, where relevant, 'information on the mechanisms for ensuring coordination between operational programmes... and the EAFRD, the EFF and the interventions of the EIB and of other existing financial instruments'.[31]

Content and complexity

While the content of the NSRF and the PA was specified in their respective general regulations,[32] there are several 'core' features common to both, namely:

- an analysis of development disparities and identification of areas of growth potential;
- the elaboration of thematic priorities for ESI Fund-supported intervention;
- a list of planned programmes, with indicative annual and Fund-specific financial allocations; and
- governance and administrative arrangements.

Further, the PA was designed to incorporate significantly more content than the NSRF, and to take account of a broader range of strategic and programming considerations. The Commission's PA requirements specify a more expansive and detailed document, with greater scope and complexity.[33] These requirements generally follow on from the new regulatory requirements in the CPR. For example, the requirements regarding thematic concentration and the results-orientation in 2014-20 have obliged Member States to include far greater detail on the TOs and IPs in PAs. Such detail includes justification for the selection of TOs with reference to development needs and CSRs, and the main results sought for each of the Funds per TO.

In addition, **PAs have been obliged to provide more detail on institutional and governance arrangements** to ensure the effective implementation of the ESI Funds, an integrated territorial approach, and administrative coordination with other EU-wide strategies and programmes. For example, PAs must include detail on the fulfilment of ex-ante conditionalities, mechanisms to ensure consistency with the 2019 Performance Review, and areas for cooperation under the ESI Funds, taking account of macro-regional strategies (Article 15(2)(a)(ii) of the CPR). The expanded scope and increased complexity of the PA as compared to the NSRF is a notable difference between the two documents.

Relationship between national strategic frameworks and programmes

The NSRF and PA also differ in their relationship to OPs. As noted, both documents are essentially strategic (rather than operational) in nature, and were formally required to set out details of planned OPs with accompanying financial information. The general regulation for 2007-13 did not make it compulsory for NSRFs to provide detail on the specific content of OPs themselves, although the *aide-mémoire* recommended that Member States should specify where OPs would contribute to the earmarking of funds.

[31] In addition, Article 27(4)(g) of the General Regulation for 2007-13 specified that Member States eligible for the Cohesion Fund would need to detail relevant mechanisms for coordination.

[32] For the NSRF, see Article 27 in the General Regulation (No 1083/2006 of 11 July 2006); for the PA, see Article 15 in the CPR (No 1303/2013 of 17 December 2013).

[33] European Commission (2014b) Draft template and guidelines on the content of the Partnership Agreement, available at: http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/pa_guidelines.pdf

In the 2014-20 period, **a key goal of the PA has been to encourage a more integrated approach to programming across the ESI Funds**, and particularly to facilitate the delivery of interventions through multi-Fund OPs. Further, as part of its explicit emphasis on integrated territorial development, the CPR specifies that PAs must elaborate on how 'integrated approaches to territorial development based on the content of the programmes' will be delivered (Article 15(2)(a) of the CPR). The effect of this strategic shift has been to create a **closer relationship between the PA and the OPs**. In particular, certain territorial features introduced into Cohesion Policy in the 2014-20 period, such as the compulsory allocation of a minimum of five per cent of ERDF resources towards integrated actions for sustainable urban development, have resulted in the need for PAs to provide detail which might previously only have been included in OP documents. For example, the PAs are required to provide more detailed information regarding the interventions to be delivered through OPs; in the case of sustainable urban development, PAs must detail principles for the selection of urban areas to be targeted through territorial actions.[34]

It is notable that the **closer relationship between the PAs and OPs has previously been identified as an area of potential challenge**. For example, the 2012 European Parliament review of the draft legislative proposals for Cohesion Policy highlighted the importance of avoiding overlaps and duplication in the content of PAs (then referred to as Partnership Contracts) and OPs.[35] However, some Member States subsequently found that the process of distinguishing OP content from PA content was challenging where the two documents were largely based on the same material.[36]

All PAs were approved by the European Commission by November 2014 (see Table 3). The time between submission and approval varied significantly between Member States, ranging from one week (Greece) to over six months (e.g. France, Ireland, Malta, Slovenia). One factor was the extent to which informal negotiations were used to find a common ground prior to submission.

[34] Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006, OJEU L 347, p. 289, Article 7.3.

[35] Mendez C, Bachtler J and Wishlade F (2012) *op. cit.*, p. 10.

[36] Mendez C, Bachtler J and Wishlade F (2013) *op. cit.*, p. 45.

Table 3: Submission and approval of Pas, 2014

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DK			4th		**5th**							
DE		26th			**22nd**							
PL	10th				**23rd**							
GR				17th	**23rd**							
LV		15th				**20th**						
LT			4th			**20th**						
EE			28th			**20th**						
CY				17th		**20th**						
SK		14th				**20th**						
PT		4th					**30th**					
RO				1st				**6th**				
BG				2nd				**7th**				
FR	14th							**8th**				
NL			10th					**22nd**				
CZ					17th			**26th**				
HU			7th					**29th**				
FI		17th								**17th**		
AT				17th						**17th**		
SE				17th						**29th**		
MT				1st						**29th**		
UK				17th						**29th**		
IT				22nd						**29th**		
BE				23rd						**29th**		
LU				30th						**29th**		
ES				22nd						**30th**		
SI				10th						**30th**		
HR				22nd						**30th**		
IE				22nd							**18th**	

Source: European Commission.

3.2 Member State experiences with Partnership Agreements

3.2.1 Institutional arrangements for coordination

As noted, a major difference in Cohesion Policy for 2014-20 is that it covers all five ESI Funds underpinned by a CSF. The PA, much like the CSF, therefore represents a broader and more encompassing framework for Fund coordination with more emphasis on complementarity between the funds and with other EU policies. Institutional arrangements facilitating coordination between Funds and with other EU and national funding instruments must be set out in the PAs.

The **key national committees and structures in place to coordinate the programming and implementation of the ESIF are set out in all of the PAs**. For the most part, the main focus is on describing institutional arrangements for inter-Fund coordination across the ESIF rather than coordination between ESIF and other EU funding streams.

Several PAs stress the **key role of central coordination bodies with an operational remit in supporting the ESIF coordination work of high-level political bodies and/or MAs** in programming, implementation, monitoring and evaluation.

- **Bulgaria**: The Central Coordination Unit ensures the overall process of coordination at operational level including: the development of necessary legislation, methodologies and guidelines; supporting the work of the PA's inter-ministerial committee (CCEUFM) and Monitoring Committee; coordination mechanism for information and publicity; overall monitoring of programme implementation; and the organization of working groups and meetings.

- **France**: The General Commission for Territorial Equality (CGET, former DATAR) is the inter-Fund coordination authority supporting State-region coordination and delivery of ESI Funds. It is responsible for providing technical and legal support to the MAs in the fields relating to inter-Fund coordination, including setting up a dedicated exchange network to support MAs developing the different coordinating, certifying and audit authorities. It also guarantees a joint vision of operations funded by the ESIF through the coordination of a number of dedicated working groups and networks and activities in the fields of monitoring, evaluation, information and communication.

- **Portugal**: A key change for 2014-20 is that the coordination responsibilities for the ERDF/CF and ESF have been integrated into a new Agency for Development and Cohesion (previously, the ESF was managed separately from the ERDF/CF). The agency provides technical and administrative support to the Inter-ministerial Coordination Committee of the PA and is responsible for national operational coordination of each fund, technical regulations, evaluation, monitoring/IT systems, the coordination of European territorial cooperation and the coordination of financial planning and co-financing of the Structural and Cohesion Funds.

Changes in the programme architecture are likely to facilitate institutional coordination across Funds.

- **A reduction in the number of OPs** should facilitate stronger links in the programming and management of the ESIF (Austria, Estonia, United Kingdom). For instance, in the United Kingdom (England), the ERDF, the ESF and part of the EAFRD will be folded into a single ESI Funds Growth Programme, with a joint Monitoring Committee and strategic leadership and coordination at local level provided by Local Enterprise Partnerships and partners.

- **Joint ERDF-ESF OPs** are highlighted in the PAs of Poland and Portugal as a key institutional innovation for increasing coordination between the programmes, funds and instruments. MA responsibilities will have to be reconfigured to take this shift into account. In France, coordination and complementarity will be facilitated by the fact that regional councils are MAs for ERDF, EAFRD and some for ESF.

Monitoring Committees provide a key forum for coordinating interventions, promoting complementarities and avoiding duplication.

- **Bulgaria**: Demarcation among interventions by different Funds and Programmes, as well as the inter-complementarity and synergy among activities financed by ESI Funds will be ensured through coordination and approval of the operational eligibility criteria by the Monitoring Committee.

- **Estonia**: Thematic coordination, including combining different sources to fund a particular sector, will take place through the Monitoring Committees of the OPs and, if necessary, through subcommittees or sectoral committees set up and managed on the basis of existing national coordination mechanisms.

- **Finland**: the Monitoring Committees will deal with any issues concerning the coordination of different programmes and include representatives from different funds in order to strengthen coordination. The different Monitoring Committees can also hold joint meetings (particularly for analysing joint evaluation results, or if changes are needed to the PA).

- **France**: at the regional level, each president of the regional council and regional *Préfet* will co-chair the inter-Fund Monitoring Committee, which should provide a shared vision of the Funds and ensure compliance with the demarcation lines between funds and between regional and national OPs.

- **Poland**: Although not mentioned in the PA, the introduction of joint ERDF/ESF ROPs will mean the establishment of joint Monitoring Committees and more integrated evaluation arrangements at ROP level.

- **Portugal**: Monitoring of all ESIF will be promoted annually through a monitoring meeting of all ESIF OPs and joint Monitoring Committees may be set-up between OPs with similar or complementary interventions.

- **United Kingdom (Scotland)**: a single programme board has overseen the development of OPs which complement and align, and which maximise the impact of these Funds in Scotland. A single Joint Programme Monitoring Committee covering all four EU Funds will provide strategic direction and oversight of the separate programmes to ensure that they work towards the CSF and shared objectives articulated in the PA.

- **Spain**: As in the past, there are provisions for representatives from different Funds to participate in the Monitoring Committees from other Funds. The PA also highlights the specific example of an inter-Fund committee (covering ESF, ERDF and EAFRD) focusing on coordinated interventions targeting the Roma as an example of good practice.

Joint Monitoring Committees covering all ESI Funds are being set-up or considered in various countries and regions (Germany, Poland, Portugal, United Kingdom).

Other mechanisms identified in the PA's to coordinate interventions, promote complementarities and avoid duplication of effort include the following.

- **Demarcation lines and cooperation**. France's PA specifies provisions to avoid duplication across ESIF (and between OPs managed at different levels). Under the EAFRD/EMFF, a limited number of fields are identified for which either of the Funds can be used exclusively. For the ESF, demarcation lines are specified between the national OP and the regional OPs. If there is a risk of overlap, agreements need to be concluded between the State and the regional authority to clarify the demarcation lines. There are also two national bodies with responsibilities for ensuring complementary use of ESIF and to prevent duplication. In Germany, *Land*-level OPs include demarcation provisions.

- **A common database on projects funded through different ESI Funds**. This is being developed in Portugal to mitigate the risks of double funding. In Finland, the common data management system ensures that at the time of project decisions and payments there is no overlap of interventions.

- **Contracts**. In Poland, 'Territorial contracts' signed between the State and regional self-governments will be instrumental in the coordination of development activities. The contracts will identify the main investments that regions would like to implement and provide a reliable identification of the development needs and a statement of national priorities. They will include the objectives and tasks of each of the signatories, and specific instruments for their implementation. They are negotiated between the regional governments and the State and they will cover both domestic and EU funds.

- **National guidelines**. In Poland and Portugal, horizontal guidelines are being developed at national level applicable to all national and regional OPs financed by Cohesion Policy. They concern in particular such issues as eligibility of spending, financial control and certification, the mode and scope of reporting and monitoring, evaluation, use of Technical Assistance and modes of project selection.

- **Strategic frameworks and conditions**. In Poland, strategic documents developed in the context of ex-ante conditionalities (e.g. Innovation Strategies, Roadmap for Research Infrastructures, Policy Paper on the Health Sector) provide a framework for a co-ordinated intervention. In Wales, an Economic Prioritisation Framework maps existing investments aligned to opportunities for economic growth. It enables ESI Funds to create synergies in order to add value to these investments. Wales also established thematic teams within the MA which will direct applicants to most appropriate Funds.

- **Thematic networks**. In Spain, the existing thematic networks (covering RTDI, gender equality, sustainable development, sustainable urban development, social inclusion and rural development) are expected to place a greater emphasis on coordination to both across the ESIF and with other EU Funds. For instance, the Network of Urban Initiatives has been reformed incorporating the participation of external experts to define integrated urban strategies and coordinated participation of public administration bodies and Funds representing the ERDF and ESF.

Coordination arrangements are, however, sometimes shared with or devolved to regions, thus requiring the arrangements to be specified in OPs. In Germany, concrete arrangements on coordination between different Funds/OPs (there are no multi-Fund OPs except in Niedersachsen) are the responsibility of the *Länder*. *Land*-level OPs for ERDF and EAFRD (ESF and EMFF are national) include provisions to avoid double funding, delimitation of Funds and arrangements of cooperation between the different MAs.

In Finland, at the regional level, the strategic-level coordination between ESI Funds is to be undertaken by the regional management committees or their secretariats, which are responsible for the coordination of regional development activities. The regional management committees are responsible for approving the implementation plan of the regional strategic programmes every two years. The implementation plan includes information on the funds allocated to the regions, and the regional management committee has a role in promoting the implementation of projects from multiple funds. The regional management committee is also informed on the plans and reports prepared for the development of rural areas and fisheries in order to ensure coordination. In France, all regional OPs need to specify coordination arrangements, with a particular focus on territorial cooperation programmes and macro-regional/maritime strategies due to the more challenging demands of transnational coordination.

Evaluation is also a key tool for improving coordination across the ESIF

- **Finland**. An advisory board for regional and structural policy, led by the Ministry of Employment and the Economy in close cooperation with the Ministry of Agriculture and Forestry, is responsible for coordinating Structural Funds, EAFRD and EMFF at the central government level and for coordinating the evaluation of the overall effectiveness and reporting of the ESI Funds, as well as making recommendations to the MAs and Monitoring Committees for improving the impact and coordination of the ESI Funds.

- **Poland**. The National Evaluation Unit will assess the implementation and impact of the PA based on coordination analyses of progress in achieving the Europe 2020 objectives within individual programmes and across the entire PA.

- **Portugal**. A Global Evaluation Plan has been developed. The Monitoring and Evaluation network, is intended as a forum for coordinating systems and institutional capacity building, coordinated by the Agency for Development and Cohesion, including all entities with responsibility for governance of ESIF, as well as greater coordination with other public bodies with responsibilities for the formulation and evaluation of public policies (namely through the establishment of Monitoring Groups of evaluation processes or conducting evaluations and studies in partnership). ESIF monitoring systems will also be integrated including with the national budget management system, and specific mechanisms will be created for monitoring ESIF interventions.

- **Spain**. The Strategic Committee for Ongoing Monitoring and Evaluation of the ERDF and ESF will continue to oversee monitoring and evaluation of programmes, indicators/performance frameworks, the development of methodologies and dissemination of evaluations. It is composed of ERDF and ESF bodies from national and regional levels and the European Commission.

- **United Kingdom.** The PA notes that the preparation and submission of two progress reports, in 2017 and 2019 will be an important UK-wide coordinating tool, particularly as achievement of the associated milestones will shape the attribution of the performance reserve. A strong UK performance framework, monitored by the UK Department for Business, Innovation and Skills will also provide a coherent and compelling picture of progress on UK programmes. In Scotland, a single programme board has overseen the development of OPs to align and maximise the impact of these Funds in Scotland. A single Joint Programme Monitoring Committee covering all four EU funds will provide strategic direction and oversight of the separate Scottish programmes.

One of the main prerequisites for maximizing the impact of ESI Funds is ensuring synergy between interventions within and across programmes. This is done, on the one hand, by **identifying the main areas where different Funds and programmes will be used in a complementary manner**, and on the other hand, by establishing mechanisms to ensure adequate coordination and complementarity of programmes. In Finland, for instance, the EAFRD is focussed on sparsely-populated and core rural areas, while ERDF and ESF are focussed on conurbations and urban centres. However, areas of interventions where funds can be used in a complementary manner include:

- bio-economy;
- promotion of innovations, cooperation / action groups, as well as Horizon 2020;
- regional and local development of the creation and use of renewable energies, the promotion of energy efficiency;
- sustainable use of natural resources, improving environmental quality and protecting the diversity of nature;
- diversifying the business structure;
- tourism;
- accessibility, basic services in sparsely-populated areas, as well as regeneration and development of villages;
- skills development, lifelong learning, job productivity; and
- CLLD and civic actor-led local development.

Domestic planning and budgeting processes need to be carefully coordinated with ESIF programming to avoid duplication of work and ensure coordination between instruments and OPs.

- **Estonia**. The PA underlines that budgetary decisions will consider all instruments (including EU support) together, and their use will be harmonised, where necessary. The complementarity of measures and instruments will be managed during the drafting of the State Budget Strategy and annual State Budget Acts and during the monitoring of their implementation.

- **United Kingdom (England)**. Local Enterprise Partnerships (LEPs) and partners will ensure that ESIF investments are aligned and complementary to interventions funded through local public and private sector funding. At national level, relevant government departments and agencies have been involved in developing the framework within which LEPs and partners have made their funding decisions. This has ensured that LEP-area proposals for intervention are aligned with national funding instruments focused on the same TOs. In some cases, government departments and agencies have set aside national public funding to be used as match funding where LEPs and partners choose to dedicate ESI Funds to expand, support and enhance national programmes.

- **Finland**. The Centres for Economic Development, Transport and the Environment (ELY-centres) are the largest funders for ESIF activities, and are responsible for organising their own activities and coordination in a manner that no overlap of funding takes place. The ELY-centres are also the primary funders of ESF and EAFRD, which makes it possible to avoid any overlap of funding.

Arrangements for complementarities at the level of operations, including possibilities for complementary support from multiple funding sources within one operation, are only mentioned in a limited number of PAs. Bulgaria plans to take advantage of the possibility for operations to receive financial support from one or more Funds, one or more Programmes, on condition that the expenditure is funded only by one source. In those cases, the application guidelines will be elaborated and the evaluation will be made by the MAs of the financing Programmes. Financial support is explicitly prohibited where an activity is funded by another project, programme or scheme, funded by public sources, national budget resources and/or ESI Funds. In Finland, this was explicitly mentioned only in the context of the LIFE programme: funding can be possible for at least three broad integrated projects (i.e. integrating different funding instruments) as long as the objective of the Structural Funds project is in line with the objectives of LIFE. In the case of outermost regions, there is scope to coordinate ERDF with the European Development Fund (EDF) in order to optimise cooperation at the level of a geographical zone. This can be achieved by setting up regional coordination committees or EGTC and by mechanisms allowing funding joint ESF-ERDF projects.

Joint eGovernance solutions and 'one stop shops' are the main mechanisms foreseen to help applicants and beneficiaries use the funds in a complementary way. Bulgaria will continue to maintain a single information web portal for general information on ESI Funds management in the country including up-dated information on open calls, new national and EU legislation and programming documents. The established network of information centres will provide reliable, on-time, expert and quality information for financing possibilities to a wider range of stakeholders. Under the national technical assistance strategy in France, activities are foreseen to help applicants and beneficiaries use the funds through dedicated websites (for all funds and each individual fund), while Technical Assistance measures in the regional OPs and the national ESF and EMFF OPs provide for 'one-stop-shops' to be set up to facilitate access to the Funds in the regions. The Polish PA highlights joint information and promotion activities across funds, common guidelines for beneficiaries and online tools to enable potential applicants to find appropriate paths for applying for funds, adapted to the planned project. Portugal is creating a portal for EU funding applications, not only to facilitate access to funding but also to publicise the results. Joint communication activities are the main instrument foreseen in the Slovak Republic to inform applicants and beneficiaries of complementary funding opportunities.

Arrangements for coordinating ESIF with macro-regional strategies are highlighted in several PAs.

- **Austria**: the Federal Chancellery coordinates ESIF as part of its role as national coordinator of both the Danube and Alpine Strategies.

- **Bulgaria**: the coordination with the EU Strategy for the Danube Region is achieved through a national coordinating mechanism to ensure that the strategy's goals and the actions necessary for their achievement will be taken into account in the ESIF programming documents for the 2014-20.

- **Estonia**: a national working group has been established in order to implement the objectives of the EU Strategy for the Baltic Sea Region, comprising the national contact point, representatives of the MA and other ministries, coordinators of priority axes. The group coordinates information exchange concerning the Baltic Sea strategy, the programming of relevant Funds as well as monitoring of implementation.

- **Finland**: the complementarity of the ESI Funds will be sought in the implementation of the Baltic Sea Strategy. For instance, EAFRD and EMFF funded projects are specifically focussed on the general objective of 'save the sea' (e.g. through environmental activities carried out in the context of fisheries or agriculture which affect the quality of the sea water), while the Structural Funds promote the general objective 'connect the region' (e.g. through improving the transport conditions and interaction possibilities between people) as well as the general objective of 'increase prosperity'.

The PAs **identify potential synergies between ESIF TOs or IPs with other EU policies**, albeit with varying degree of detail and coverage. An example of a comprehensive overview of complementarities between ESIF, other EU Funds and domestic instruments is provided in Finland's PA (see Box 1).

Box 1: Complementarities between ESIF and other EU and domestic instruments in Finland

Finland's PA includes a table with examples of complementarities between the ESIF and other EU and domestic instruments, including:

• Horizon 2020: Structural Funds can be used to create conditions and to develop know-how in order to enable participation in Horizon 2020 projects. Similarly, EAFRD supports cooperation with Horizon 2020 programme and the European Innovation Partnerships.

• Connecting Europe Facility (CEF): In addition to the funding for trans-European transport, energy and telecommunications networks, CEF supports digital services and service infrastructures in the context of open data. These results can be utilised in ERDF-funded business development projects utilising open data.

• Creative Europe: ESF co-funded activities can be used to increase know-how required in the creative fields.

• Employment and Social Innovation Programme (EaSI): Good practices of the EaSI can be adopted for development with the help of ESF.

• European Globalisation Fund: ESF can be used to support the administration of situations of structural change, but the main target of ESF is SMEs.

• Asylum and Migration Fund (AMF): In contrast to ESF, the focus of the AMF is not on direct employment activities. However, the target group eligible for the AMF can participate in ESF activities once they have an employment and residence permit.

• European Territorial Cooperation and the European Neighbourhood Instrument (ENI): ETC programmes are co-funded by ERDF. Similarly, ENI Cross-Border Cooperation programmes receive funding from ERDF.

• Domestic business aids: Domestic business aids are primarily used in areas or in sectors suffering from sudden structural changes, but also for limited development activities in those areas where the ERDF funding is limited.

• Domestic employment policy instruments: ESF funding aims to supplement and promote activities funded from domestic sources. For instance, with respect to the Youth Guarantee, new service systems, monitoring systems and service products will be developed with the help of ESF. Similarly, ESF funding is used to develop methods and approaches to improve the effectiveness of integration of immigrants and to create approaches to strengthen the cooperation between authorities and different actors. ESF funding is also used to develop new approaches and service practices to promote the integration and employment of immigrants.

• Domestic energy aids: Although these are largely funded through domestic sources, EU funding may be used in exceptional cases as part of large demonstration projects.

• Direct agricultural payments and domestic income subsidies: EU funds the so-called direct agricultural payments, while the domestic income subsidies to farmers aim to supplement the EU's aid system by safeguarding production in key sectors and the continuation of domestic food production.

• Innovative cities programme (INKA): The resources of the INKA programme (domestic) are focussed on the participating cities, whilst the programmes funded through ESIF can support broader innovation activities (in different areas and in different sectors).

• Development of the quality of working life (TYKE): The domestic funding (TYKE and Liideri funding) is targeted at innovative development of working life which supports the business activities. This funding is steered towards jobs which aim for internationalisation and growth. ESF funding is directed towards activities improving networking and cooperation which improve the working life in SMEs. ESF supports and complements the national cooperation project which implements the working life development strategy.

• BONUS – Baltic Sea research and development programme: The measures of ESIF can facilitate the preparedness of national actors to take part in the calls of the Bonus-programme and to support the ongoing research projects. The ESI funded projects aim to utilise the results achieved through the Bonus-programme by transferring them to a more practical level in the national context.

• European Investment Bank: In Finland, there are no large infrastructure, environment or energy projects and therefore EIB services are currently not in use. However, some specific financial instruments (e.g. JEREMIE) may be utilised at a later stage if a market gap is detected.

Source: Finnish PA, pp. 74-78.

While most of the PAs set out potential TOs where ESIF can be complementary to other EU instruments, Poland's PA specifies a more detailed list of **IPs within TOs where potential for complementarity is strongest with other EU Funds**, including: Horizon 2020, PPP initiatives under ERA, COSME, NER 300, CEF, LIFE, Erasmus, IPA /ENI etc.

All the PAs identify **potentials for synergy between ESIF and other European policy instruments and funding sources**, often using correspondence tables identifying where the strongest potential lies. In line with the CSF, the main areas of potential synergy highlighted include the European Research Area (ERA), the European Innovation Partnership, Horizon 2020, European Institute of Innovation and Technology (EIT), Knowledge and Innovation Communities (KICs), Marie Curie, COSME, Connecting Europe Facility and LIFE.

Key mechanisms highlighted in the PAs to create synergies between ESIF and other EU funds (such as Connecting Europe Facility, COSME programmes, HORIZON 2020, ERASMUS+, Creative Europe Programme, Financial Mechanism of the European Economic Area, LIFE, Internal Security Fund, Marie Sklodowska-Curie Actions, among others) are as follows.

- **Coordinated planning of the PA involving ESIF authorities and those responsible for various EU Funds.** This is highlighted in Estonia's PA, namely, Connecting Europe Facility, the LIFE Programme, the Internal Security Fund (ISF), the Asylum, Migration and Integration Fund (AMIF) and Horizon 2020. Further cooperation will be pursued and information will be exchanged between the bodies in charge of the sectors related to these funds.

- **Enhanced coordination by setting up regular exchanges.** In France, coordination is planned e.g. between National Contact Points for Horizon 2020 and local actors with regards to their participation in European research and innovation programmes. In the framework of the European Innovation Partnership on Agricultural Sustainability and Productivity, the French PA foresees support for coordination with Horizon 2020 and other ESI Funds (mainly EAFRD and ERDF) through collaboration and interdisciplinary approaches between national actors of the Innovation Partnership (rural development and R&D) and the MA of the rural development plan; through consolidating or setting up networks of thematic operational groups and to ensure thematic support, innovation support services, promotion and dissemination of experiences and support for the development of specific projects (trans-regional, trans-national and cross-border); and promotion of participation of actors involved in the Innovation Partnership in EU-wide activities (EAFRD and Horizon 2020) and ensure the coordination of the two policies.

- **Cooperation between units and managers of different EU Funds.** In Spain, under the Programme for Employment and Social Innovation (EaSI), synergies will be sought with the ESF microfinance and social entrepreneurship priorities through a stable structure of cooperation between units and managers of the EaSI and ESF.

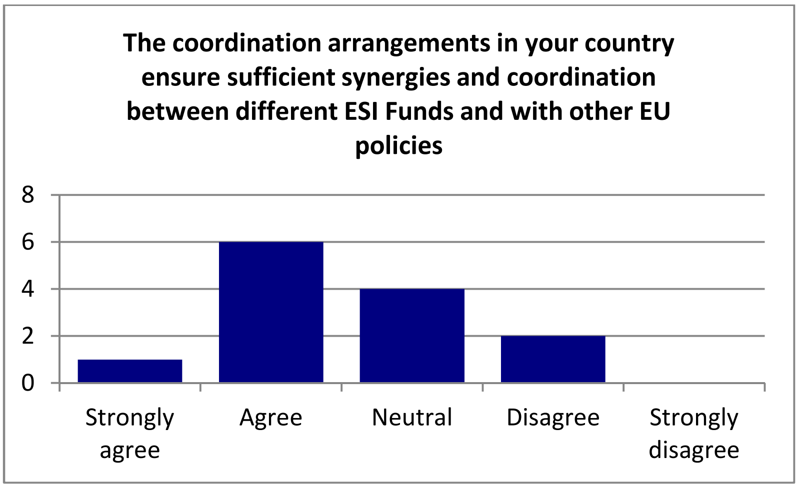
- **Participation and representation of national bodies in international platforms and knowledge exchange networks.** This will be strengthened in Portugal, including in Horizon 2020 and other EU research programmes.

- **Awareness-raising, information and training targeting potential beneficiaries of other EU programmes.** This is planned in Portugal through more proactive efforts by the National Agency for Development and Cohesion and the MAs of ESIF programmes.

- **Thematic networks will place a greater emphasis on coordination of ESIF with other EU Funds.** In Spain the RTDI network has made a commitment to coordination among the various Funds and Horizon 2020 in its 2014 plenary.[37] The Spanish sustainable development network has also been working with programming authorities to promote integrated LIFE projects funded by the ESIF.

There is **often limited information in the PAs on the specific mechanisms for coordination between ESIF and other EU instruments**. For instance, Austria's PA notes that there are arrangements for coordination with Horizon 2020, COSME, ERASMUS+, FEAD, AMIF, LIFE and the EIB. However, with the exception of Horizon 2020, where a platform for Horizon 2020 and ESIF actors is planned by the Ministry of Science, no details are given on how coordination will work in practice. For some (FEAD, AMIF), reasons are provided why there are no overlaps and hence no need to coordinate. Similarly, in Finland, there is very little detail on the mechanisms and structures. For instance, the PA notes that the objectives of the LIFE programme do not overlap with ESIF but should there be a need for coordination between these programmes, this can be done together with the Ministry of Environment through the respective Monitoring Committees and their secretariats; and that Erasmus+complementarities with ESF will be monitored and assessed by the Ministry of Education and Culture. Estonia's PA merely highlights a preference for investments that help to increase the participation and visibility of Estonia and achieve a synergy between the ESIF and Horizon 2020.

Figure 3: Self-assessment of coordination arrangements



Source: Interviews with Member State authorities.

The qualitative assessments by Member State authorities suggest a reasonable degree of confidence that their coordination arrangements will ensure sufficient synergies and coordination between different ESI Funds and with other EU policies (Figure 3). This does, however, vary between countries, with officials in Germany and the United Kingdom more confident than their counterparts in Bulgaria, Finland and Spain. In some

[37] Building on previous periods, Spain has six ESIF networks in place addressing specific themes and horizontal priorities (RTDI, gender equality, sustainable development, urban development, social inclusion and rural development), which provide a forum for coordination and exchange of experiences between the regions, central government and experts.

Member States, the **effectiveness of domestic coordination arrangements is considered to be constrained by EU regulatory requirements** (France), including differences between rules applicable to Structural Funds and EAFRD/EMFF (Finland), and because of the different nature of Cohesion Policy and other EU policies (Spain).

Lastly, it is notable that **institutional coordination arrangements and mechanisms between NRPs and Cohesion Policy are not explicitly identified in any of the PAs**. However, as the cooperation between various institutions and the inclusion of various documents (strategies, analyses etc.) in general are an important part of the PA preparation and implementation process, such arrangements evidently exist.

3.2.2 Country-specific Recommendations

As noted, the increased alignment of Cohesion Policy with the European Semester/economic governance is reflected in the requirement to take account of 'relevant' CSRs in the programming of the PAs.[38] The European Parliament has argued that it can be appropriate to align EU cohesion spending with NRPs, as long as consistency is ensured. The major concern of the EP was that the annual European Semester cycle could create an unstable environment for Cohesion Policy interventions by requiring frequent re-programming. It was argued that, as the NRPs are long-term strategic planning documents (similar to the PA and programmes in this respect), they could fit with a multi-annual policy better than CSRs, which were included in the text proposed by the Commission.[39]

According to an early assessment of the PA negotiations by the European Commission, the CSRs were generally well reflected in terms of identifying development and investment needs but '*…only in some cases are the results expected from the investment supported by the funds clearly related to the CSRs specified and there is a need for more detail on the way that the CSRs concerned will be put into effect in the programmes.*'[40]

In fact, the detail provided on CSRs in PAs varies significantly. **Only some Member States provide a list of all CSRs**, in the form of a comprehensive table (Poland, Spain) or short bullet points (Austria), while most others mention only those CSRs that are deemed to be relevant for ESI Funds. Austria, France and Germany do not discuss CSRs to any great extent. In France, CSRs are mentioned only sporadically in the PA, e.g. when explaining the importance of ESF interventions to respond to CSRs. A similar focus on ESF is also apparent in Austria. Portugal had not received any CSRs before the PA was submitted to the Commission as Portugal was subject to a bail-out programme with alternative mechanisms for addressing structural reform recommendations.

The only Member States with a systematic approach to CSRs in their PA are Spain and Poland. The Spanish PA includes a table with information on how each CSR links to Cohesion Policy and how the latter will contribute to CSR achievement. Similarly, Poland provides a comprehensive overview table detailing the links between the PA's objectives, Europe 2020 (incl. Flagship Initiatives), CSRs and the Commission's Position Paper recommendations (Figure 4).

[38] 'Relevant Country Specific Recommendations adopted in accordance with Article 121(2) TFEU' and 'relevant Council recommendations adopted in accordance with Article 148(4) TFEU' mean recommendations relating to structural challenges which it is appropriate to address through multiannual investments that fall directly within the scope of the ESI Funds as set out in the Fund-specific Regulations. Article 2(35) of the CPR.

[39] CPR MANDATE for opening inter-institutional negotiations adopted by the Committee on Regional Development at its meeting on 11 July and 27 November 2012, see e.g. AMs 30, 37, 43, 47, 69, 151 and 164.

[40] European Commission (2014c) *Investment for jobs and growth. Promoting development and good governance in EU regions and cities. Sixth report on economic, social and territorial cohesion*, Brussels, p. 263.

Figure 4: Links between PA objectives and EU-level documents in Poland (table excerpt)

PA				Europe 2020 Strategy			Commission's Position Paper	
Main objectives of the PA	Priority areas of support	Specific objectives of the PA	Directions of actions	Priorities	Flagship Initiative	CSR	Funding Priorities	Directions of actions
ENHANCING COMPETITIVENESS OF THE ECONOMY	**Entrepreneurship and innovation-friendly business environment**	Improving the quality and internationalisation of scientific research, and increasing the degree of commercialisation thereof	Improving research and innovation infrastructure in the research and enterprise sector	Smart growth	Innovation Union	**Council Recommendation No. 5 for 2013-2014:** Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy, by further developing revolving instruments and tax incentives and by better targeting existing instruments to the different stages of the innovation cycle	Innovation-friendly business environment	Strengthening private R&I investments
			Development of personnel in the R&D sector					Enhancing R&I infrastructure to develop R&I excellence
			Internationalisation of Polish science, including creation of international research agendas in Poland					Fostering the innovation-friendly environment for innovative business
			Transfer of knowledge and innovation to the economy					
		Improving competitiveness of enterprises	Increasing the scale of operations of enterprises					Building effective business support environment supporting innovation, entrepreneurship and internationalisation
			Increasing productivity of enterprises					
			Diversification of activity and new business models					Increasing productivity through entrepreneurship and innovation
		Increasing the use of ICT in the economy and the society	Increasing the use of ICT in SMEs		European Digital Agenda	**Council Recommendation No. 6 for 2013-2014**: (…) Accelerate efforts to increase broadband coverage. (…)		Fostering structural changes in the economy
	Modern network infrastructure						Modern network infrastructure for growth and jobs	Developing ICT products and services, e-commerce and enhancing demand for ICT
			Ensuring access to broadband networks					Extending broadband deployment and the roll-out of high-speed networks

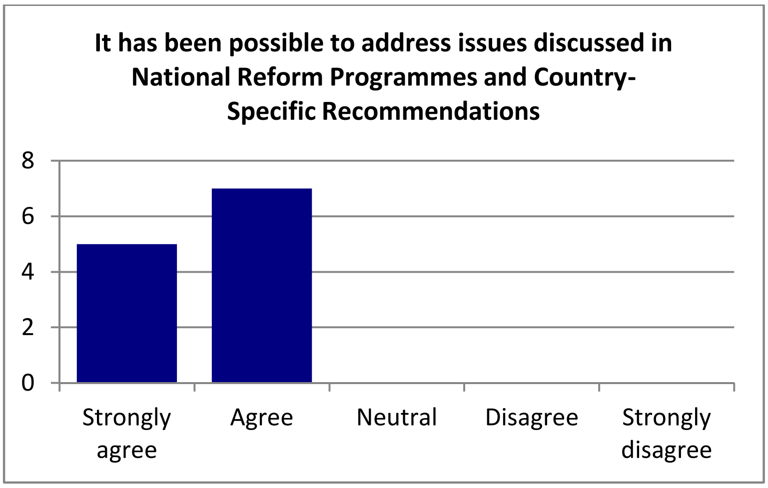
Source: Polish PA, English translation, p. 13.

In compliance with Art. 15.1(a)(i) of the CPR, the CSRs are usually discussed **in the section of PAs on development needs and potentials** (Austria, Bulgaria, Estonia, Germany, Poland, Spain). **References to related CSRs are also made under the relevant TOs** (Bulgaria, Poland, Slovakia, United Kingdom). The Bulgarian PA justifies its funding priorities by referring to relevant CSRs in footnotes. In the United Kingdom, the individual country chapters of the PA (concerning England, Scotland, Wales, Northern Ireland and Gibraltar) include several references to the CSRs as they set out their specific needs and objectives.

Interestingly, Member States refer to CSRs from different years, either from 2013 (e.g. Austria, Estonia, Germany) or from 2014 (e.g. Bulgaria, France, Spain). This is partly due to the delayed approval of some PAs, which allowed the CSRs from the summer of 2014 to be included in these cases.

One reason for limited reference to CSRs is the **CSRs' limited utility for ESI Funds**. Officials in Austria and Germany note that many of the CSRs are not relevant to ESIF interventions, e.g. labour market regulation.

Figure 5: Scope to address the NRP and CSRs



Source: Interviews with Member State authorities.

Interviewees universally agreed that **it was possible to address issues discussed in NRPs and CSRs** (Figure 5). For instance, Bulgaria identified the main development needs that are in line with the NRP, and Slovakia and Spain considered that all relevant CSRs were addressed.

However, it was also **noted that key aspects of the NRPs and CSRs cannot be addressed through investment expenditure,** notably structural or regulatory reforms (e.g. Austria, Germany, Portugal, Spain) including labour market issues (Austria), the banking sector (Spain), education levels of disadvantaged groups (Germany) and public administration reforms (Spain). Nevertheless, respondents from Germany considered that there is strong coherence between ESIF and NRPs/CSRs; where suitable, German authorities had directly addressed some of the recommendations with ESIF investments (mostly in the ESF area).

3.2.3 Partnership principle

The PAs were also required to provide information on the implementation of the partnership principle. The European Parliament argued for the transparency of the process of preparation of the PAs and the arrangements concerning the partnership principle.[41]

The bodies responsible for developing the PAs were located at the central government level, such as DATAR (now CGET) in France, the Ministry of Employment and Economy in Finland or an inter-ministerial working group in Bulgaria. In Austria, the Austrian Conference on Spatial Planning (ÖROK), which brings together the central government and the federal states, was responsible for preparing the PA.

Several countries had **partnership-based steering bodies in place**. For instance, steering groups were set up in Austria and France, and a 'Government Council for the PA' was in place in Slovakia.

The partnership principle was usually implemented via a body in which all relevant stakeholders were represented, usually in the form of a working group (e.g. Bulgaria, Finland, France, Slovakia). Examples include: the 'Advisory Board for Regional and Structural Policy' in Finland; the 'Stakeholder Engagement Group' in the United Kingdom (Scotland); an 'Inter-Fund working group' in France; and the 'Partnership for Cohesion Policy' in Finland. France also created a discussion body (*Instance Nationale de Préparation de l'Accord de partenariat, INPAP*), which brought together 70 national-level bodies in a consultative role. Portugal applied a so-called 'Quadruple Helix' approach, combining four types of actors: institutional bodies; research bodies; business; and citizens.

In most cases, there were additional **thematic sub-working groups** (Austria, Finland, France, Portugal, Slovakia, United Kingdom (Scotland)); there were as many as 15 so-called 'focus groups' in Austria. Finland had an additional working group dealing specifically with the Structural Funds part of ESIF, and responsible for preparing the single Finnish multi-Fund OP. In the United Kingdom (Scotland), specific working groups dealt with issues such as rural development, lessons learned from 2007-13 programmes, the simplification agenda, indicators and sustainable development. There was also a special 'Equalities Group', using TA funding to cover particular policy areas such as gender equality, third sector involvement and Roma inclusion. France organised 17 working group seminars on 'themes', 'territories' and 'tools' between March and May 2013, bringing together more than 600 participants.

The **use of public consultations** was mentioned in many PAs (Austria, Bulgaria, Estonia, France, Poland, Portugal, Slovakia, Spain). While some carried out one round (e.g. Estonia, Portugal), Austria and Spain had two rounds of consultation. In some cases, the **use of online tools** was highlighted (Austria, France, Poland, Spain, Slovakia).

The PA preparation process were usually **accompanied by a series of events**. Public events were organised, for instance, in Austria, Estonia, Poland and Portugal. Portugal held three public conferences, as did Austria, which organised three so-called 'STRAT.AT fora' in April 2012, November 2012 and June 2013. Estonia organised four seminars for the general public.

[41] CPR MANDATE for opening inter-institutional negotiations adopted by the Committee on Regional Development at its meeting on 11 July and 27 November 2012, see e.g. AMs 34-46.

Social media included a **Future Funds blog** in the United Kingdom (Scotland), which was used to update Structural Funds stakeholders, invite comments and encourage discussion.

In Portugal, the **Parliament held sessions specifically dedicated to the PA**.

Although some PAs do not provide any information on the approach to selecting partners (Austria, France, United Kingdom (Scotland)), others identify key criteria (Bulgaria, Estonia, Finland, Spain).

- **Legislative basis**: In Finland, partners were selected on the basis of legislation for regional development and Structural Funds activities, which sets out clear rules on the participation of partners in the preparation and implementation activities of the PA and the ESIF programmes.

- **Selection criteria**: Bulgaria applied a set of selection criteria for the representatives of partner organisations, including a public call to select NGOs. Competence in relevant ESIF themes was a key criterion (Estonia, Poland, Slovakia, Spain). Other criteria included aspects such as capacity (Slovakia, Spain) active participation and interest in the themes (Spain).

In compliance with Art. 15 of the CPR, all PAs include a summary of the types of partners involved, often as an Annex. **Partners that have been included in the lists fall into the following categories**:

- different levels of government (central level, regions/federal states/local level);
- relevant sectoral ministries;
- MAs, intermediate bodies and other organisations involved in the delivery of 2007-13 and 2014-20 programmes;
- socio-economic partners, e.g. trade unions and employers organisations;
- sectoral organisations and NGOs from a wide range of areas, such as social affairs, environment, education, science and culture; and
- experts, such as research institutes, think-tanks (Estonia) and consultancies (Austria).

Despite extensive inclusion of partners, the Finnish ex-ante evaluation of the PA notes that the regions were not included sufficiently, namely in the informal dialogue with the Commission.

Many **PAs make little or no reference to the main added value** of partnership in the preparation of the PA, especially in terms of identifying specific examples/instances of strategic choices that have been significantly influenced by partners (e.g. Austria, Finland, France, Spain).

Some PAs do identify the **input from partners that was valued and refer to amendments that resulted from partner comments** (e.g. Estonia, France, Poland, Slovakia, United Kingdom (Scotland)). Partner involvement influenced the strategic choices made in the process of planning interventions.

- **In Estonia**, the opinions of entrepreneurs and representatives of business organisations were taken into account when planning interventions.
- **In Poland**, CLLD proposals in the PA are largely a consequence of the results of a workshop attended by representatives of environmental NGOs (including LAGs and local fishery groups), Ministries and local government.
- **In Slovakia**, partners required the improvement of compliance of the PA with the Smart Specialisation Strategy, the inclusion of rural development in the analytical part, territorial concentration and integrated development strategies.

- **In the United Kingdom (Scotland)**, the strategic intervention proposals which form the basis of programming have been tested with regional partners, to ensure Scotland-wide interventions can reflect and respond to local and regional needs. Sustainable transport measures have also been incorporated specifically in recognition of their contribution towards the development of a low-carbon economy.
- **France** highlights that high partner interest in territorial approaches led to a particular attention on these approaches during the development of the PA.

Very few PAs identify weaknesses in partner involvement or make any recommendations for improvement. Slovakia noted that the lack of a domestic tradition of cooperation between actors at the local/regional level hampers an integrated approach. In Estonia, the involvement process has been evaluated positively, despite the demanding schedule. In Spain, recommendations for the future include an increased results-focus in meetings (and less administrative issues), wider option for partners to participate going beyond membership in Monitoring Committees and the inclusion of private sector actors.

4. THEMATIC CONCENTRATION

KEY FINDINGS

- **Greater thematic concentration on Europe 2020 objectives** is a key characteristic of the 2014-20 programme period. Each of the 5 ESI Funds can only **target a limited selection of defined Thematic Objectives.**
- **ERDF and ESF are subject to detailed ring-fencing requirements**, distinguishing between More Developed, Transition and Less Developed Regions.
- Thematic concentration requirements had a **major impact on funding allocations** in most Member States. There is a **significant increase in ERDF/CF allocations to TOs 1-4 (RTDI, ICT, SME Competitiveness and Low-Carbon Economy)**, while infrastructure investments are less prominent.
- Member States are **critical of the scope for balancing thematic concentration with flexibility** to support domestic priorities, especially with regard to the **very strict application of the principle by the Commission** during the negotiations.
- Programme managers **agree in principle with the need for special ring-fencing provisions** (sustainable urban development, ESF minimum share), but would like more flexibility.
- **Regional differentiation of ring-fencing rules is not felt to be useful**, as the regional categories are too rigid and do not reflect regional specificities.

4.1 Concentration of funding to support Europe 2020 objectives

A defining characteristic of Cohesion Policy in the 2014-20 period is greater thematic concentration on Europe 2020 objectives, building on the realignment of Cohesion Policy with the Lisbon agenda in the 2007-13 period. Specifically, the concept of 'thematic concentration' requires ESI Funds to focus support on a limited number of TOs and (in the case of the ESF) IPs to contribute to the Europe 2020 Strategy while at the same time taking account of the Treaty objectives of economic, social and territorial cohesion (see Table 4). The European Parliament had argued against the sectoralisation of the policy and its complete subordination to the Europe 2020 strategy.[42]

[42] CPR MANDATE for opening inter-institutional negotiations adopted by the Committee on Regional Development at its meetings on 11 July and 27 November 2012, see e.g. AMs 13, 47 and 132.

Table 4: Cohesion Policy themes and objectives, 2007-13 and 2014-20

2007-13 Priority Themes	2014-20 Thematic Objectives
1) Research and technological development, innovation and entrepreneurship 2) Information Society 3) Transport 4) Energy 5) Environmental protection and risk prevention 6) Increasing the adaptability of workers and firms, enterprises and entrepreneurs 7) Improving access to employment and sustainability 8) Improving the social inclusion of less-favoured persons 9) Improving human capital	1) Strengthening research, technological development and innovation 2) Enhancing access to, and use and quality of, information and communication technologies 3) Enhancing the competitiveness of SMEs, the agricultural sector (EAFRD) and the fishery and aquaculture sector (EMFF) 4) Supporting the shift towards a low-carbon economy in all sectors 5) Promoting climate change adaptation, risk prevention and management 6) Preserving and protecting the environment and promoting resource efficiency 7) Promoting sustainable transport and removing bottlenecks in key network infrastructures 8) Promoting sustainable and quality employment and supporting labour mobility 9) Promoting social inclusion, combating poverty and any discrimination 10) Investing in education, training and vocational training for skills and lifelong learning 11) Enhancing institutional capacity of public authorities and stakeholders and efficient public administration

Earmarking in 2007-13

The main tool for achieving concentration on the Lisbon agenda in 2007-13 was the earmarking obligation. This required a minimum share of funding to be allocated to Lisbon-related categories of expenditure in at least 60 per cent under the Convergence Objective and at least 75 per cent under the Regional Competitiveness and Employment (RCE) Objective for the EU as a whole. The targets were voluntary for the EU12.

The Lisbon priority themes and Lisbon earmarking categories were set out in Annex IV of General Regulation 1083/2006, while the full list (including non-Lisbon themes/categories) was set out in Annex II of the Implementing Regulation 1828/2006[43].

[43] Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development.

The list was more restrictive under the RCE Objective, for which 32 out of the total 86 categories of expenditure were classified as being Lisbon-compliant compared with 47 categories under the Convergence Objective. For both Objectives, the main ERDF-funded Lisbon priorities were R&TD/innovation and entrepreneurship, the information society, some energy priority categories (on different forms of renewable energy) and a single category under the environmental protection priority (clean urban transport) (Table 5) The three ESF priorities – access to employment and sustainability, social inclusion and human capital – were classified as being Lisbon compliant in their entirety under both Convergence and RCE Objectives. The more flexible list permitted under the Convergence Objective included all five categories within the information society priority and some categories within the priorities for energy (trans-European networks) and transport (railways, motorways, multi-modal transport, airports, ports and trans-European networks).

Table 5: Priority themes for Structural Funds support, 2007-13

Priority themes (earmarking)	Priority themes (not earmarked)
R&TD + innovation and entrepreneurship	Transport (RCE Objective)
Information society	Environmental protection and risk prevention (except for clean urban transport)
Transport (partly, Convergence only)	Tourism
Energy (partly)	Culture
Access to employment and sustainability	Urban and rural regeneration
Social inclusion	Social infrastructure
Human capital	Social partnership mobilisation
	Institutional capacity
	Outermost regions

Source: Commission Regulation (EC) No 1828/2006 of 8 December 2006.

Some Member States negotiated national exceptions with the Commission (Cyprus, France, Greece, Portugal and Spain). In these countries (see Table 6), additional priority theme codes were earmarked as Lisbon-relevant.

Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, OJEU L 371, p. 1.

Table 6: Additional earmarked categories agreed in specific Member States

Member State	Sub-themes	Code	Category
Cyprus	Culture & Social	75	Education infrastructure
	Environment	50	Rehabilitation of industrial sites and contaminated land
France	Broadband	10	Telephone infrastructures (incl. broadband networks)
Greece	Culture & Social	75	Education infrastructure
Portugal	Culture & Social	75	Education infrastructure
	Environment	44	Management of household and industrial waste
	Environment	45	Management and distribution of water (drink water)
	Environment	46	Water treatment (waste water)
	Environment	53	Risk prevention (...)
	Territorial Dimension	61	Integrated projects for urban and rural regeneration
Spain	Culture & Social	77	Childcare infrastructure
	Environment	45	Management and distribution of water (drink water)
	Environment	46	Water treatment (waste water)

Source: Annex 'Analysis of data on priority themes in line with Lisbon Earmarking' to the Commission's Strategic Report, European Commission (2010a).

Ring-fencing in 2014-20

The key mechanism for ensuring thematic concentration in 2014-20 is **ring-fencing of expenditure on four TOs**: Research & Innovation; SME competitiveness; social inclusion; and low-carbon economy. Different thresholds are proposed for different categories of regions, allowing more flexibility in the LDR category (see Table 7). The European Parliament has taken the view that flexibility is needed in applying thematic concentration, including the possibility of funding a broader range of objectives and priorities in LDR.[44] There is also a different approach for the ESF, which aims to concentrate funding at the level of IPs rather than TOs.

- Between 50-80 per cent of the ERDF must be concentrated on RTDI (TO 1), SME Competitiveness (TO 3) and Low-Carbon Economy (TO 4), with a sliding scale that allows for lower concentration in LDRs (50 per cent) and Transition Regions (TRs) (60 per cent) compared to MDRs (80 per cent);

[44] Compared to the initial Commission proposal, more flexibility was introduced in response to the European Parliament. See CPR, ERDF, ETC, Cohesion Fund MANDATES for opening inter-institutional negotiations adopted by the Committee on Regional Development at its meeting on 11 July 2012, see e.g. CPR mandate AM 13, ERDF mandate AMs 13-20, ETC mandate AM 32.

- Within these overall limits, further minimum thresholds have been specified for the Low-Carbon Economy Objective: 12 per cent for LDRs, 15 per cent for TRs and 20 per cent for MDRs;
- By contrast, for the ESF at least 60-80 per cent of the Fund's allocation per programme should concentrate on up to four IPs within the three TOs: Employment (TO 8), Social Inclusion (TO 9) and Education, Skills, and Learning (TO 10). Again, there is a sliding scale providing more flexibility to LDR and TR.

At the same time, CF funding is limited to four TOs (4, 5, 6 and 7)[45] in the 15 eligible Member States, including Bulgaria, Estonia, Poland, Portugal and Slovakia from the sample of Member States used for this study. EAFRD funding can be allocated to all TOs but TO 7 and TO 11,[46] while EMFF funding is limited to TOs 3, 4, 6 and 8.

Table 7: ERDF and ESF ring-fencing requirements for 2014-20

	Spending requirements by category of region		
TO	**LDR**	**TR**	**MDR**
1) Innovation	At least 50 per cent of ERDF must be spent on these 4 TOs	At least 60 per cent of ERDF Fund must be spent on these 4 TOs	At least 80 per cent of ERDF must be spent on these 4 TOs
2) ICT			
3) SME Competitiveness			
4) Low-Carbon Economy	At least 12 per cent of ERDF must be spent on TO 4	At least 15 per cent ERDF must be spent on TO 4	At least 20 per cent of ERDF must be spent on TO 4
5) Climate Change Adaptation and Risk Prevention	No minimum spend		
6) Environmental Protection & resource efficiency	No minimum spend		
7) Sustainable Transport and Network Infrastructure	No minimum spend		
8) Employment	At least 60 per cent of ESF per programme on up to 4 IPs within these 3 TOs	At least 70 per cent of ESF per programme on up to 4 IPs within these 3 TOs.	At least 80 per cent of ESF per programme on up to 4 IPs within these 3 TOs.
9) Social Inclusion (at least 20 per cent of ESF must be dedicated to this TO, but ERDF expenditure might count towards this total)			
10) Education, Skills & Lifelong Learning			
11) Institutional capacity	No minimum spend		

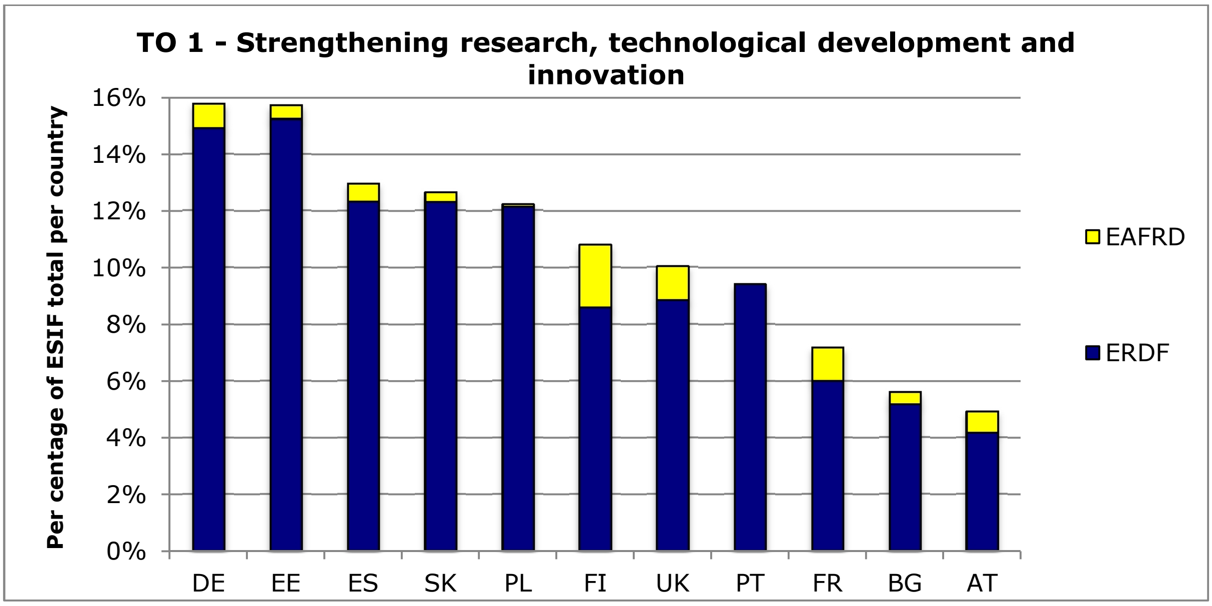
[45] Article 4 of Council Regulation (EU) No 1300/2013 of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006.

[46] Article 5 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Source: Own elaboration.

Figures 6 to 16 show the weight that has been given by each of the case study Member States to each TO. They also show the contribution of each Fund to the selected TOs.

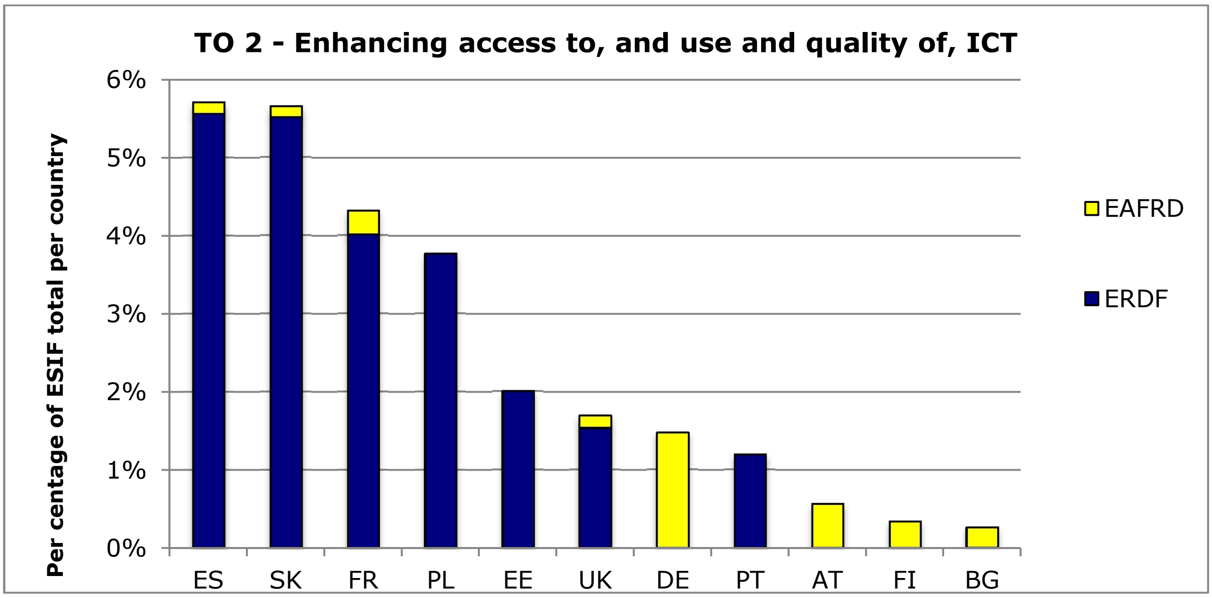
Figure 6: Allocation to TO 1



Source: European Commission and EPRC calculation.

Funding to TOs 1 and 2 is provided exclusively by ERDF and EAFRD. The highest percentages of funding for TO 1 Research and Innovation are in Germany and Estonia, and the lowest in Austria and Bulgaria (Figure 6). The highest percentages of funding for TO 2 ICT are in Spain and Slovakia, and the lowest in Bulgaria and Finland. While TO 2 is funded only by ERDF in Poland, Estonia and Portugal, the EAFRD is the only Fund to support ICT in Germany, Austria, Finland and Bulgaria (Figure 7).

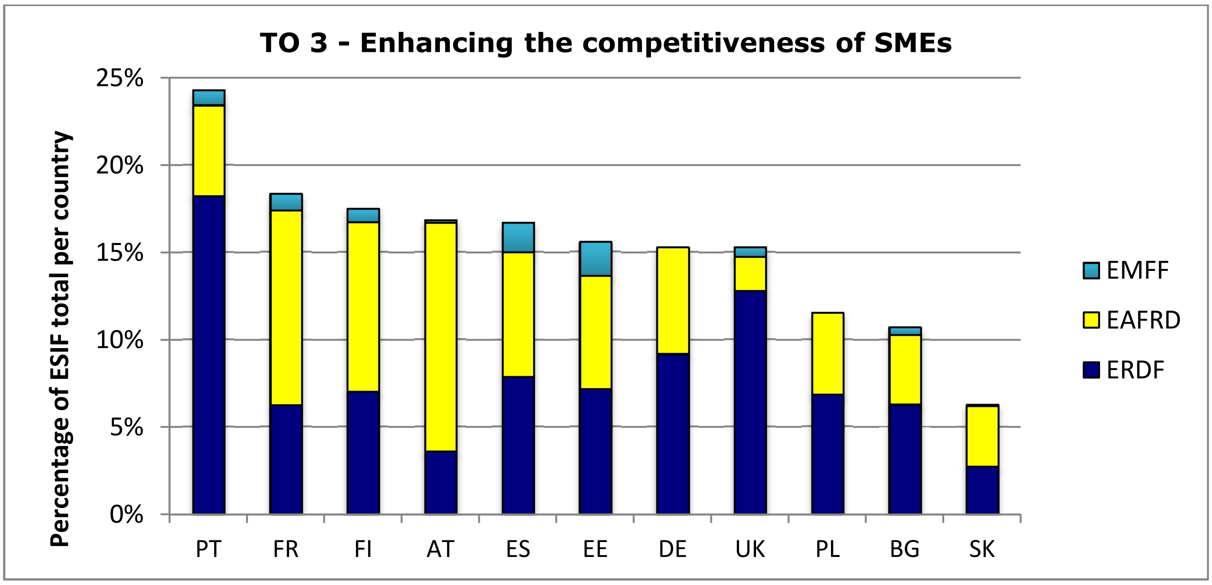
Figure 7: Allocation to TO 2



Source: European Commission and EPRC calculation.

Looking at TO 3 SME Competitiveness, the highest percentages of funding are in Portugal and France, and the lowest in Slovakia and Bulgaria. Funding comes from three Funds (ERDF, EAFRD and EMFF) (Figure 8).

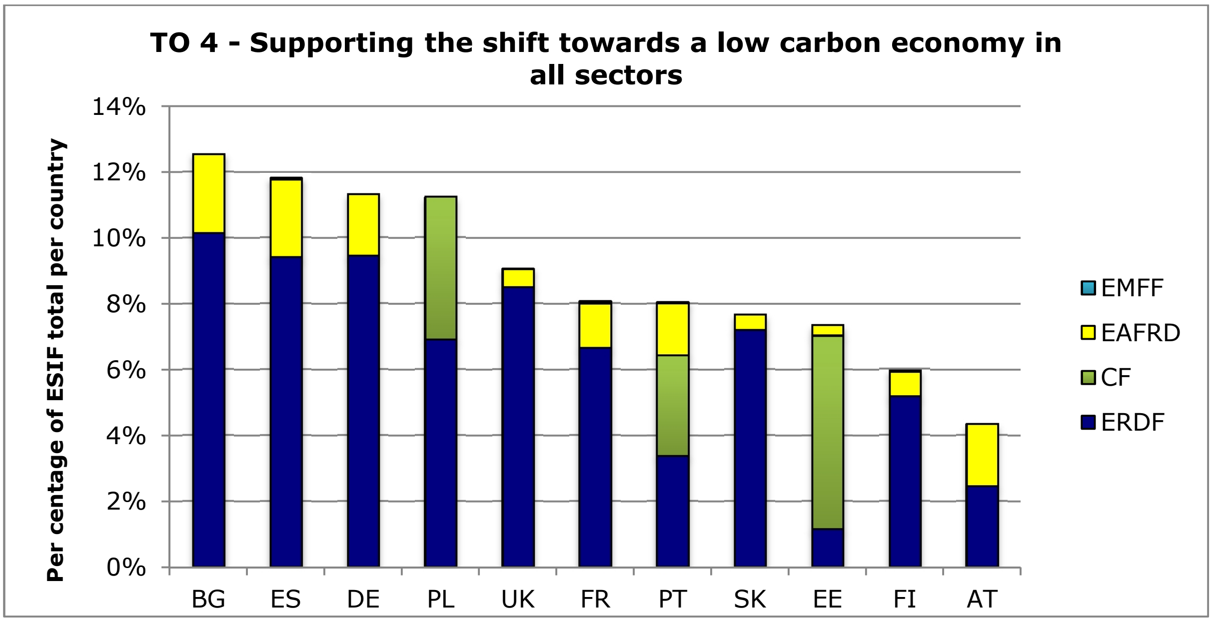
Figure 8: Allocation to TO 3



Source: European Commission and EPRC calculation.

The same Funds are supporting TO 4 Low-Carbon Economy, with the addition of the CF in the eligible countries (Poland, Portugal, Estonia). The highest shares of funding allocated to low-carbon measures can be seen in Bulgaria and Spain, and the lowest in Austria and Finland (Figure 9).

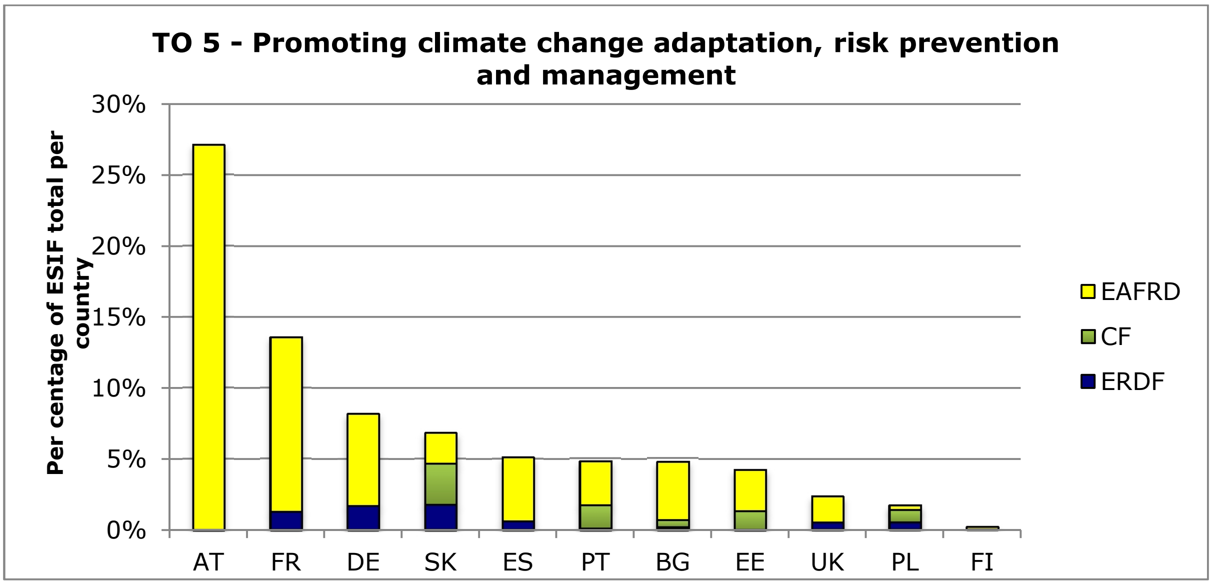
Figure 9: Allocation to TO 4



Source: European Commission and EPRC calculation.

Funding for TO 5 Climate Change Adaptation comes mostly from EAFRD, with the addition of ERDF and CF, where eligible. With about 27 percent, Austria has by far the highest allocation of the Member State sample, while Finland allocated very little funding (Figure 10).

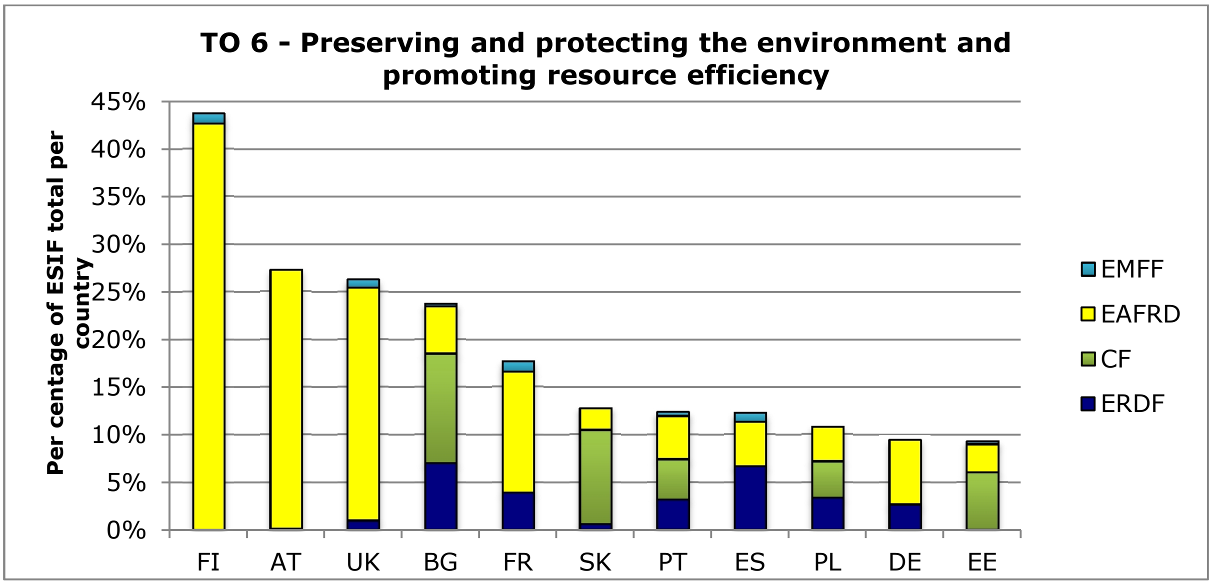
Figure 10: Allocation to TO 5



Source: European Commission and EPRC calculation.

The EAFRD is also the most important Fund for TO 6 Environment and Resource Efficiency, although also ERDF, CF and, to a lesser extent, EMFF play an important role in some countries. Finland allocated the highest share to TO 6, while the lowest shares can be observed in Estonia and Germany (Figure 11).

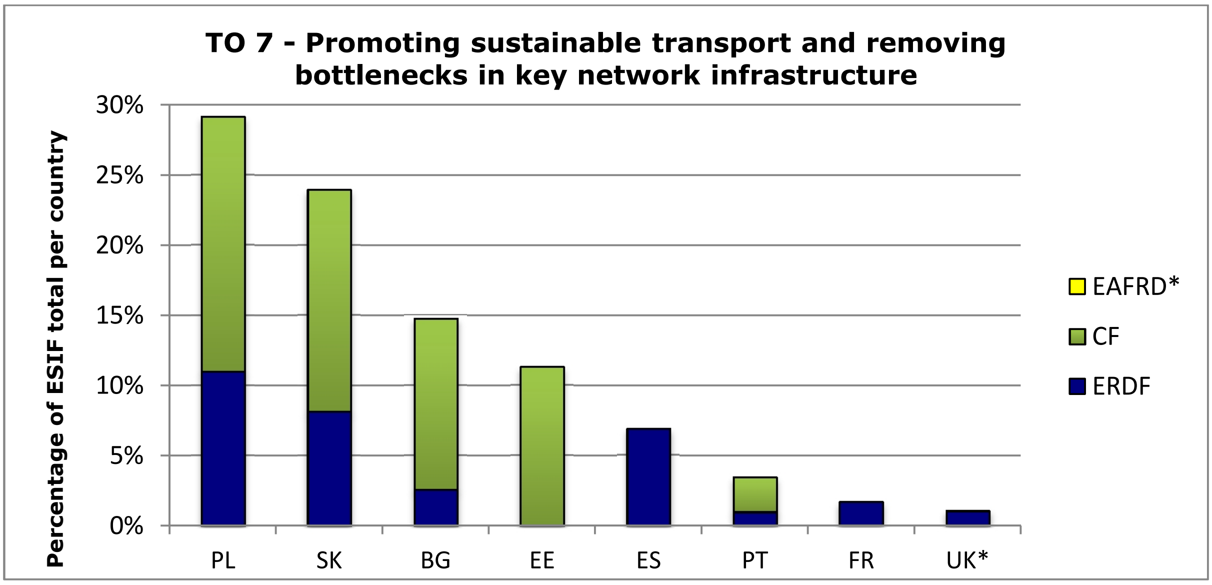
Figure 11: Allocation to TO 6



Source: European Commission and EPRC calculation.

TO 7 Sustainable Transport is supported by ERDF and CF, with additional minor support from the EAFRD in the United Kingdom. The highest percentages of funding are allocated to TO 7 in Poland and Slovakia, and the lowest in the United Kingdom and France (Figure 12). TO 7 is not targeted in Austria, Finland and Germany.

Figure 12: Allocation to TO 7

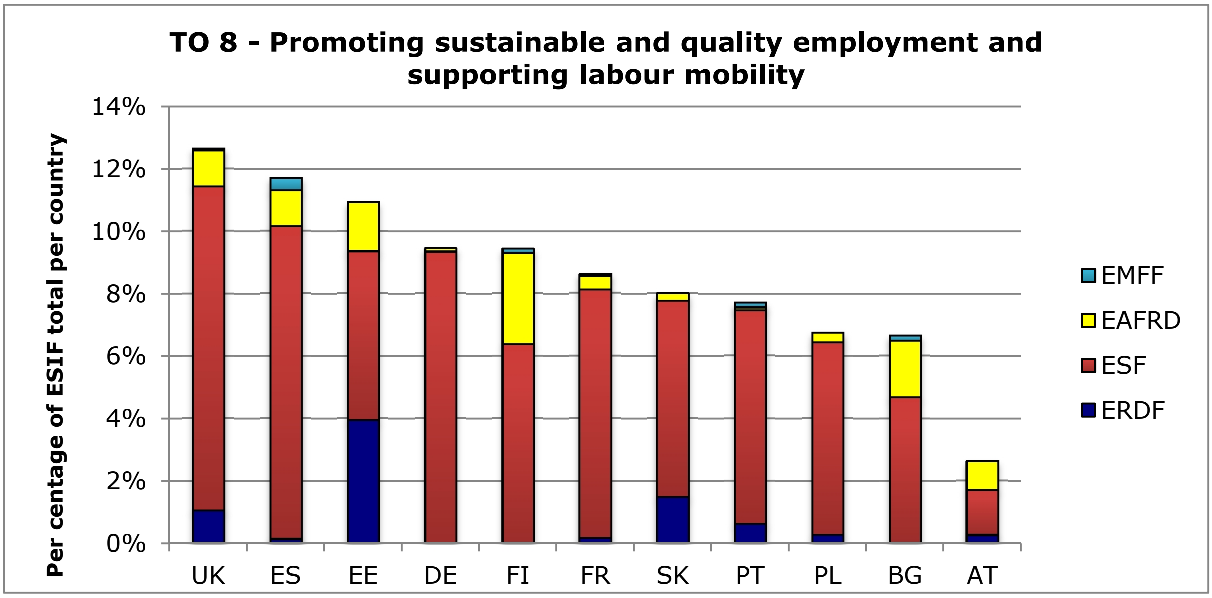


Note: * The share of EAFRD funding targeting TO 7 of all ESI funding in the United Kingdom is very low (0.01 per cent or €2.2 million) and therefore not visible.

Source: European Commission and EPRC calculation.

TOs 8 to 11 are the only TOs supported by the ESF. Funding for TO Employment and Labour Mobility comes from all ESI Funds except CF. The ESF is by far the most important Fund for TO 8, which receives the highest allocations in the United Kingdom and Spain. At the other end of the scale is Austria with the lowest allocation.

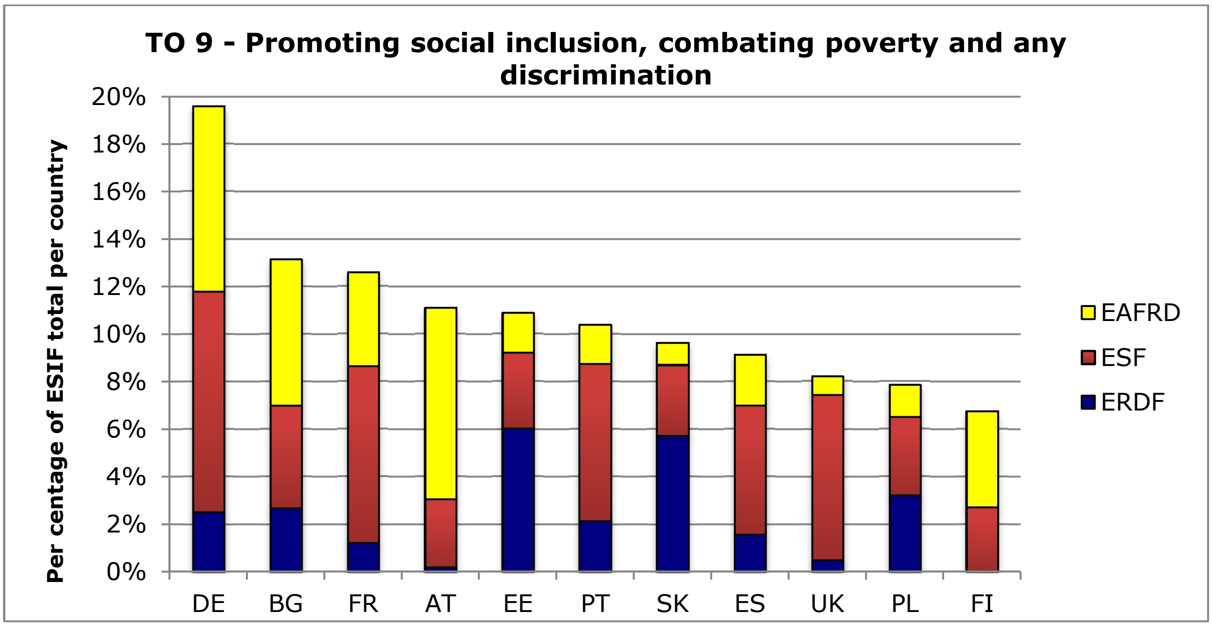
Figure 13: Allocation to TO 8



Source: European Commission and EPRC calculation.

TO 9 Social Inclusion and Poverty can receive support from three Funds (ERDF, ESF and EAFRD). The highest shares of funding can be observed in Germany, and the lowest shares are in Finland and Poland.

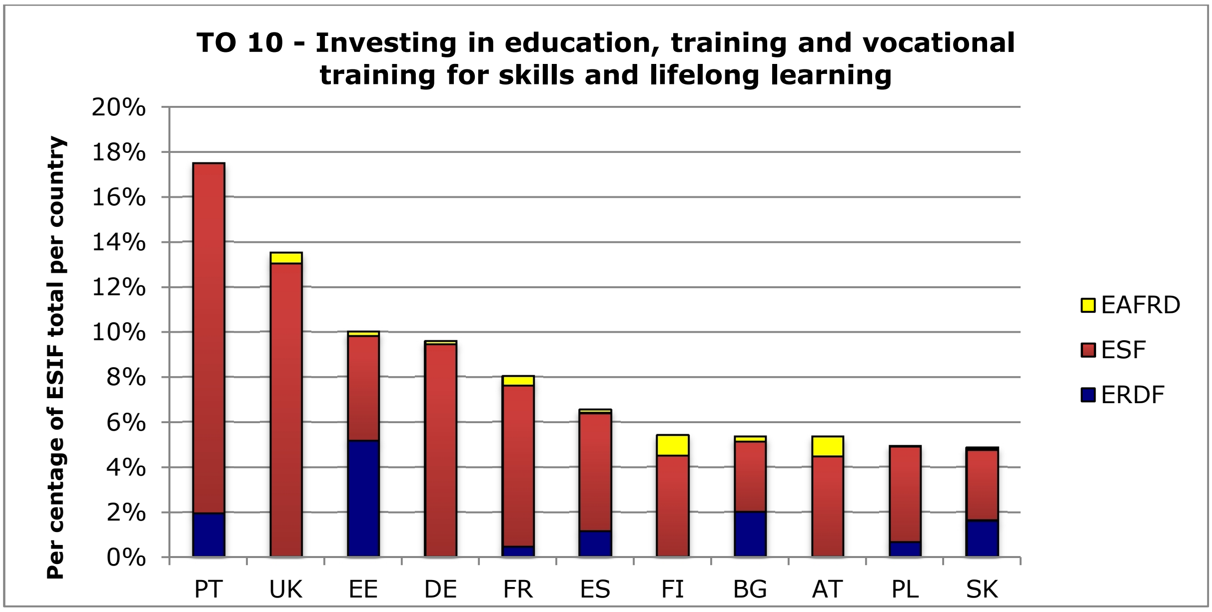
Figure 14: Allocation to TO 9



Source: European Commission and EPRC calculation.

TO 10 Education is mostly funded by the ESF. ERDF and EAFRD support play minor roles in most Member States. The share of funding for TO 10 is highest in Portugal and the United Kingdom, and the lowest in Slovakia and Poland.

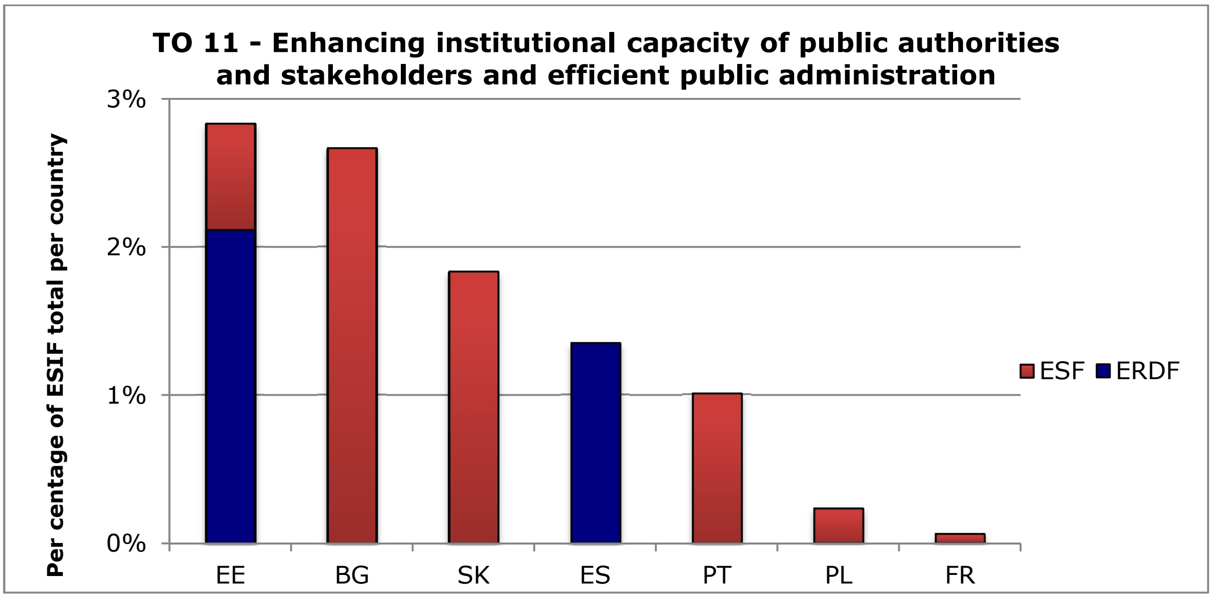
Figure 15: Allocation to TO 10



Source: European Commission and EPRC calculation.

Lastly, TO 11 Institutional Capacity can be supported by ESF and/or ERDF. Shares of funding are generally low, but are close to three per cent in Estonia and Bulgaria. No funding is allocated to TO 11 in Austria, Germany, Finland and the United Kingdom.

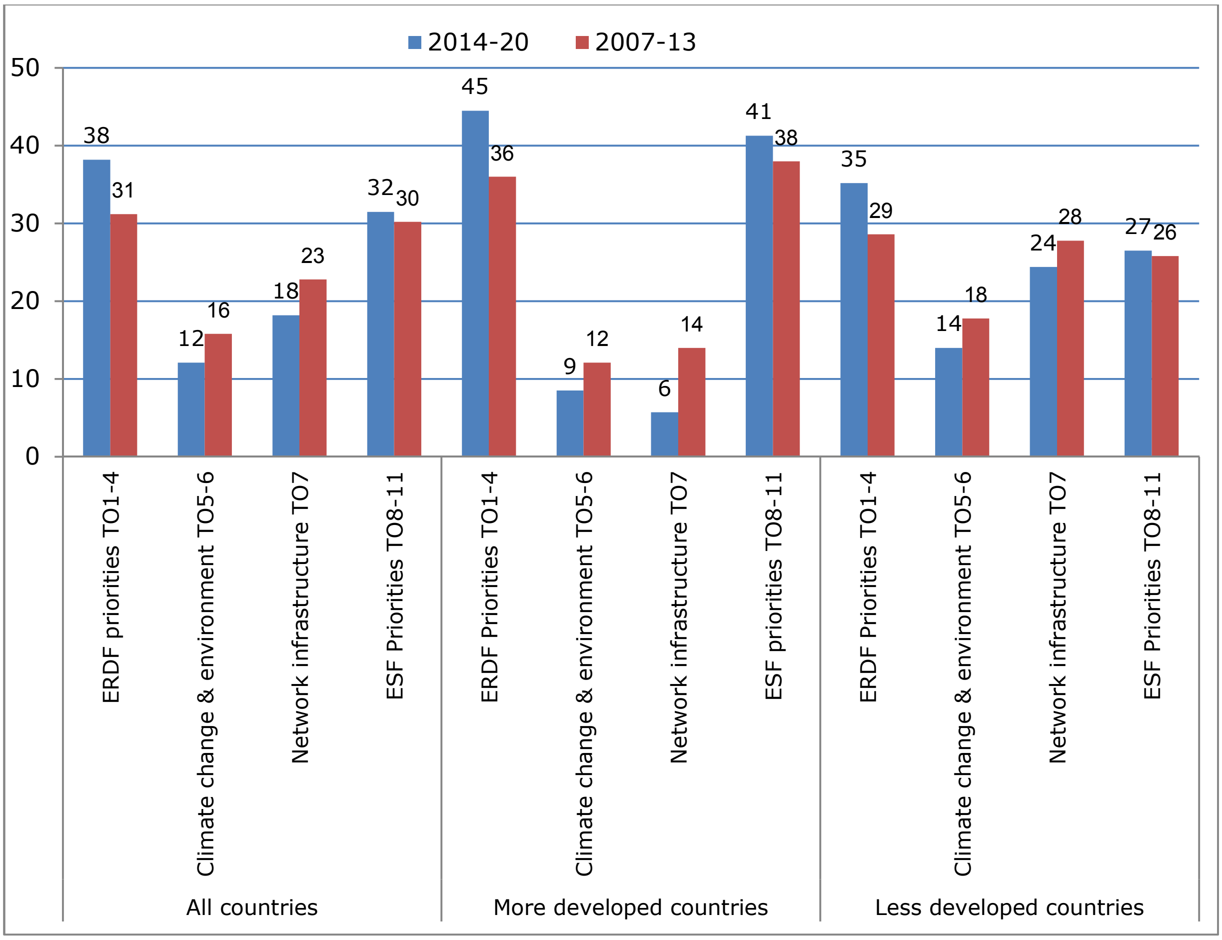
Figure 16: Allocation to TO 11



Source: European Commission and EPRC calculation.

A comparison of thematic shifts in funding from 2007-13 to 2014-20 in the 6th Cohesion Report shows a **significant increase in ERDF/CF allocations to TOs 1-4** - R&D and innovation, ICT, SMEs and a low-carbon economy - which collectively will see an increase of seven percentage points to 38 per cent of total funding in 2014-20. Support for the ESF themes employment, social inclusion and education and training will see a marginal increase (of two percentage points to 32 per cent of allocations). These increases are accompanied by reductions in infrastructure spending on environmental protection, transport and energy. The shifts are common to both less developed and more developed Member States, but more pronounced in the latter.

Figure 17: Allocations by TO by groups of Member States, 2007-13 and 2014-20 (% of total)



Note: based on final and draft PAs as of 1 June 2014.
Source: EPRC, data from 6th Cohesion Report.

4.2 Member State experiences with thematic concentration

4.2.1 Selection of Thematic Objectives

The main development needs and potentials identified in the PAs are framed with respect to Europe 2020 strategies and governance processes, often including specific references to CSRs, the distance to Europe 2020 headline targets and NRPs. However, in some cases there are only limited references to the NRPs in the analysis of needs (Slovakia). The French PA references to the NRP and CSRs focus exclusively on ESF-related areas (education, youth employment, ongoing training, access to jobs for ageing and vulnerable groups).

The CSF features less prominently in the PA analyses of needs. In most cases, there are no direct references to the CSF. Nevertheless, the global challenges identified in the CSF (e.g. globalisation, demographic change, climate change, economic crisis) are addressed in all of the PAs examined.

The TOs identified in the PAs are, by definition, aligned with Europe 2020 objectives, given that they were derived from the Europe 2020 strategy. **The justifications and descriptions of selected TOs in the PAs draw on a range of sources** including analysis of domestic needs, existing domestic strategies and instruments, and various EU strategies and regulatory requirements.

For instance, the PAs for Poland and Spain justify the selection of TOs based on their contribution to the CSRs, the relationship between the TOs and the NRPs, distance to the Europe 2020 targets, the Commission's position paper recommendations, the SWOT analysis for each TO and the thematic concentration requirements. There are, however, variations across the PAs in the linkages made with EU flagship initiatives, headline targets and CSRs.

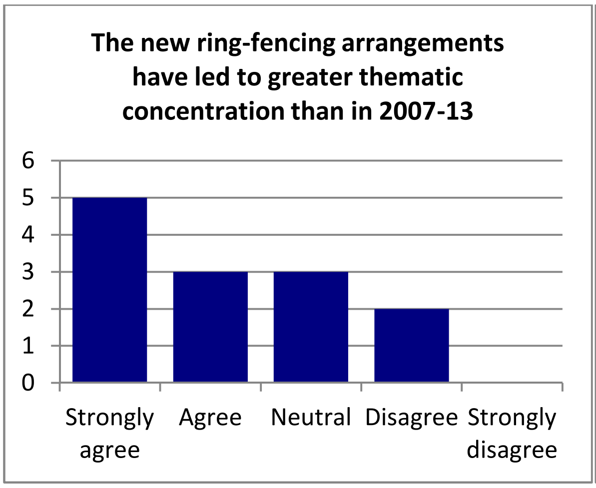
- **Flagship initiatives**: In most cases, only 2-4 (out of 7) flagship initiatives are referred to, mainly the Innovation Union, Digital Union, Youth on the Move and Resource Efficient Europe flagship initiatives (e.g. Austria, Estonia, France, Spain, United Kingdom).
- **Headline targets**: The Europe 2020 headline targets are identified in all PAs examined. Although the United Kingdom PA identifies all the headline targets, it also states that the government has not signed up to several targets, including those relating to the employment rate, R&D expenditure levels, early school leavers and those engaging in tertiary education.
- **CSRs**: As with the headline targets, the treatment of CSRs varies - prominent in the justification of each TO in some cases (Estonia, Poland) and absent from others (Austria, France). For example, while the CSRs are not individually listed under each of Spain's TOs, all of the CSRs are specified in a specific subsection of the PA including links to the relevant TOs.

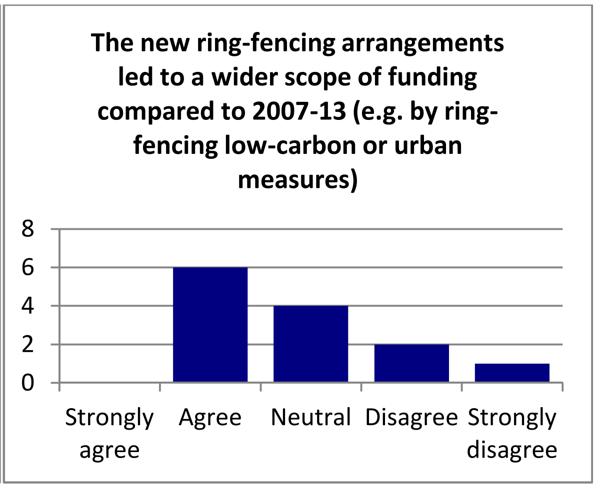
The PAs are required to provide a summary of the expected results. In most PAs, the selected targets are derived from Europe 2020 headline targets and relevant flagship initiatives are highlighted, although the links are not explicitly identified in all PAs (e.g. Austria, United Kingdom).

4.2.2 Ring-fencing requirements

Most Member States consider that the **ring-fencing arrangements have led to significantly greater thematic concentration** in 2014-20 compared to the previous period (e.g. Bulgaria, Finland, Germany, Poland, Spain) (see Figure 18).

Figure 18 and Figure 19: Impact of ring-fencing





Source: Interviews with Member State authorities.

Spending on infrastructure support will fall significantly in most Member States. In Finland, Germany and Spain there will not be any significant infrastructure investments in MDR regions. This includes transport as well as certain environmental investments. According to Germany and Spain, this is in large measure due to the Commission's position during the negotiations rather than the ring-fencing arrangements (which provided some flexibility to support infrastructure).

An **increased thematic concentration can also be observed in less-developed Member States**, e.g. in Poland and Bulgaria. Bulgaria would have appreciated more flexibility to allocate funding freely.

However, **for some countries the ring-fencing arrangements were not considered to have had a major impact on thematic choices**. This includes Member States dominated by MDR, where thematic concentration was already high in 2007-13, e.g. through Lisbon-earmarking (Austria, France, United Kingdom etc.), but also Member States with more LDR (e.g. Portugal, Slovakia). On the one hand, these countries were not affected as strongly by concentration requirements, but on the other hand they also consider that they already had a high level of concentration on issues relevant to Europe 2020, such as competitiveness or employment. For Slovakia, the range of possible interventions is still considered to be broad.

The United Kingdom adopted a **'bottom-up' approach to thematic concentration**. In England, the Local Economic Partnerships (LEPs) were asked to indicate the relevant TOs, bearing in mind that 80 per cent should be focused on a limited number. However, LEPs have selected from all TOs. As a result, thematic concentration overall in the United Kingdom is at a level broadly similar to Lisbon earmarking (around 75 per cent) which is not as much as anticipated.

The ring-fencing arrangements have **also led to a wider thematic scope of funding in some cases** compared to 2007-13 (see Figure 19), e.g. where themes become ring-fenced that had not yet been prioritised to the same extent. This is the case for the low-carbon economy objective, which will receive a higher share of funding than 2007-13 in a number Member States (Austria, Germany, United Kingdom). Funding for sustainable urban development is also greater in Slovakia and Poland in 2014-20, and is viewed positively in both cases.

4.2.3 Balance between thematic concentration and domestic priorities

Member States are **critical of the scope for balancing thematic concentration with flexibility to support domestic priorities** (e.g. Austria, Finland, Germany, Portugal, Spain, United Kingdom) (see Figure 20).

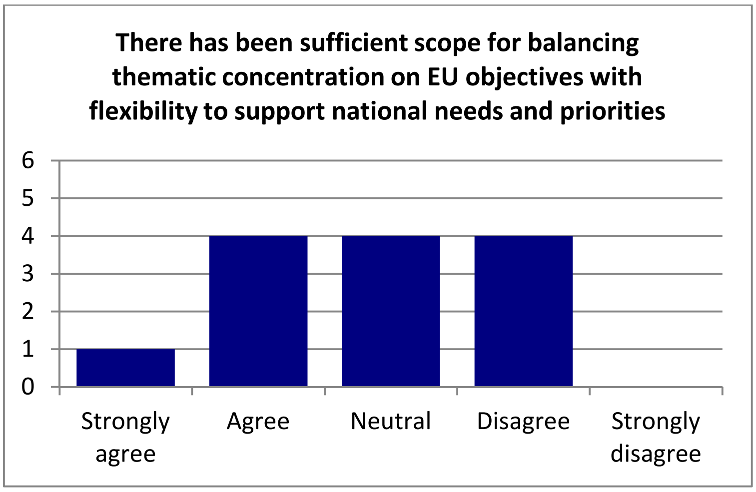
Among the reasons mentioned by interviewees are the followings:

- **The range of themes under European TOs is too restrictive** (Austria, Finland, Poland). Austria lacks sufficient scope to implement innovative measures in the broader Austrian understanding of the term 'innovation'. Interviewees consider that there is no flexibility for experimental approaches;

- **Inconsistency between EU regional categories and domestic geographies** (Poland, United Kingdom). It is regarded as challenging to map regional categorisation onto domestic administrative and socio-economic contexts. In the United Kingdom, an area such as the West Midlands combines both MDR and TR. In this fragmented context, it is difficult to target investment, e.g. by implementing ESF projects to improve labour market conditions where much of the population may move across the boundaries of different MDR and TR. Also, there is a lack of administrative units at the regional (NUTS2) level, where the former Regional Development Agencies (RDAs) had an important role in managing the programmes. In Poland, this concerns the capital city region (see Box 2, p. 61);

- **Inflexible stance of the Commission.** Although interviewees agreed with the need for thematic concentration (e.g. Finland, Germany), not least due to the fact that these meet domestic priorities (France, Slovakia), there was criticism of the very strict application of the principle by the Commission during the negotiations leaving little flexibility to support all national and regional priorities (Germany, Poland, Portugal, Spain). For instance, programme managers would have appreciated full flexibility in using the non-ring-fenced shares of funding for TOs of their choice (Germany, Spain). Instead, the Commission did not allow any allocation to TO 7 on transport. Yet, Germany pointed out that infrastructure investment in more developed Member States can be an important element of regional competitiveness strategies.

Figure 20: Scope for balancing concentration and national needs



Source: Interviews with Member State authorities.

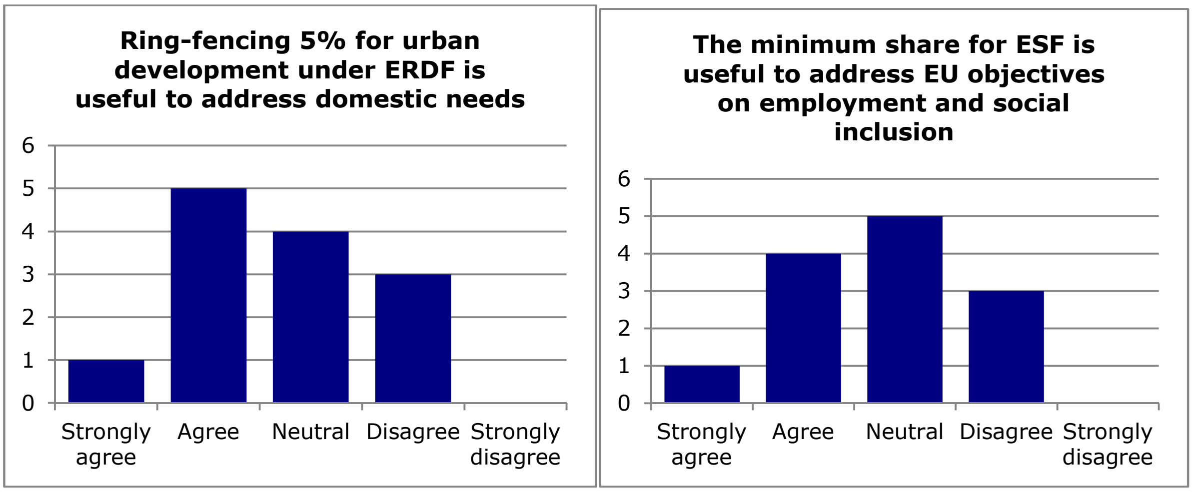
4.2.4 Special ring-fencing provisions

Thematic concentration requirements include a series of specific ring-fencing requirements with regard to urban development and the funding allocated to the ESF. Also, the regulations differentiate between different regional categories of eligibility.

Five per cent for urban development

The provision to ring-fence five per cent of allocations for integrated actions for sustainable urban development under ERDF has received a mixed reaction among Member States (see Figure 21). On balance, slightly more respondents were critical than were positive.

Figure 21 and Figure 22: Minimum shares for urban development and ESF



Source: Interviews with Member State authorities.

Some countries consider that the provisions are **useful in addressing domestic needs, at least in principle** (Austria, Bulgaria, Estonia, Finland, France, Poland, Portugal) for the following reasons:

- **Substantial need for public sector interventions**, whether in urban or rural areas (Estonia);
- **Good fit with the domestic development aims** of supporting urban centres (France, Poland). France goes beyond the requirements of a minimum of five per cent and targets ten per cent on deprived urban areas across all programmes;
- **Positive experiences in the past** (Finland, Spain). Finland included urban measures in ERDF OPs as well as in the ESF OP in 2007-13, when these represented c. five per cent of the total funding. In the West and South Finland ERDF Ops, urban issues were implemented via a separate Priority, while these were implemented in the East and North Finland OPs via the cities' own integrated development plans. In Spain, the integrated urban actions supported in 2007-13, which mainstreamed the 2000-06 Urban Community Initiative following its discontinuation, will be maintained and expanded in 2014-20.

On the other hand, Germany, Slovakia and the United Kingdom are **sceptical about the added value of sustainable urban development requirements:**

- For the United Kingdom, the activities covered under this heading in Cohesion Policy are quite limited compared to what is being done domestically in the area of sustainable urban development;

- Slovakia in turn feels that the requirement is better suited for other Member States, as the country only has one larger agglomeration – the capital Bratislava – and a limited number of suitable regional centres. Also, urban areas are expected to address global issues such as climate change. This is challenging considering the rather limited capacity in many cases, especially outside the capital region;

- Germany questions the usefulness of any ring-fencing if the administrative requirements for implementation are so complex that there is a lack of interest in the funding. Interview responses highlighted a concern that absorption of the five per cent for urban development is less certain than other investment areas. Germany also did not feel that communication with the Commission about the requirements were clear and unambiguous during the programming process.

There are also concerns about local-level capacities to absorb and administer the funding for sustainable urban development (e.g. Bulgaria).

Minimum shares for ESF

The provision for a minimum share of ESF funding is regarded critically (Figure 22). **Most Member States do not consider that the introduction of a minimum share for ESF is useful** (Estonia, Germany, Poland, Slovakia, United Kingdom) or had practical consequences (Portugal, Spain), e.g. in Portugal a significant increase in the ESF share was already prevalent in 2007-13.

- **Domestic needs and internal development challenges should be taken into account instead of fixing an arbitrary minimum share** (Germany, Poland). For Germany, the application of a quota depending of the category of region is not considered to be useful - the share should rather be contingent on the actual need. In the Polish case, the increased share for the ESF has led to significant spending on TA in regional OPs.
- **The balance between ESF and ERDF needs to be flexible to create employment** (Estonia, United Kingdom). For Estonia, it is possible to create and sustain employment with ERDF and depending on the challenges of the Member State, it may be more effective. Any loss of flexibility between ERDF and ESF means that the Member State has less scope of action to react to specific needs of the economy and the labour market. The United Kingdom sees a danger that an increased focus on ESF rather than ERDF creates highly qualified but unemployed workers (United Kingdom).
- **There is insufficient focus under the ESF**, as it still covers a too wide range of themes (Slovakia).

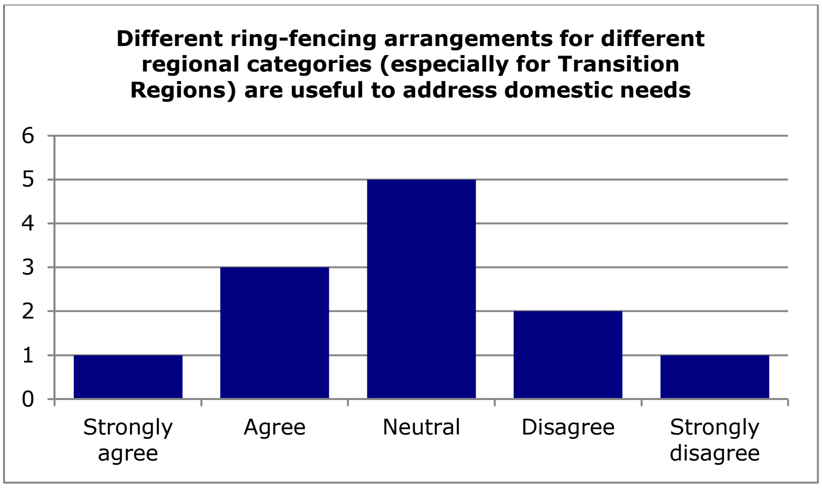
However, **other countries find the share for ESF to be appropriate** (Bulgaria, Finland, France). In the French Nord-Pas-de-Calais region the greater weight for ESF is seen positively, since employment and training are important parts of their multi-Fund programme. Moreover, in Finland many regions would still have preferred a lower share of ESF.

Regional differentiation in ring-fencing

The 2014-20 period has seen the introduction of a new categorisation of regions – notably, a **new intermediate Transition Region category**– with differentiation in ring-fencing requirements. The original Commission proposal grouped the MDR and TR together, this differentiation was called for by the European Parliament for TRs.

There is **limited support for the regulatory provisions for different ring-fencing arrangements for different regional categories** (Figure 23). A few countries consider them useful (e.g. Germany, Spain). For instance, the Balearic Islands are an MDR but, because of its economic structure, the region does not have the same RTDI or ICT absorption capacity as other Spanish regions, such as Navarra or País Vasco, in the same MDR category.

Figure 23: Different ring-fencing arrangements for different regional categories



Source: Interviews with Member State authorities.

However, most Member States are ambivalent to the different ring-fencing rules and a number of countries do not consider the new TR to be useful (Poland, Portugal, United Kingdom).

- **It is difficult to have a national approach and maintain strategic coherence domestically**, with different ring-fencing arrangements for different regional categories (Portugal, United Kingdom). This refers in particular to TR, which have diverse geographies and socio-economic characteristics (e.g. Highlands & Islands and Liverpool).
- Similarly, **different ring-fencing requirements make it difficult to address domestic needs** (Poland). In the national Polish OPs there is no separate Priority axis for TR only – the Priority axes combine LDR and TR, but there are separate financial envelopes within each Priority axis. The breakdown by categories of regions in terms of financial tables and indicators in OPs does not contribute to simplification of the system.

A more fundamental issue is the **timing and substantial impact of regional designation** (Spain). The data used are outdated, using 2007-09 data in the 2013 budget agreement (although this was the latest available data for regional GDP at the time of the agreement), and led to some radical shifts in eligibility; Galicia, for instance, moved from Convergence (LDR) in 2007-13 to MDR in 2014-20 without going through the TR category.

5. IMPLEMENTATION FRAMEWORK

KEY FINDINGS

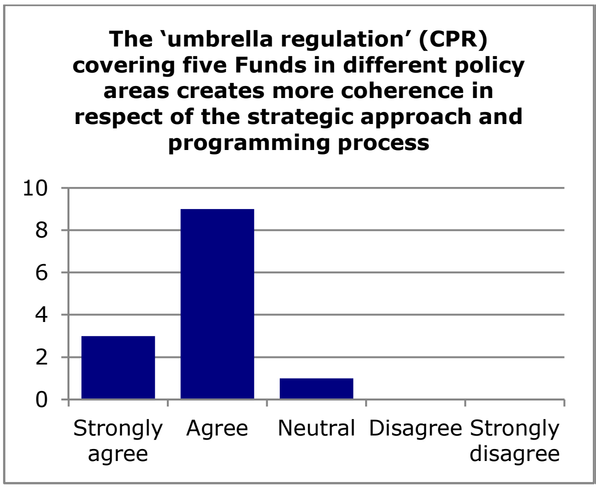
- The **Common Provisions ('umbrella') Regulation covers five Funds** and aims at more coherence. **It has been welcomed by Member States**, as it is expected to bring better coherence and coordination among ESI Funds. Yet, **the umbrella regulation does not go far enough** and Fund-specific regulations (especially for EAFRD) remain.
- The Common Provisions Regulation's **contribution to simplification is limited**. Increased coherence and better coordination appear to **come at the price of additional complexity**.
- Changes in the programme architecture are likely to facilitate **institutional coordination across Funds**. **Multi-Fund OPs have been a welcome option** in most Member States. **Integrated Priority axes have been adopted in many Member States**. The option of using different IPs in the same Priority axis was useful, **especially in the context of urban development**.
- **Integrated territorial approaches are potentially useful instruments** to ensure strategic coherence at the local/regional level.
- Programme managers are **mostly confident about their administrative capacities**, but there remain **concerns about capacities at the regional/local level**. **Capacity building is particularly important** in EU12 Member States.
- Although the Commission's role in supporting the objectives of strategic coherence is regarded positively, the **continued sectoral approach at EU level** (different DGs) **and in domestic policy** is seen critically.
- There is widespread **criticism of the consistency and coherence of positions and advice** across different Commission DGs or by different desk officers.

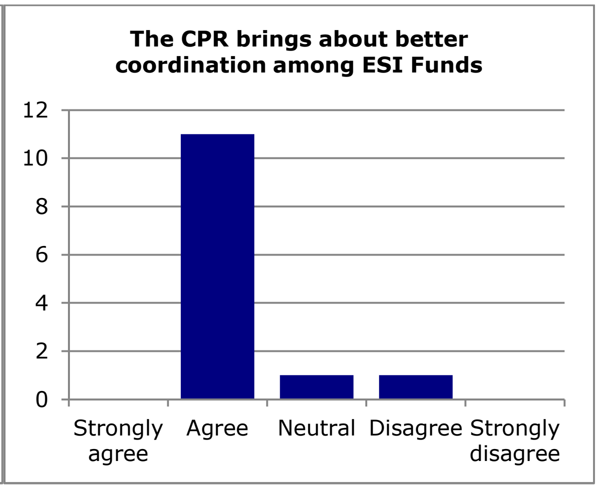
A regulatory innovation for 2014-20 is the use of an **umbrella CPR covering five Funds in different policy areas**. The aims are to create more coherence in the strategic approach and programming process, improve coordination across ESI Funds and contribute to the simplification agenda. In addition, strategic coherence will be facilitated by the possibility to design multi-Fund OPs (combining ERDF, ESF and CF), contrasting with the requirement for mono-Fund programmes in 2007-13. As in the previous period, cross-financing between ERDF and ESF will be permitted, at a level of ten per cent of a Priority axis.

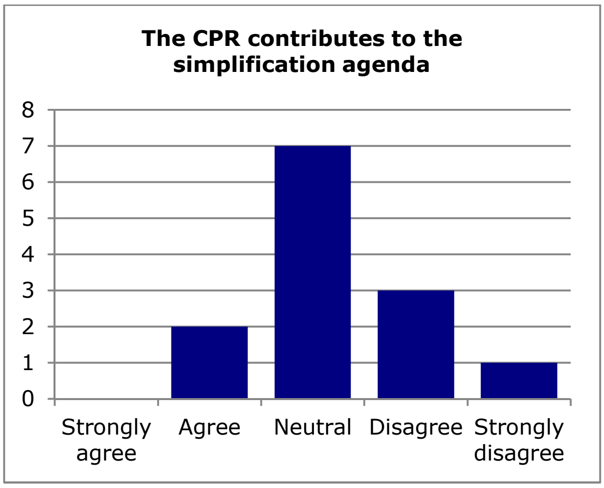
5.1 Common Provisions Regulation

The introduction of CPR for all ESI Funds is viewed positively by Member States, especially with regard to its aims of supporting **better coherence, coordination among ESI Funds** (Figures 24 and 25). However, the **role of the CPR in simplifying Cohesion Policy is seen rather negatively** (Figure 26).

Figure 24, Figure 25 and Figure 26: Benefits of the CPR







Source: Interviews with Member State authorities.

A majority of interviewees agreed that the CPR brings more coherence in respect of the strategic approach and programming process. The 'umbrella regulation':

- has created a **more coherent framework** (United Kingdom);
- is **clear, well-structured and useful in practice** (Bulgaria);
- has led to **closer cooperation between Structural Funds and EAFRD/EMFF actors** (Estonia, Finland, Poland); and
- has animated **cooperation between coordination bodies** and line ministries (Spain).

An example is Estonia, where there has been increased coordination between different authorities in the preparation of the PA. This creates and sustains contacts across Funds that is expected to continue into the programme delivery phase.

In terms of the CPR's usefulness for coordination during the actual implementation phase of the programmes, interviewees have also been positive but less so than with regard to its usefulness for coherence in the programming process. Interviewees were **cautious about its practical application** (e.g. Bulgaria, Estonia, Slovakia). For Estonia, the main effect of the CPR is that it increases the awareness of other Funds and policy areas and helps to establish the basics for good coordination. However, a truly integrated approach would require any Fund-specific rules to be designed together and negotiated side by side to ensure coherence and complementarity from the start.

However, some helpful harmonisation, **a coherent approach is hampered** by:

- separate Fund-specific regulations (France);
- separate indicator systems (Poland); and
- different domestic administrative arrangements and mind-sets (Bulgaria).

Formal coordination is a requirement, but **only actual implementation will demonstrate the functionality and effectiveness of the system of coordination** (Portugal, Slovakia).

For some interviewees, **the CPR's advantages lie mainly in the context of the Structural Funds**, i.e. ERDF and ESF (Estonia, France, Spain). There are still differences between rules applicable to different Funds, and it is difficult to trace which provisions apply to which Funds, as a consequence also which delegated/implementing act applies to which Funds (Estonia). By contrast, **the CPR's usefulness is limited with regard to the EAFRD and EMFF**. More generally, some parts of the CPR cover five, others four and others only three Funds. Connected to this is the fact the **ESIF retain their own Fund-specific regulations** - the regulation for rural development is particularly distinct.

However, the **continued separation of different regulations for different Funds is a major concern** for some Member States (Germany, Poland, United Kingdom). This includes the number of related delegated and implementing acts and is especially challenging with regard to EAFRD (Germany). This results in **open questions on how to deal with financial data** (Poland, Portugal). While Funds, TOs and Priorities can be combined, related financial data would have to be split. For instance, if an operation combines urban mobility and urban renewal aspects it would be necessary to split the funding between TO 4 and TO 6, even if the operation is implemented in the same location with the same logic. Concerns relate not only to the implementation of multi-Fund operations, but also of multi-Fund TOs or multi-Fund IPs.

The separation also brings challenges with regard to:

- **audit requirements** (Poland, United Kingdom);
- **Performance Reserve** (Poland), since ERDF and ESF are treated separately; and
- **competences of the Monitoring Committee** (United Kingdom).[47]

Simplification

Increased coherence and better coordination via the CPR appear to come at the price of additional complexity. There is widespread scepticism whether the CPR will contribute to the simplification agenda (e.g. Austria, Bulgaria, Estonia, France, Germany, Portugal, Spain). The CPR itself would have the potential to play an important part in simplifying, but this has been hampered by a series of additional legislation and other documents, including implementing acts, delegated acts and internal guidelines (Germany). While all EU institutions were aware during the regulatory negotiations of the complexity of the framework of Acts, secondary legislation and guidance are needed to define and clarify the legal requirements and expectations.

[47] The ERDF Monitoring Committee can approve project selection criteria and the communication plan, while this is not possible for the Monitoring Committee for EAFRD. An interviewee in the United Kingdom felt that there is arguably some contradiction in the Commission's approach: on the one hand championing integrative tools such as CLLD, but on the other hand maintaining a regulatory environment that complicates their use.

That said, it would be helpful for a guidance document or summary mapping document to be prepared showing where to find relevant and latest rules on different issues and Funds. Past experience with changes to the regulatory framework showed that further adjustment to the new approach can be expected during the programme period (Bulgaria). Also, it remains unclear whether the necessary administrative capacity to implement the new regulatory arrangement is available (Slovakia) (see also Section 5.2).

There are some examples of welcome simplification, such as with revenue-generating projects and PPP (Poland). Yet, it is felt that the changes might result in simplification for the beneficiaries rather than the MAs (France). An important aspect of simplification would have been more attention to the proportionality principle (United Kingdom).

5.2 Integrated programming

Across the EU28, the option for multi-Fund programmes[48] is being used in 16 Member States, while 12 decided not to combine ERDF and ESF funding in one OP. In total, there will be 92 multi-Fund programmes out of 310 programmes, which corresponds to just under 30 per cent (see Table 8).

Among the Member State cases examined for this study, the **majority (eight) countries are making use of the multi-Fund option**, while only three have decided not to do so.

The main reasons for taking up the option were:

- **the size of the country** does not justify separate programmes (Estonia);
- **the size of the funding envelope** would result in too small programmes (Finland);
- **improving the integration and complementarity of Funds** (Bulgaria), particularly at the regional level (Poland, Portugal);
- bringing ERDF and ESF **actors closer together** (Finland);
- **increasing the potential impact** of the funding (Bulgaria);
- **easier coordination and less administrative effort** (Estonia, Finland, Slovakia); and
- **good experiences in the past**, either with multi-Fund in 2004-06 (Estonia) or cross-financing (Slovakia).

Multi-Fund OPs are the only type of Structural Funds OPs in Estonia (one) and Finland (two). In Estonia one of only three ESIF programmes will be funded by both ERDF and ESF. The country made good experiences in 2004-06, when all five Funds were implemented via a single programme. Finland will implement the majority of its Structural Funds allocation via two multi-Fund OPs (Finnish mainland and Åland Islands).

[48] This does not include combining ERDF and CF, which has already been possible and was common practice for CF delivery in 2007-13.

Table 8: OP architecture for Structural and Cohesion Funds 2014-20

Member State	ERDF (and CF) OPs	ESF OPs	ERDF & ESF OPs	Total OPs
AT	1	1	-	2
BE	3	4	-	7
BG	4	2	1	7
CY	1	1	-	2
CZ	5	1	2	8
DE	15	16	1	32
DK	1	1	-	2
EE	-	-	1	1
ES	22	23	-	45
FI	-	-	2	2
FR	5	7	27	39
GR	1	1	16	18
HR	1	1	-	2
HU	2	-	5	7
IE	2	1	-	3
IT	21	21	8	50
LT	-	-	1	1
LU	1	1	-	2
LV	-	-	1	1
MT	2	1	-	3
NL	4	1	-	5
PL	5	1	16	22
PT	2	2	8	12
RO	4	2	-	6
SE	9	1	1	11
SI	-	-	1	1
SK	5	1	1	7
UK	6	6	-	12
Total	**122**	**96**	**92**	**310**

Source: European Commission.

Multi-Fund OPs are the dominant programme type in France (27 multi-Fund OPs of 39 Structural and Cohesion Funds OPs in total), Poland (16 of 22) and Portugal (8 of 12).

- In France, the decision to delegate fund management to the regional authorities also included guidance to develop multi-Fund OPs for ERDF and ESF, which has been applied by most French regions.
- In Poland, all 16 regional OPs will be funded by ERDF and ESF. In 2007-13, the regional OPs were funded only through ERDF, while a national Human Capital OP funded through ESF included some priorities that were implemented at regional level.
- In Portugal, the aims of using the multi-Fund approach are to complement ERDF investments in firms with ESF support for professional training and to complement ERDF with ESF in regional strategies/OPs in TOs 8, 9 and 10.

In Bulgaria and Slovakia, the majority of programmes will remain mono-Fund. But in each Member State **one selected OP will use both ERDF and ESF.**

- **In Bulgaria**, ERDF and ESF are combined in the OP 'Science and education for smart growth' in order to increase the effect of ESIF support.
- **Slovakia** will use funding from both ERDF and ESF in the OP Human Resources, which will specifically support Roma communities via an integrated approach of both soft and hard investment measures.

Also **in Germany, there will only be one multi-Fund OP, due to a decision taken at subnational level**. While most *Länder* separate ERDF and ESF, the *Land* of Niedersachsen decided to implement a multi-Fund programme. Experiences from past periods have shown that multi-Fund programmes are not necessarily more efficient or effective. On the contrary, many German MAs have abstained from multi-Fund programmes due to negative experiences. There is however, close cooperation between the Funds, at national level as well as at *Land* level. For instance, some of the *Länder* have joint steering committees for all the Funds.

Of those Member States in the sample, only **Austria, Spain and the United Kingdom are not making use of the multi-Fund option**. The main reasons for this were concerns about the administrative burden or complexity.

- In Austria, programme managers do not feel that there is a need for a multi-Fund approach, as there are only four programmes in Austria, one for each ESI Fund. This is the result of a significant simplification of Austrian programme architecture, mainly reducing the number of ERDF OPs from nine to one.
- In Spain and the United Kingdom MAs are keen to avoid administrative complications. Given the separation of the European Commission's Directorate Generals, associated Funds and regulatory frameworks it was thought to be too challenging to develop a genuine multi-Fund approach. This is particularly the case in the United Kingdom, and indeed in England alone, where three categories of region are covered (i.e. MDR, TR and LDR): integrating the Funds and associated regulations across different regional categories would have been administratively complex, particularly given the comparatively limited level of associated funding. Yet, the English section of the United Kingdom PA has some degree of integration because the single Structural Funds OP ('Growth Programme') is presented as a single programme, albeit with separate sections for ERDF and ESF.

Other concerns voiced by interviewees include a **risk of double funding** when using funding from different ESI Funds in the same operation (Portugal) and questions about the availability of **suitable administrative capacity** in the light of more complex internal procedures for multi-Fund OPs (Bulgaria).

Lastly, programme managers also highlighted **the sectoral approach in domestic policy development and implementation as hindering** an integrated approach (Slovakia, Spain, United Kingdom). In the United Kingdom, there has been some resistance from line ministries to support a fully integrated approach. In some cases, it is difficult to integrate Cohesion Policy with other EU Funds: innovation investment could be more aligned but different funding streams are aimed at different strategic priorities. An example is Horizon 2020, which supports early stage research based on EU-wide consortia while Cohesion Policy focuses on the application of research in individual Member States.

5.3 Integrated Priority axes

The CPR contains provisions allowing for flexibility in combining different categories of regions or different IPs in the same Priority axis.[49]

Different categories of regions are combined in many Member States, (e.g. Poland, Portugal), especially in those with single ERDF programmes (Austria, United Kingdom). This option has been very useful in Poland, where the capital region falls into the MDR category (see Box 2). In Portugal, different categories of regions will only be combined under the Youth Employment Initiative. In England, the ESF OP covers all three regional categories.

However, **there are challenges to this approach, particularly for ERDF** (France, United Kingdom). The English authorities have tried to combine categories of regions (e.g. under sustainable urban development and transport) in its single ERDF, but this is complicated by the coverage of three different regional categories and the diversity and lack of geographical contiguity in the TR category (e.g. this category covers Liverpool and Lincolnshire which have very different needs and priorities). Efforts to combine sustainable urban development across eight urban areas and London is challenging as it means accommodating a range of IPs in quite diverse areas. In France, it has not been possible to combine different categories of regions, even under the multi-regional programmes, since the Commission asked for Priorities to be specific to different regional categories.

Box 2: Combining different categories of regions in Poland

For the first time in Poland, funding will go to two different types of regions: LDR and MDR. Mazowieckie, the region where Poland's capital city Warsaw is located, has exceeded the 90 per cent of GDP threshold and will become the first Polish region to move from 'Convergence' to MDR status. This will have an impact on the level of support available, the extent of thematic concentration and ring-fencing expected and the eligibility of expenditure for some projects. However, this shift is based on the performance of the capital city, which is a key driver of the regional and the national economy. At the same time, significant differences exist within the region: differences in GDP per capita between Warsaw and the poorest districts in the region are more than a ratio of 4:1. These internal disproportions require support tailored to the specific needs of individual sub-regions. In turn, the support granted to Warsaw should enhance its potential and stimulate the growth of the city.

Poland does not plan to create separate programmes for Warsaw and Mazowieckie, preferring to maintain a territorially integrated approach. However, the challenges of supporting a fundamental driver of regional and national growth and ensuring appropriate investment in the much less developed parts of the capital city region will require specific instruments. The allocation for Mazowieckie will thus be shared between regional and national levels. On the one hand, there will be a 'regional envelope' covered by the Mazowieckie regional OP. This will consist of a minimum of 60 per cent of the ERDF funds for Mazowieckie and 75 per cent of the ESF funds. At the national level, it is anticipated that specific Priority axes in sectoral OPs will be dedicated to Mazowieckie, consisting of 40 per cent of the total ERDF funding for the region available and 25 per cent of the ESF funding.

Source: Interview with Polish programme manager.

[49] *'…a priority axis may: (a) concern more than one category of region; (b) combine one or more complementary investment priorities from the ERDF, the Cohesion Fund and the ESF under one thematic objective; (c) in duly justified cases combine one or more complementary investment priorities from different thematic objectives in order to achieve the maximum contribution to that priority axis; (d) for the ESF, combine investment priorities from different thematic objectives set out in points (8), (9), (10) and (11) of the first paragraph of Article 9 in order to facilitate their contribution to other priority axes and in order to implement social innovation and transnational cooperation.'* See CPR Art. 96(1).

The option of different IPs in the same Priority axis has been used in most Member State cases. This applies **especially to urban development** (Austria, France, Germany, Portugal). Austria plans to implement a mixed Priority Axis 4 on the urban and territorial dimension. The national ERDF OP refers explicitly to Art 96(1)c, which allows mixing different TOs.

Similarly, urban development will have a dedicated Priority Axis in regional OPs in mainland Portugal, combining IPs for urban environment and protection for communities and urban mobility. Also in Germany, most *Länder* will make use of the option. For Germany, this flexibility is considered helpful and it had therefore strongly supported this option during the negotiations. However, the flexibility provided for in the regulation could not be implemented in full, due to difficult negotiations with the Commission.

IPs are also combined in other areas than urban development (Bulgaria, Finland, Poland, Portugal). Examples include:

- **Finland**: IP 4f (promoting research and innovation in, and adoption of, low-carbon technologies) is used in both Priority axis 1 and 2 in the multi-Fund ERDF/ESF OP (Finland).
- **Bulgaria**: The OPs 'Regions in Growth' and 'Human Resources development' contain one Priority axis covering different IPs (Bulgaria).
- **Portugal**: TO 2 and TO 11 are being combined to promote institutional capacity and public administration modernisation with ERDF investments and capacity/human resources investments. TO 2 and TO 3 are also combined in the thematic OP for competitiveness, mainly to resolve a challenge relating to ERDF restrictions on funding interventions outside of the LDR eligibility area.

Both Poland and Slovakia will make use of the **three per cent flexibility to transfer financial resources from one type of region to another**.[50] In both cases, this is used to transfer funding to the capital regions, which fall under the MDR regional category. Poland moves funding from its other 15 regions to the capital region Mazowieckie, applying a 'pro rata' basis through so-called 'systemic projects' in OP Priorities. Slovakia moves funding to the Bratislava region and also tried to negotiate ways to provide additional support to the capital region, but the Commission did not accept the proposed model.

5.4 Integrated territorial approaches

Integrated territorial approaches can be useful instruments to ensure strategic coherence at the local/regional level. They are a more prominent part of Cohesion Policy at the level of policy interventions in 2014-20. New tools to implement territorial approaches have been introduced, including Integrated Territorial Investment (ITI) and Community-led Local Development (CLLD). These tools can be applied in urban areas but also in other territories.

ITIs are mainly used to implement sustainable urban development (see Section 4.2.4), but can also target other forms of territorial development. In some programmes, for instance in Flanders, ITIs will be used to implement large shares of the funding. Geographically, ITIs tend to focus on urban areas but can also target sub-regional areas, interregional areas or regions with specific territorial features. ITIs are programmed to cover a range of themes, including innovation and competitiveness, low-carbon economy and renewables and social cohesion.

[50] '…*the Commission may accept, in duly justified circumstances which are linked to the implementation of one or more thematic objectives, a proposal by a Member State […] to transfer up to 3 % of the total appropriation for a category of regions to other categories of regions*.' See CPR Art. 93(2).

Table 8: Historic development of the LEADER approach

Stage	Duration	Funds	Budget	Number of LAGs
LEADER 1	1991-93	European Agricultural Guarantee Fund (EAGGF), ESF, ERDF	€450 million	217
LEADER 2	1994-99	European Agricultural Guarantee Fund (EAGGF), ESF, ERDF	€1.7 billion	821
LEADER+	2000-06	European Agricultural Guidance and Guarantee Fund (EAGGF)	€2.1 billion	893 in EU15 (+ 250 LEADER+ type measures in 2004-06 in 6 Member States)
LEADER axis	2007-13	EAFRD	€5.5 billion (6% EAFRD funding)	2,200 in EU27
CLLD	2014-20	ERDF, ESF, EAFRD, EMFF	Min. 5% of EAFRD	c. 3,000

Source: Sršeň R (2014) *Think Globally, Act Locally: the Experience of LEADER and Challenge of CLLD for 2014+,* presentation given at EESC Brussels, 29 September 2014.

The main aim of CLLD is to provide a bottom-up approach to development policy. It is intended to be delivered by local partnerships, which design and implement integrated development strategies based on a community's social, environmental and economic assets rather than focussing on its weaknesses. Although CLLD can be used in different territorial contexts, it is often built on the LEADER approach. CLLD builds on the experiences gained since the establishment of LEADER in 1991, also with **working across different Funds between 1991 and 1999**. Over time, the available budget has increased significantly and the number of LAGs, which deliver the local development strategies, has also grown exponentially (see Table 8).

Both instruments are optional. Negotiations are still ongoing but at the time of writing (November 2014), 20 Member States planned to use ITIs (including Belgium, Finland, Greece, Poland, Portugal), of which 17 plan to use it for sustainable urban development under ERDF regulation Art. 7. 15 Member States plan to use ITIs for other areas (as well). CLLD is planned in 14 Member States (e.g. in Austria, Slovenia, United Kingdom), using approximately €2 billion of ERDF and ESF in addition to EAFRD and EMFF funding.[51]

Reasons for not using ITI or CLLD include a potential duplication of administrative structures, lack of flexibility, funding being tied up for the whole programme period and lack of alignment with other development strategies. In some Member States, the overall amount of ESI funding available was deemed to be too small to justify the introduction of new and potentially risky instruments.[52] Indeed, in the case of the United Kingdom, Commission desk officers have advised against the use of some of these tools as they will make implementation too complex. Also there is a feeling that CLLD was strongly in the interest of DG AGRI because of the LEADER example, while DG REGIO was more ambiguous about CLLD.

[51] Haapakka M (2014) *Integrated territorial approach in Cohesion policy 2014-2020*, presentation given at the IQ-Net Conference, Cheshire, 17-19 November 2014.

[52] Van der Zwet A, Miller S and Gross F (2014) Integrated Territorial Approaches in Cohesion Policy 2014-20, *IQ-Net Thematic Paper* 35(2), European Policies Research Centre, University of Strathclyde, Glasgow.

5.5 Administrative capacity

Member State interviewees were mostly **confident about possessing sufficient administrative resources**, (i.e. enough staff) to carry out the necessary tasks (Estonia, France, Germany, United Kingdom). Nevertheless, programme managers feel that more time for consultation and reflection would be needed (Estonia).[53]

There are some concerns in Austria, where **administrative capacity is increasingly reaching its limits at all implementation levels**. There is some cautious optimism that the simplified programme architecture in Austria might reduce the burden. In Finland, administrative capacities will be lower, which might be beneficial, as this creates the need for actors of ERDF and ESF to get to know the other Fund better.

Interviewees were **more ambivalent about the quality of administrative capacity**, i.e. availability of the right staff with the necessary capacities. Some programme managers were confident (France, Germany, United Kingdom), but concerns remain due to the **new complex European implementation framework** (Estonia, Portugal, Spain). Measures undertaken by Member States include the following (see also Box 3, p. 66).

- **Targeted training** (Spain) Spain will upgrade its competences and capacities through training in those areas that are new or have stronger requirements, e.g. financial instruments, low-carbon economy or evaluation. Nevertheless, capacity is considered to be strong in Spain based on experiences made over the past programme periods.
- **New integrated body** (Portugal). Partly responding to the new administrative capacity needs in coordination, Portugal created the new Agency for Development and Cohesion in 2013 bringing together the ERDF/CF coordinating bodies with those of the ESF under a single body. This was deemed to be more feasible than a body covering all five ESI Funds.

Capacities at the regional or local level are of concern in a number of Member States (France, Poland, United Kingdom).

- Both France and Poland will **regionalise (parts of) their ERDF funding**. France expects challenges due to regional councils taking over programme management responsibilities. In the case of Nord-Pas-de-Calais, basic and specific training is underway and around 30 staff from the previous MA are taken on, bringing with them the necessary expertise. Poland will regionalise a higher share of their ERDF funding and each *Voivodeship* will manage an own multi-Fund programme.

- In the United Kingdom (England), **Structural Funds implementation will rely heavily on the 39 Local Enterprise Partnerships (LEPs)** which have only been established over the past two years and are still developing capacity and expertise. They will need Technical Assistance to fulfil their roles but they do not have Implementing Body (IB) status and are not currently eligible for TA. Also, cuts in public sector funding are ongoing and there is some political concern at the increased administrative funding being allocated to the Department for Communities and Local Government (DCLG) to coordinate the LEPs.

[53] For more information on the level of preparedness and administrative capacity of Member States see: Tödtling-Schönhofer H, Hamza C, Radzyner A, Bachtler J, Kah S and Mendez C (2014) *Implementation of Cohesion policy 2014-2020: Preparations and administrative capacity of Member States*, Study for the European Parliament's Committee on Regional Development, Brussels, 2014.

Capacity building is particularly important in EU12 Member States (Bulgaria, Estonia, Poland, Slovakia).

- Capacity issues extend to the **bodies involved in the management and control of programmes as well as to the beneficiaries to prepare and implement projects** (Bulgaria). Yet, strengthening capacity is hindered by continued high levels of staff turnover in public administration, often politically motivated.

- Capacities are **insufficient to ensure a strategically coherent approach across ESI Funds** (Slovakia). There are no functional mechanisms for strategic coordination at the national level, and the delivery of ESI Funds is dominated by a sectoral approach. The coordination of interventions is often seen as a 'foreign' requirement, and there is resistance to its enhancement.

- **Methodological skills require upgrading**, not least due to the increased focus on results-orientation (Estonia). There is still an underdeveloped culture of assessing outcomes and impacts of policy.
- Despite recent progress (see Box 3), administrative capacity-building remains a priority, **especially at the regional level** which will manage a higher share of Cohesion Policy funding than in 2007-13 (Poland). The PA reflects this with 'effective administration' highlighted as one of the main goals and with the strong focus placed on TO 11.

Box 3: Continued investment in administrative capacity in Poland

Recent years have witnessed a significant expansion of the capacity of public administration in Poland. One of the basic objectives included in the Polish NSRF 2007-13 was to strengthen the administrative capacity of Polish administration to design and implement long-term strategies and programmes. This included strengthening administrative capacity in the processes of designing, implementing, monitoring and evaluating policies and public programmes. According to government reports, Cohesion Policy funding and the management and implementation of Structural Funds programmes have been influential in improving the quality of public institutions' performance and the expansion of the partnership mechanism. Generally, the size of Polish public administration has expanded as a result of Cohesion Policy administration. According to Government estimates, Cohesion Policy implementation accounted for 877 posts in central ministries in 2004-06 but by 2013 this had almost doubled to 1,633. At regional level the expansion has been even more substantial, reflecting the regionalisation of management tasks in 2007: in 2004-06, 1018 jobs involved Cohesion Policy implementation but by 2013 the figure was around 4,000. It is important to note that 85 per cent of the overall cost of strengthening administrative capacity in 2007-13 (around €4.5 billion) comes from EU funds in the TA programme and in the TA components of other OPs.

Source: Interview with Polish programme manager.

5.6 Role of the European Commission

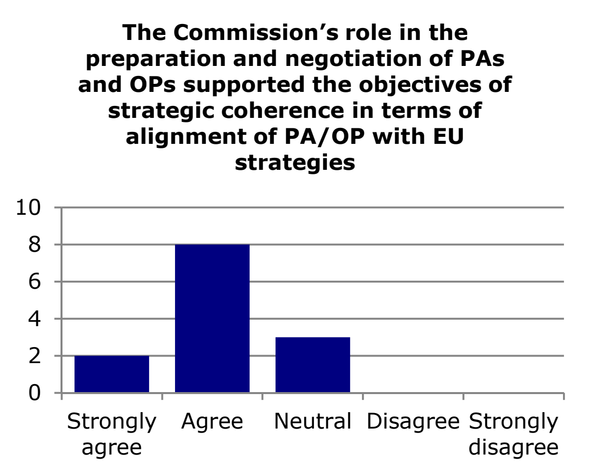
Overall, **the assessment of the Commission's role in supporting the objectives of strategic coherence is regarded positively by Member States**. Most agreement was registered by interviewees with regard to the statements on the Commission's role in aligning PAs and OPs with EU strategies and on thematic concentration (Figure 27 and 28). Lower scores – although still largely positive -were recorded for the statements regarding the Commission's role in supporting integrated programming (Figure 29) and coordination arrangements (Figure 30).

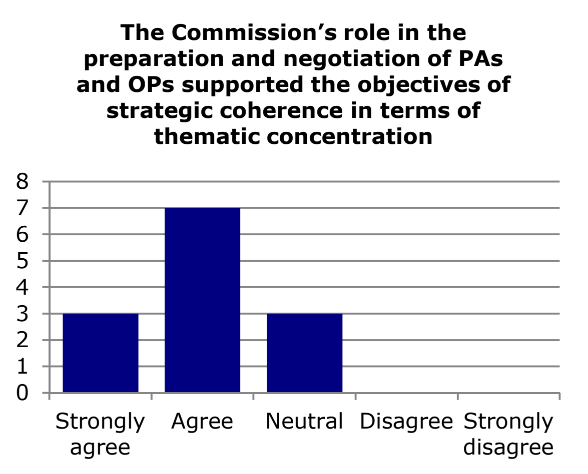
With regard to the Commission's role in **supporting the alignment of PA/OPs, Member States gave predominantly good assessments** (Figure 27) (e.g. Germany, Poland). Interviewees mentioned constructive discussions (Finland), good cooperation (Slovakia) and helpful staff (Finland). This was the case especially during informal negotiations (Spain). It was also noted that the Commission placed significant importance on coherence with EU strategies/objectives (Slovakia, United Kingdom).

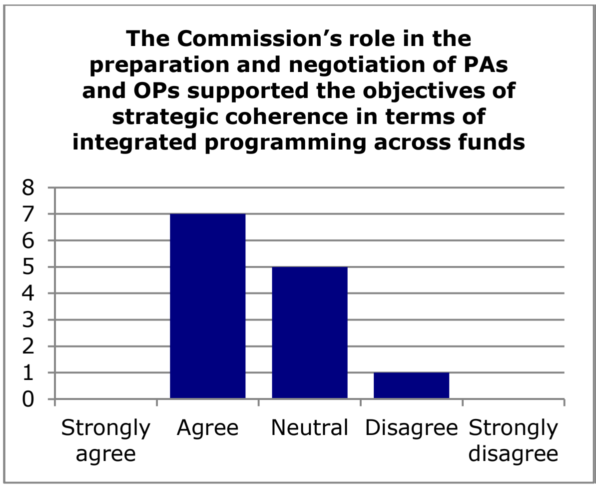
There were also some more critical comments. Some interviewees asserted that the CSRs were treated by the Commission almost as the central guiding principles in shaping the strategy for the use of ESI Funds (Poland). Also, the role of the Commission was felt to be a bit too 'theoretical' (e.g. in the Position Papers) with a lack of full understanding of the domestic contexts. Analyses were often prepared by DG ECFIN at a level that was 'too macroeconomic' (France).

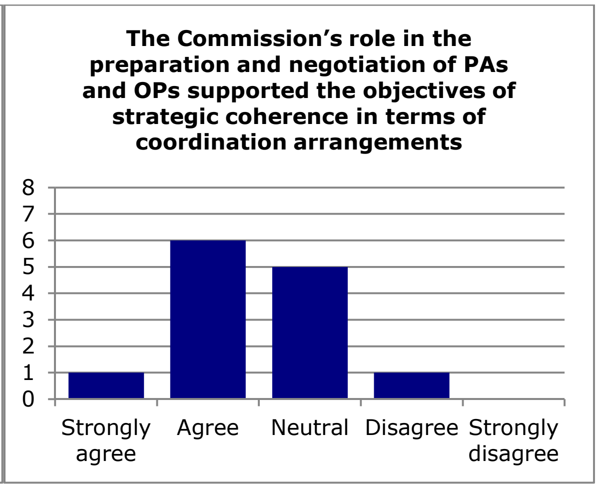
Looking at the Commission's **role in supporting thematic concentration, the interviewees again gave it reasonably positive assessment** (Figure 28) (e.g. France, Poland). It was felt that **the Commission placed a strong emphasis on thematic concentration, especially in terms of alignment with Europe 2020 objectives** (Poland, Slovakia). This resulted in the Commission being very strict in the negotiations; for instance, transport investments as part TO 7 had to be dropped in TR in several Member States (e.g. Germany, United Kingdom), and some had challenging negotiations with the Commission on TO 4 (e.g. Portugal) or TO 9 (e.g. Austria).

Figure 27, Figure 28, Figure 29 and Figure 30: Role of the Commission









Source: Interviews with Member State authorities.

Some criticism related to **too rigid Commission interpretation of the regulation** (Austria, Germany, Spain) when negotiating issues such as the CLLD approach (Austria). Another issue was that **negotiation rounds for different Funds were timed differently**, e.g. the EAFRD was usually negotiated later than Structural Funds (Germany).

The Commission's role in **integrated programming across Funds received a relatively lower rating** (Figure 29) from some Member states such as Estonia and Poland.

The separate administration of ESI Funds at the EU level was thought to make integrated programming and implementation challenging (e.g. Estonia, Finland, France, Poland, Spain). Different DGs continue to be responsible for different Funds: DG REGIO for ERDF/CF, DG EMPL for ESF, DG AGRI for EAFRD and DG MARE for EMFF. In addition to these, other DGs are involved, such as in the drafting of the Position Papers. Integrated programming is complicated by different systems for ERDF and ESF, such as different understanding of indicators, separate financial tables and breakdown by Funds required by the OP template (Poland). There has also been disagreement between DG REGIO and DG AGRI over eligibility issues (notably broadband) (France).

In Germany, the Commission had a strong role in supporting integrated programming, for example by pushing heavily for new initiatives such as ITIs. The United Kingdom also noted (positively) that the **different actors in the Commission were more 'connected' than in the past**, as all relevant DGs participated in the programme negotiations.

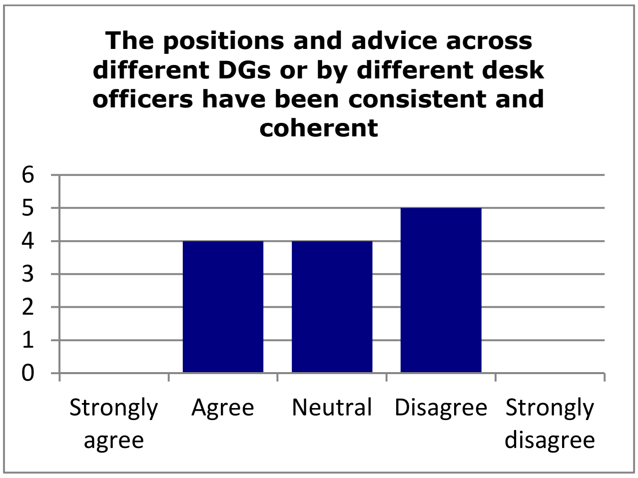
Compared to the assessment of the overall Commission role, **ratings were also lower for the support for coordination arrangements, but still positive**. According to the United Kingdom, these arrangements have improved; yet, this is less apparent in specific tools (ITIs, CLLD), where there is a perception that some DGs are more committed than others. **Positive ratings with respect to Commission support for coordination arrangements were also given by officials in France, Germany and Spain.** Germany and Spain felt that cooperation was generally good and the Commission was very engaged. In Spain, the Commission helped by asking for clear statements of the approach to coordination between national and regional levels to be included in the PA. In France, the Commission has been very supportive of new coordination arrangements bringing together the new MAs (regional councils) and central State representatives in a State-region committee.

The Commission had initially been pushing for stronger guidance by the central State on the main guidelines (notably concerning TOs). However, the Commission concerns regarding decentralisation disappeared over time, and the new MAs proved that they are able to take on the new responsibilities.

Coherence and consistency

Finally, **there has been comparatively strong criticism of the consistency and coherence of positions and advice** across different DGs or by different desk officers (Austria, Germany, Portugal, Spain) (Figure 31). Commission services naturally have different interests and positions, which are not always consistent.

Figure 31: Consistency of Commission advice



Source: Interviews with Member State authorities.

It has been **difficult for Member States to get consistent advice** from different DGs on the same issue (Bulgaria, Finland, Slovakia). Also, **different officers, from the same or different DGs, often had different views** (Finland). There were problems associated with the fact that staff who were responsible for drafting the regulations, guidelines and implementing acts were different from those responsible for approving PAs and OPs (Bulgaria).

Member States noted that the consistency of advice **improved over time during the negotiations** as the Commission staff gained experience. At the beginning of the informal consultations, several issues were still interpreted differently by different DGs (Slovakia). Germany noticed a distinct **difference between the negotiations of the PA and the OPs**. There was mostly good coordination with, and within, the Commission during PA negotiations, although the negotiation of the programmes would have benefitted from better cooperation of desk officers across DGs, resulting in quicker adoption and better quality of OPs. For Portugal, the situation was complicated by DGs that are not directly involved in ESIF, entering the negotiations at a very late stage to use EU funding to pursue their policy objectives. While the consistency was sometimes not satisfactory, the United Kingdom pointed out that advice had been constructive from desk officers across DGs.

Other countries found the **overall Commission positions to be relatively consistent** (France, Poland). For instance, Commission Position Papers were useful in setting out a common Commission mandate (Portugal). Nevertheless, the negotiation approaches (Poland) and more practical questions (France) were different in different DGs.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

The overall assessment of the research is that **the 2014-20 regulatory framework is improving the strategic coherence of Cohesion Policy.** The desk research and fieldwork interviews with Member States demonstrate that there has been a noticeable improvement in the strategic quality of programming mainly through: the introduction of the PA as a guidance framework; closer alignment of the policy with Europe 2020 objectives and CSRs; thematic concentration; and the obligations for stronger coordination and closer partnership with all relevant actors. The following ten sets of conclusions bring together the main points to emerge from the research.

First, **the CSF has provided a clear statement of EU objectives and priorities**, aligned with Europe 2020. The development of the Framework was undertaken early enough in the programming phase (unlike the CSGs) so that it could be taken into account by Member State authorities. Timely approval was also facilitated by the decision to adopt the CSF as annex to the CPR under the ordinary legislative procedure, in line with the position of the EP and Council of Ministers, rather than as a piece of secondary legislation (Delegated Act) as initially proposed by the Commission – although some Member States considered the technical nature of the CSF to have played a limited role in programming.

Second, the Commission's Position Papers provided a comprehensive assessment of how the different Commission services collectively viewed the development needs and challenges in each Member State, the priorities for EU funding (in line with the CSF) and the performance and implementation issues, including improvements to administrative capacity. While Member States may not have agreed with all of the Commission's assessments, **the Position Papers did provide national authorities with a clear understanding of the Commission's likely negotiating position**. Importantly, for Member States, the Commission's approach marked something of a 'return to policy' in the negotiations. They have involved more of a focus on the fundamental development and policy issues that need to be addressed in the programmes, a focus which was much less evident in the negotiation of the 2007-13 programmes that were characterised as being more about administrative control issues. Nevertheless, the Commission's approach to the preparation of PAs and programmes has been the subject of some criticism, on the basis that the template and guidance encouraged an overly-formalistic approach and format.

Third, it is clear that **thematic concentration will be achieved**, at least at the programming stage. There will be a significant shift in the expenditure allocations in the programmes, increasing significantly the focus on RTDI, ICT, SME competitiveness and the low-carbon economy. This is probably the most contentious area of the programming negotiations on strategic coherence (discussed further below) and it is not clear whether allocations to specific objectives advocated by the Commission will be absorbed or whether they represent the most effective use of the Funds in individual countries and regions. Member States are divided on the special ring-fencing rules (five per cent for urban development, minimum shares for ESF, regional differentiation); while some regard them positively, there is substantial critical opinion on their added value, the 'arbitrary' ceilings, and (with respect to regional differentiation) the administrative complexity created.

Fourth, some Member States and the REGI committee at the EP are seriously concerned at the **progressive 'transformation' of Cohesion Policy into a thematic policy that is in danger of losing sight of its cohesion purpose**, and acting as a delivery agent for other EU objectives – and in the longer term calling into question the need for Cohesion Policy. A major concern of the EP in this respect was that the annual European Semester cycle could create an unstable environment for Cohesion Policy interventions by requiring frequent re-programming. It remains to be seen whether this will be the case in practice and close scrutiny will be needed by the EP in the future to ensure that Cohesion Policy goals, competences and implementation are not subordinated to broader developments in economic governance.

Fifth, it appears that **there will be greater strategic integration and coordination of Funds management**. The CPR for 2014-20 is clearly contributing to more coherence and coordination in the planning of ESI Funds, although important differences in the Fund-specific regulations remain. For their part, many Member States are taking steps to improve coordination by: restructuring the programme architecture, which in most cases should facilitate better institutional coordination across the Funds; making use of multi-Fund OPs; undertaking consultation and joint planning across government departments responsible for different Funds; and setting up management arrangements (such as joint Monitoring Committees) that will enable strategic coordination in the delivery of programmes. On these issues, there is the greatest uncertainty because the commitments in programming documents can only be properly assessed once they are operating in practice. Also, despite the attention focused on administrative capacity, it is not yet clear whether the resources, systems and tools are sufficient for the tasks ahead.

Sixth, related to the above point, **the partnership principle appears to have been widely respected during the programming process**. Many countries established partnership-based steering bodies or working groups to develop all or part of the PAs and OPs. Public consultation events were complemented by web-based forms of consultation and information dissemination. All the PAs contain details on the partners involved in programme implementation, although the selection process is not always specified. Some also provide examples of how partners influence strategic decisions on resource allocation or programme structure. It is too early to say whether the partner information in programme documents will be translated into more or different engagement of partners in the implementation of programmes.

Seventh, so far **there is little sign of simplification**. While the integration of the ESI Funds into the CPR is a welcome development it has led to a rather complex structure based on five parts with a 'common' set of provisions applicable to the ESI Funds and two sets of 'general provisions' for different sets of Funds (as well as numerous delegated and implementing acts), not to mention the different terms for the ESI Funds, the Funds and Structural Funds. Moreover, the administrative costs of the current programming process are regarded as being higher than in 2007-13. MAs have found their resources being stretched, especially at a time when many are already under pressure because of public expenditure cuts. On the positive side, there are some examples of simplification having been achieved (and welcomed by Member States) such as with respect to revenue-generating projects, although it was noted that the benefits are most likely to be limited to beneficiaries. Many Member States are doubtful whether there will be any simplification of implementation because of the increased demands on national and regional authorities associated with the new strategic and performance-related elements.

Eighth, **the jury is still out on the efficacy and utility of the options for integrated territorial development**. Although the provisions for ITIs and CLLD are being taken up by a significant number of Member States, national authorities still have many questions about how these will operate and whether they will deliver improved territorial development.

Ninth, it is interesting to note the findings that **there is a relatively high regard for the Commission's role during the negotiations**. This is not something that would necessarily be expected given the Commission's mantra of 'not sacrificing quality for speed' and its rigorous approach to assessing Member State PAs and OPs. It suggests, however, that there may be more community of purpose between the Commission services and Member States than in some previous negotiations and a certain respect for the efforts made by the Commission to 'raise their game' in preparing for the negotiations – not least through better internal coordination. This conclusion should, however, not be exaggerated given that the research covered only a subset of Member States, the negotiations still have some way to run, and this study has not covered some of the more contentious programming issues such as ex-ante conditionalities and the results-orientation. Further the assessments of the Commission's role are not unalloyed, and there is some Member State criticism of the limitations of the coordination between different Commission Directorates-General. Moreover, in some cases the Commission applied less flexibility than was foreseen in the Regulations (and was demanded by the European Parliament and Council in the negotiations), notably on the thematic concentration flexibility provisions to support infrastructure. This may be justified by arguments based on need-analysis or EU added value, but remains an issue to be reflected upon by the European Parliament especially if absorption challenges arise during the implementation phase.

Lastly, there is a wider issue that should not be overlooked: **the relatively open and inclusive nature of the preparations of the policy reform process**. By comparison with the development of policy reforms for the 2007-13 period, which was internalised within the Commission, the reforms for the 2014-20 period involved considerable consultation with Member States through the High-Level Groups and previous policymaker seminars during the preparation of the Barca Report. The Commission also worked extensively with the EP with frequent participation in REGI committee meetings, and the Parliament itself engaged in unprecedented pre-legislative work.[54] This indicated at an early stage the 'direction of travel' of the policy reform. The external pressures on the policy, especially the rationale for a more strategic approach to programming and better performance, are universally understood. While MAs may be critical of individual elements of the new regulations and the programme negotiations, there is evidence of a greater appreciation of the Commission's position and the collective need for the policy to perform better in 2014-20.

[54] See European Parliament (2014) European cohesion Policy 2014-2020: A comprehensive presentation of the legislative package and the role of the European Parliament, Secretariat of the Committee on Regional Development: European Parliament (2014) European Cohesion Policy 2014-2020: A comprehensive presentation of the legislative package and the role of the European Parliament, Secretariat of the Committee on Regional Development; See also: Cremades, C (2014) Review of the European Parliament's Role in the Interinstitutional Negotiations for the EU Cohesion Policy Legislative Package 2014-2020, *European Structural and Investment Funds Journal*, 2/2014: pp. 77-88.

6.2. Recommendations

(i) While the CSF and Position Papers have generally been seen as a positive innovation, **there would be merit in considering a more collaborative approach to developing both the Framework (as proposed in the Barca Report) and the Position Papers**. Especially on the latter, engagement with Member States at an earlier stage to produce an agreed Commission/Member State assessment of development needs and challenges would potentially provide a better basis for negotiating future thematic objectives and development priorities. Inputs to this assessment could be provided by the 2019 review of the performance of programmes and strategic progress reports, as well as the strengthened framework for ongoing evaluation foreseen in 2014-20. **A mid-term review of the CSF could also be envisaged or at least an early public consultation on the next strategic framework for the period after 2020**, based on a Commission proposal and involving all EU institutions (including the EP as co-legislator) and wider interests and stakeholders.

(ii) Notwithstanding the improvements to coordination made at EU level with the CPR and better inter-service consultation among the Commission services, **there is still a need to go much further on integration of the Funds and coordination between the DGs**. The research indicates that the existence of different rules and DGs for different Funds is an important impediment to effective implementation. For the implementation of the 2014-20 programmes, there is a need to ensure that the improved coordination between DG REGIO and DG EMPL is extended to include DG AGRI and DG MARE. For the post-2020 period, some early thinking should be undertaken on whether a more efficient integrated structure for managing the delivery of different policy interests can be developed.

(iii) There appears to have been good partnership orientation during the programming stage in the Member States. Yet, it remains unclear whether the partnership principle will be applied also during programme delivery and there is a danger that partner involvement has been merely a formalistic exercise. Both the Commission and the European Parliament should actively **monitor the application of the partnership principle during the implementation** of the programmes.

(iv) There is a **need for strong EP oversight and scrutiny on the strategic coherence and performance of Cohesion Policy** by holding the Commission to account as well as national ministers in front of the REGI committee. This in turn would require better insights on how the different elements of strategic coherence assessed in this study have been addressed in the programming and negotiations of all Partnership Agreements and programmes, which should be assessed in a Commission communication in 2015; as well as reinforced scrutiny of how the strategic coherence elements are being implemented on the ground following the approval of the programmes in the coming months.

(v) Lastly, there are internal organisational issues for the Parliament in terms of inter-committee dialogue. Just as closer coordination is required within the Commission and Member States responsible for different ESIF, **closer coordination must also be achieved within the EP, notably between the four EP committees in charge of the ESI Funds** with REGI being in charge of the 'umbrella rules', and of ERDF and ESF, and with the ECON committee in relation to the European Semester as well as with CONT in control and audit of the ESIF.

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ANNEXES

Annex I: Questionnaire used for research at Member State level

Desk-based analysis

The PA has to follow a template provided by the Commission.[55] This facilitates the systematic analysis of their content. Please provide information under each question and a reference to the source in the PA. Note any instance in which a change from the 2007-13 practice is mentioned.

Development needs and Europe 2020

To what extent is the **identification of main development needs** explicitly based on analysis of;

1) Relevant Country-Specific Recommendations
2) Distance to the national Europe 2020 targets
3) The National Reform Programme with reference to the main development needs
4) Strategic guiding principles provided in the Common Strategic Framework

Thematic objectives

The PA's include a section on Thematic Objectives and associated priorities and actions.

5) To what extent does the description/justification of Thematic Objectives explicitly address/refer to Europe 2020 objectives, flagship initiatives, headline targets and CSRs?
6) Are the main results sought for each Thematic Objective framed in relation to Europe 2020 objectives, flagship initiatives, headline targets and relevant CSRs?

Country-Specific Recommendations (CSRs)

7) Are the CSRs listed in the PA? If so, where (e.g. PA Section 1.1 – anywhere else?)?
8) Are the links between CSRs and Cohesion Policy explicitly and systematically specified?
9) Does the PA identify how Cohesion Policy will contribute to the achievements of each CSR?[56]

Partnership principle

Based on the PA section on the partnership principle, please provide a brief description of;

10) the key stages of the PA preparation process and the involvement of different partners
11) how partners were selected, e.g. what selection criteria were used if at all
12) a summary of the types of partners involved (the PA should include a list)
13) actions taken to facilitate a wide involvement and an active participation
14) the main results of the consultation with partners, including significant concerns comments and recommendations raised by partners

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[55] Draft template and guidelines on the content of the Partnership Agreement http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/pa_guidelines.pdf

[56] '*…only in some cases are the results expected from the investment supported by the funds clearly related to the CSRs specified and there is a need for more detail on the way that the CSRs concerned will be put into effect in the programmes*.'
See: European Commission (2014c) *Investment for jobs and growth. Promoting development and good governance in EU regions and cities. Sixth report on economic, social and territorial cohesion*, Brussels, p. 263.

15) the main added value of partnership in the preparation of the PA, especially instances where the strategic choices have been significantly influenced by partners;[57] and
16) weaknesses of partner involvement and any recommendations for improvement

Coordination of Funds

The PAs must include a specific section outlining the arrangements to ensure coordination between the ESI Funds and other EU and national funding instruments and with the EIB (Section 2.1 PA template).

17) Please summarise the PA Description of the arrangements to ensure coordination between ESI Funds and with other EU and relevant national funding instruments including:
    - identification of areas of intervention where the ESIF will be used in a complementary manner;
    - arrangements and structures to support the complementary use of the ESIF and avoid duplication (incl. joint Monitoring Committees, common monitoring and evaluation arrangements etc.)
    - mechanisms to help applicants and beneficiaries use the funds in a complementary way (e.g. joint eGovernance solutions, 'one stop shops' etc.
18) Please summarise the PA description of the arrangements for coordination of the ESI Funds with other EU and national funding instruments and the EIB including:
    - complementarities and synergies with other EU and national instruments incl. instances where the ESIF and other instruments will be used in a complementary manner;
    - mechanisms and structures to coordinate interventions, to promote complementarities and avoid duplication of effort;
    - arrangements allowing for complementarities at the level of operations including possibilities for complementary support from multiple funding sources within one operation.
19) What are the main changes with respect to 2007-13?
20) Does the PA describe the coordination arrangements between national bodies responsible for Cohesion Policy with those responsible for National Reform Programmes or CSRs?

Summary of ex-ante evaluation(s) of OPs or PA

Please summarise the main points mentioned in the PA's summary of the ex-ante evaluations of OPs (or of PA where applicable) with regard to (see Section 1.2 of PA template):

21) the contribution to the Europe 2020 strategy, the appropriateness of the Thematic Objectives and funding priorities, including whether the evaluators recommended a focus on different Thematic Objectives
22) the coherence of the programmes and their relation to other relevant EU and national instruments
23) whether the financial allocations are consistent with the objectives
24) the consistency of Thematic Objectives with the CSF, the PA and the relevant CSR, and where appropriate the National Reform Programme.

[57] '*…in some cases there are indications that this dialogue has been insufficient. Important stakeholders were not involved or their comments are not reflected'*, see: European Commission (2014) *Op. cit.*, p. 265.

Questions for interviews

1. Why has the option for **multi-Fund programmes** been used (or not used)?

2. Did you make use of any of the provisions allowing for **flexibility in combining different categories of regions or different Investment Priorities** in the same Priority axis (Art. 96.1 CPR)?

3. Are there any **EU and national regulatory/administrative requirements that hamper** an integrated approach across Funds or with other EU policies?

4. Is there sufficient **administrative capacity** in your country to ensure a strategically coherent approach across the ESI Funds (in programming, management and implementation)?

5. Overall, what have been the **major improvements** (if any) in the strategic programming process in comparison with 2007-13? Which drawbacks have surfaced?

Finally, please ask to what extent the interviewee agrees or disagrees with the following statements. Please tick one of the five options *<u>and</u> give a reason/explanation in the last column*

	Rating					**Reason/explanation**
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	
Objectives						
The programming arrangements in your country ensured a **sufficiently strong focus on EU objectives** in the PA and OPs.						
It has been possible to address issues discussed in **National Reform Programmes and Country-Specific Recommendations**.						
The coordination arrangements in your country ensure sufficient synergies and coordination **between different ESI Funds and with other EU policies**.						
Thematic concentration						
The new **ring-fencing arrangements** have led to greater thematic concentration than in 2007-13.						
The new **ring-fencing arrangements** led to a wider scope of funding compared to 2007-13 (e.g. by ring-fencing low-carbon or urban measures).						
Different ring-fencing arrangements for different regional categories (especially for Transition Regions) are useful to address domestic needs.						
The **minimum share for ESF** is useful to address EU objectives on employment and social inclusion.						
Ring-fencing **5% for urban development** under ERDF is useful to address domestic needs.						

	Rating					Reason/explanation
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	
There has been sufficient scope for balancing thematic concentration on EU objectives **with flexibility to support national needs and priorities.**						
New regulatory provisions						
The **CSF** has been useful for strategic programming.						
The CSF has been **more useful than the CSGs** in 2007-13.						
The **'umbrella regulation' (CPR)** covering five Funds in different policy areas creates more coherence in respect of the strategic approach and programming process.						
The CPR brings about **better coordination** among ESI Funds.						
The CPR contributes to the **simplification** agenda.						
Role of the Commission						
The **Commission's role** in the preparation and negotiation of PAs and OPs supported the objectives of strategic coherence in terms of… …alignment of PA/OP with EU strategies.						
…thematic concentration.						
…integrated programming across Funds.						
…coordination arrangements.						
The positions and advice across different DGs or by different desk officers have been **consistent and coherent.**						

Annex II: List of interviewed Member State authorities

Austria:	Federal Chancellery
Bulgaria:	Council of Ministers, Directorate Programming of EU Funds
	Central Coordination Unit (CCU)
Estonia:	Ministry of Finance, Foreign Assistance Department
Finland:	Ministry of Employment and the Economy
France:	General Commission for Territorial Equality (CGET)
	Nord-Pas de Calais Managing Authority
Germany:	Federal Ministry for Economics and Technology
Poland:	Ministry of Infrastructure & Development, Department for Coordination of Development Strategies & Policies
Portugal:	Agency for Development and Cohesion
Slovakia:	Central Coordinating Authority
Spain:	Ministry of Finance and Public Administration, DG for EU Funds,
United Kingdom:	Department for Business Innovation & Skills, Local Growth Directorate

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