

# *inet bulletin*

*Improving the management of Structural Funds programmes*

*Contrasting views on the financial management, control and audit of EU Cohesion policy*

*Making sense of European Cohesion policy: 2007-13 on-going evaluation arrangements*

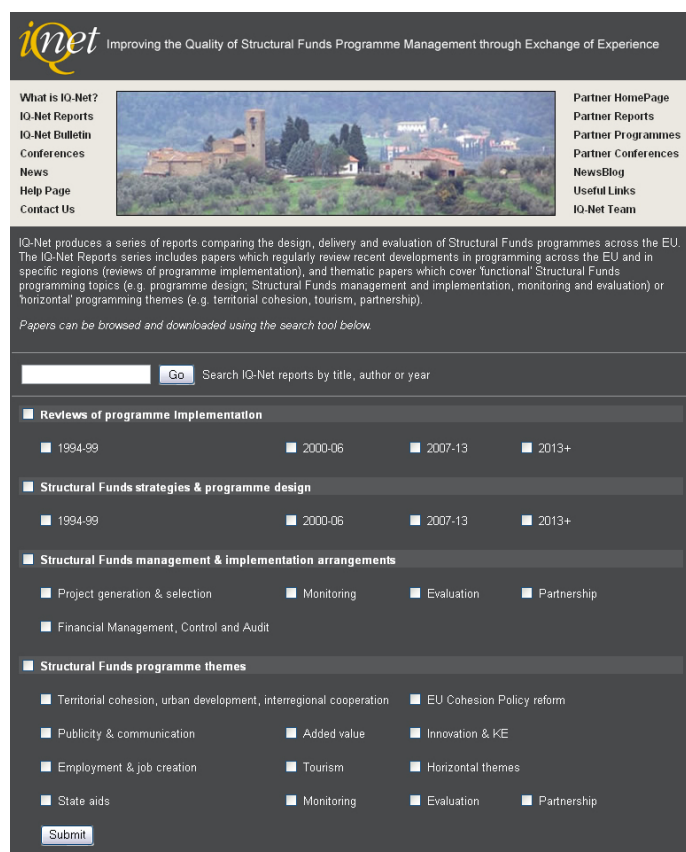
*From environmental sustainability to sustainable development?  
Making concepts tangible in Structural Funds programmes*

*IQ-Net Conferences:  
Algarve, Katowice and Attikí*





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## **IQ-Net Bulletin 14**

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## Welcome to the 14th issue of the IQ-Net Bulletin



We are now more than two years into the 2007-13 programme period. Around half of the ERDF and ESF allocations have been committed in many Member States. However, relatively little funding has been paid out. Indeed, some programmes have yet to make any payments, often because management and control systems have not been approved. Financial absorption is a real concern for some Managing Authorities, especially as the December 2009 decommitment deadline approaches and tests the new programmes for the first time.

In these turbulent times of economic crisis, Managing Authorities are facing both strategic and operational challenges. As part of national and regional recovery plans, government authorities have sought to accelerate investment co-financed by Structural Funds or to re-profile spending to focus more on job creation and training measures. The Commission has responded with a package of legislative measures and non-legislative recommendations to speed up programme implementation. These have been largely welcomed by Managing Authorities, although the importance of the measures varies greatly across the EU. One oft-voiced concern is that the pressure and greater flexibility to spend should not undermine the strategic objectives of programmes or the longer term goals of Cohesion policy.

Taking the long view, one of the challenges for this programme period is to demonstrate that Cohesion policy is effective, particularly through evidence that Structural Funds are contributing to the goals of the Lisbon agenda. This will require further investment in monitoring and evaluation, especially a more strategic approach to the planning of evaluations as foreseen in the Regulations. Issues of efficiency and accountability also underlie the stricter rules and procedures for financial manage-

ment, control and audit, with complex systems of checks and balances that aim to verify that these rules are respected. However, there is considerable tension over the costs and benefits of the Structural Funds approach to financial management, control and audit, and over the appropriate roles of EU and Member State authorities in controlling and auditing EU co-financed expenditure.

Lastly, notwithstanding the importance accorded to the economic effectiveness and financial efficiency of the Funds, sustainable long term growth and prosperity requires the three pillars of social, economic and environmental priorities to function in a mutually reinforcing way. Many National Strategic Reference Frameworks and Operational Programmes made commitments to integrating sustainable development in the implementation of programmes: the question is whether they will deliver.

These themes were the subject of three IQ-Net conferences held in the Algarve (Portugal), Katowice (Poland) and Attikí (Greece) over the past 18 months. Based on comparative research and debate covering 15 Member States, three major IQ-Net papers were produced:

- Making sense of European Cohesion policy: 2007-13 on-going evaluation and monitoring arrangements
- The financial management, control and audit of EU Cohesion policy: contrasting views on challenges, idiosyncrasies and the way ahead
- From environmental sustainability to sustainable development? Making concepts tangible in Structural Funds programmes

This Bulletin provides extracts from these three IQ-Net reports, together with information on the conferences as well as other details on the promotion of exchange of experience through IQ-Net. Further details are also available via the IQ-Net website: <http://www.eprc.strath.ac.uk/iqnet>. As ever, feedback on all of these issues is welcome.

**Professor John Bachtler**





## Contrasting views on the financial management, control and audit of EU Cohesion policy

*The Structural Funds approach to financial management, control and audit has shifted markedly since the 1990s. EU rules and procedures have become stricter, and complex systems of checks and balances have been set up to verify that these rules are respected. The number of authorities and staff involved in this work has expanded, within Member States and at EU level. Nevertheless, there remains considerable tension over the costs and benefits of the Structural Funds approach to financial management, control and audit, and over the appropriate roles of EU and Member State authorities in controlling and auditing EU co-financed expenditure. For the IQ-Net meeting in Attiki (Winter 2008), EPRC prepared a paper (see below) examining how financial management, control and audit is operating in the 2007-13 period. This article is an extract from the paper.*

### **The control and audit of Structural Funds**

Since the mid 2000s, EU authorities have undertaken a series of steps to address criticisms of the quality of Structural Funds financial control and audit, the duplication of work by Member State and EU officials, and the proportionality of procedures in terms of administrative burden and cost. Nevertheless, a number of challenges remain. These include the persistently high level of financial irregularities; the burden of financial control and audit activities; and the appropriate allocation of tasks between EU and Member State authorities. EU authorities have responded by developing an integrated framework for budgetary control; by improving the Commission's own systems for financial control and audit; by enhancing coordination between audit authorities at different levels; by emphasising the responsibilities of Member State authorities; and by endeavouring to re-define the tolerable risk of error.

Although there is broad agreement among EU authorities of the need to continue to improve the management, control and audit of the EU budget, there is a lack of consensus over the level of ongoing financial irregularities. While the Court of Auditors and the Parliament criticise the Commission's approach to the control and audit of Cohesion policy, the Commission disputes some of the Court's findings and interpretations of audit data. All EU authorities agree that Cohesion policy is characterised by a relatively high level of risk of error due, for example, to the multiplicity of organisations, systems, operations and beneficiaries involved in implementation; the many types of project and programme; and the detailed eligibility requirements at Community and Member State levels which may increase complexity and risk of misinterpretation.

### **The effects of financial rules in 2007-13**

IQ-Net research indicates that, in some programmes, Structural Funds rules bring certain benefits, by enhancing the quality of financial management and control, and by ensuring that all Managing Authorities, Intermediate Bodies and final beneficiaries are subject to equally high standards. Some programme managers also argue, for example, that the description of the management and control system has various positive systemic and procedural effects, not least by reinforcing institutional memory. The stronger emphasis on financial management and

control is also sometimes associated with positive changes in culture and mentality among those involved in programme and project implementation.

However, the heavy administrative burden associated with Structural Funds programmes in 2007-13 is also seen to have some negative effects. First, some programme managers argue that the strong emphasis on financial management, control and audit (not least the compliance assessment of the management and control system) has reduced the time and resources available to programme managers to ensure project quality and programme impact. Second, there are concerns that the complex Structural Funds rules and emphasis on on-the-spot checks and audits may deter some types of project applicant. Third, the complexity of financial management and control systems may lead Managing Authorities and Intermediate Bodies to be biased towards 'safe' projects, rather than to consider the quality of a project or its contribution to programme aims. Lastly, some programme managers note that the increased administrative burden is leading to greater scepticism towards the usefulness of EU Cohesion policy.

### **How can unnecessary complexities be reduced?**

Whilst there is acknowledgement amongst programme managers that the Structural Funds approach to financial management, control and audit has led to a more methodical approach to programme implementation procedures, all partners have called for a move towards genuine simplification and proportionality. The goal is not easy to achieve, and further discussion will be needed to find ways of reducing complexity, while still ensuring that irregularities and fraud are detected.

One possible means of reducing errors would be to limit the level of complexity of programmes and projects – yet this could fundamentally change the character of programmes, if it led to a narrower definition of project applicants or programme partners. A further possibility would be to introduce a stronger focus on the detection of fraud (rather than all financial irregularities) and to concentrate more strongly on the major sources of risk. This would imply that smaller projects and programmes would be subject to a lighter touch in terms of financial control and audit.

### **How should tasks be shared between the Commission and the Member States?**

Many programme managers would argue that the shift towards decentralisation and shared management, discussed in the run-up to the 2007-13 period, has not materialised in practice. They consider that detailed policy implementation should be left to Member States authorities, and that the Commission should focus on oversight and strategic orientation. Such an approach would also reduce problems related to the lack of harmonisation between EU and domestic frameworks.

However, such a fundamental change would be difficult to achieve given that the Treaty allocates ultimate responsibility for the implementation of the EU budget to the Commission.



Even within the bounds of the Treaty and the Financial Regulation, it is hard to see how further decentralisation could be introduced in the face of the ongoing pressure from the Parliament and Court of Auditors for further improvements in financial control and audit.

The difficult relationship between the Commission and the Member States in relation to financial management and control are typical of the so-called 'principal-agent' problem, which is seen when a central authority has to rely on distant agents to undertake tasks on its behalf.

The academic literature suggests two methods by which the principal can achieve its aims, either by reducing information asymmetries via financial monitoring, control and audit, or by aligning more closely its interests with those of the agent. Perhaps more effort should be focused on the second of these alternatives in the context of Cohesion policy implementation.

*The full IQ-Net paper on which this article is based is: 'The financial management, control and audit of EU Cohesion policy: contrasting views on challenges, idiosyncrasies and the way ahead', IQ-Net Thematic Paper No. 23(2) by Sara Davies, Frederike Gross and Laura Polverari, European Policies Research Centre, University of Strathclyde, Glasgow.*

<http://www.eprc.strath.ac.uk/iqnet/23-2.pdf>





## Making sense of European Cohesion policy: 2007-13 on-going evaluation arrangements

*Over the past two decades, successive Cohesion policy reforms have institutionalised a comprehensive and rigorous system of monitoring and evaluation. The underlying aim has been to enhance the effectiveness and efficiency of the deployment of resources for EU regional development programmes and measures.*

*By stimulating a process of learning, monitoring and evaluation activities provide a means for improving the quality, relevance and impact of programme management. The transparent provision of up-to-date information on programme performance also contributes to ensuring the accountability of EU expenditure. Further, the Structural Funds regulations have been the central driving force in the expansion of monitoring and evaluation practices in the domestic regional policies of many EU Member States.*

*For the IQ-Net meeting in the Algarve (Winter 2007), EPRC examined how the monitoring and evaluation of EU Cohesion policy are developing in the 2007-13 period. The IQ-Net paper (see below) reviews the evolution of Structural Funds monitoring and evaluation requirements and practice, and summarises the main changes introduced for the 2007-13 period. The paper also examines the new approaches to monitoring in 2007-13, focusing on operational arrangements, indicator systems and experiences with implementing monitoring systems. This article is an extract from the paper.*

### **The Evaluation Plans**

The Structural Funds Regulations for 2007-13 require Member States and regions to have a well-defined, decision-making orientated approach to evaluation. For this purpose, the Commission recommends the drafting of Evaluation Plans (EPs). Even though the practice of drafting EPs had already been introduced by the Commission in some EU10 Member States over the 2004-06 period (e.g. in Czech Republic, Poland), for many EU15 Member States the plans represent an innovation. In most countries, Evaluation Plans have previously been at most implicit; in the past, evaluation was generally implemented according to the ex ante, mid-term, mid-term up-date (and ex post) cycle proposed by the previous regulations. These were sometimes 'mechanistic' and not strategically planned to deliver useful evaluation results and feed into programme management.

Evidence gathered through IQ-Net research suggests that, for 2007-13, most countries and programmes have drafted explicit EPs at national or regional levels. These plans are generally conceived as 'live documents' which will be periodically reviewed and integrated or amended to suit changing needs.

Member States and regions have taken different approaches to defining the content of future evaluation work and drafting the Evaluation Plans.

- In many cases, the **national government has taken the lead**, with national-level EPs drafted by central coordinating authorities (often with the contribution of regional levels and national line ministries) to serve as the basis for the EPs of single pro-

grammes or subsuming OP evaluations (as in the Czech Republic, Greece, Portugal and Spain). A single EP for a group of programmes has sometimes been developed by a national-level authority, in cooperation with regional bodies (e.g. Sweden).

- Less prescriptive are **guided approaches**, where the drafting of EPs at national and programme levels has been conducted as separate exercises, but where national-level authorities have provided guidance to programme authorities on how to approach the preparation of the EP and how to conduct their evaluation work (as in France, Italy and Poland).

- Lastly, there are several Member States where evaluation planning has been **led by the regions** (e.g. Belgium, Germany, United Kingdom). In the absence of a national-level EP, regional or programme-level authorities have independently developed programme/regional EPs.

These differences in evaluation planning reflect the varied institutional and organisational arrangements for managing and implementing Cohesion policy in EU Member States, notably whether countries have centralised, regionalised or decentralised/de-concentrated institutional systems. For example, in Sweden the choice to draft a single Evaluation Plan for all ERDF OPs reflects the fact that all these OPs share the same national Managing Authority. Equally, in countries such as Belgium and Germany the regional or programme-based approach to evaluation planning reflects the federal approach to managing the Funds.

Overall, national governments have played a major role in steering and coordinating the planning of future evaluation work. Regardless of whether the national level is leading by co-operation or guidance, national authorities seem to be seeking a consensual, collaborative approach to evaluation rather than prescription. Irrespective of whether the drafting of EPs is nationally-led, nationally guided or regionally-led, it would appear that the process has been mostly internal to the public administration in charge of the programmes. Partners have often not been involved to any significant extent.

### **Evaluation design choices**

The IQ-Net research suggests that the increased freedom granted by Structural Funds regulations on when and what to evaluate is leading to evaluations that are going to be more closely informed by country-specific conditions, such as domestic evaluation cultures, constitutional and institutional arrangements, the interrelationship between EU Cohesion policy and domestic regional policies (and sectoral policies) of each country, and the evaluation capabilities available in Member States and regions. Taken together, there is likely to be much greater heterogeneity in the evaluation choices made by Managing Authorities.

In some countries, on-going evaluation was already implemented during 2000-06, for example in Austria and in some Italian and UK programmes. In others, the concept of an 'on-going evaluation' is new, and programme managers and evaluation specialists are interpreting the concept in ways which suit their



capabilities and information needs. Two main interpretations of on-going evaluation emerge from the IQ-Net research:

- on-going evaluation as a succession of thematic studies: studies planned according to a formalised timetable, ad hoc studies or a combination of the two; and
- on-going evaluation which integrates the planning of thematic/ad hoc studies with a mid-term evaluation exercise.

A large number of programmes (e.g. in Austria, Belgium, Denmark, France, Poland, Portugal and the United Kingdom) plan to repeat mid-term evaluations (MTEs), despite the criticism that these attracted in 2000-06. However, programme managers now have the scope to choose when to undertake MTEs, and these will not necessarily be conducted at the exact mid-point of the programme period if this is not considered suitable. The content of the MTEs, moreover, is likely to be more focused than in 2000-06.

Programmes will necessarily carry out evaluations in cases of a 'significant departure from the goals initially set' and to substantiate revision proposals (Art. 48.3 Council Regulation 1083/2006). There is no common understanding, however, on what constitutes a 'significant departure'. A number of countries have sought advice from the Commission on this. In a few cases, a definition of the deviation that would trigger evaluations was agreed domestically (e.g. in Latvia and Vlaanderen). Most countries prefer to keep the definition loose. In Wales, for instance, the Monitoring Committee has been allowed to decide whether or not something represents a 'significant departure'.

### *The focus of on-going evaluation*

Past Structural Funds evaluations, and especially the mid-term evaluations, have often been criticised for their lack of strategic vision and for being too centred on operational, practical aspects of programme implementation and delivery. The IQ-Net research indicates that future evaluations will (or intend to) focus more on strategic issues than in the past, whilst also continuing to deal with operational topics.

The effectiveness of Structural Funds interventions appears as a key evaluation theme in virtually all Member States. In many cases, this is likely to involve micro-economic assessments of programme effects, but some countries or regions envisage more substantial impact analysis (Czech Republic, Germany, Italy, Poland, Portugal and parts of the UK (East Midlands, Wales)). In some cases, it is anticipated that the HERMIN model will be used to assess impacts (e.g. in the Czech Republic); in others the methodologies to be utilised are still under discussion.

By contrast, efficiency issues feature less prominently (explicitly mentioned only in the Czech Republic, France and Spain). More common is a broader focus on implementation topics. These are a strong feature of the Evaluation Plans: of the new Member States (e.g. Czech Republic and Poland) and other large recipients (e.g. Greece and Spain), where the absorption of the funds needs close attention; in regions or programmes which have introduced reforms in the way the Structural Funds programmes are delivered (such as in Scotland); and in cases where the programmes include new policies or instruments (e.g. in the Italian OP for Research and Competitiveness, Nordrhein-Westfalen,

North East England).

### *Scope of on-going evaluation approaches*

The scope of planned evaluations varies markedly, with several different types of evaluation planned, as follows.

- **Thematic evaluations.** In most countries, the on-going approach will involve thematic studies on a range of topics of interest to the national, regional or programme authorities. These include:

- *cross-cutting themes*, such as issues that pertain to the management of programmes (e.g. the quality of monitoring systems, as in Vlaanderen);
- *territorial themes*, such as the effects, impacts or implementation of programmes or specific measures in particular types of territories (e.g. urban or rural areas) or selected programme areas (Śląskie);
- *sectoral themes*, such as innovation or SME development/support (France); and
- *management themes* on the operation of the programme (e.g. to deepen the understanding of a newly introduced system for selecting projects, as in Nordrhein-Westfalen).

- **Programme-level evaluations.** A number of countries will, at some point during the programme period, carry out the standard types of programme evaluation, in the form of mid-term evaluation exercises or other programme-wide studies.

- **Policy-level evaluation.** In some cases, Structural Funds programmes are integrated, aligned or merged with domestic policies, for example in Finland, France and Italy. In these cases, evaluations tend to cover policies rather than individual programmes.

- **Cross-programme evaluation.** Examples of various types of cross-programme evaluation are likely to be undertaken in France, Italy (Lombardia), Sweden and the UK (Wales). In France, the possibility of a nationally coordinated multi-programme evaluation is envisaged for selected themes where several regions express a common interest. In Lombardia, evaluations will be carried out on the effects and impacts of all regional programmes (ESF, ERDF and Rural Development) considered together. In Sweden, national-level comparative evaluations will be carried out by NUTEK (now Tillväxtverket) based on the evaluations of individual programmes, repeating the approach used for the Updates of the Mid-Term Evaluations in the 2000-06 period. Lastly, in Wales, the WEFO has incorporated both Convergence and Regional Competitiveness & Employment programmes under a single Evaluation Plan, again building on experience under the 2000-06 programmes. Moreover, the four Welsh OPs have been re-organised into 19 'Strategic Frameworks', each of which will be the subject of specific evaluation work.

- **Project-level evaluation.** Something of a novelty is the systematic introduction of project-level evaluations in a number of areas. Plans for project-level evaluations have been drawn up in Belgium (Vlaanderen) and in the UK (Wales and Scotland).





Katowice, Poland

In Scotland, OP implementation is concentrated in a smaller number of large projects which are being closely monitored. All projects above a £2 million (c. €2.2 million) threshold will be evaluated through stand-alone evaluation exercises. In Wales, the project level is one of three levels at which evaluation will apply. Project-level evaluation will be carried out: (i) in the form of self-assessments by all project implementers (an Evaluation Plan, based on guidance from the Managing Authority, must be developed as part of the business case of each application); and (ii) in the form of external evaluations, foreseen for all projects receiving grants of £2 million or more and for projects implementing innovative or experimental actions (as defined in the OPs). Similarly, in Vlaanderen (Belgium), project implementers are required to provide a self-assessment, a requirement of the contract that the programme's beneficiaries sign with the Managing Authority.

### Internalised or externalised evaluation?

In the past, external consultants were generally commissioned to undertake Structural Funds evaluations. This was due to EU regulatory requirements which stressed the importance of the independence of evaluation, implying that evaluation work should be conducted by actors not directly involved in the management or implementation of the programmes. For 2007-13, the less prescriptive Structural Funds regulations provide scope to conduct more internal evaluations.

While a small group of countries will continue predominantly to outsource evaluation work to external contractors (e.g. Austria, Czech Republic, Finland, Greece, Poland), the majority are planning to implement a mix of externally commissioned and internally conducted evaluations (e.g. Denmark, France, Germany, Italy, Portugal, Spain, Sweden, United Kingdom). In general, internal evaluations will be carried out in the following cases:

- when the evaluations require *specialist skills or techniques for which the domestic administration is considered better equipped* than evaluators available on the market (e.g. Denmark, Germany (Nordrhein-Westfalen), Portugal);
- when the evaluations focus on *technical topics* (e.g. support

to firms for innovation-oriented investments) that *the administrators in charge of the programme consider that they 'know best'* and where external evaluators are thought to be less equipped to deal with the issue (e.g. Italian OP Research and Competitiveness);

- when the evaluations can be adequately undertaken internally, and where programme managers want greater control over the timetable and costs - as in Sweden, where NUTEK (Tillväxverket) will carry out a meta-analysis of the evaluations of the OPs to draw out comparative conclusions and lessons; or
- where well-developed evaluation units provide the resources and scope for in-house work to be undertaken (as in the case of the Italian NSRF).

When evaluations are outsourced, the contractual arrangements through which evaluation activities are commissioned are expected to be similar to those utilised in the past, i.e. evaluation-specific contracts (e.g. in Wales, for the evaluations of each Strategic Framework, or in Nordrhein-Westfalen), or overall framework contracts where a single evaluator or consortium is appointed to follow the programme throughout its life (e.g. Lombardia). In either case, external evaluators will be selected through public calls for tenders, in line with established national and European public procurement rules.

### Capacity building for evaluation

The increased freedom and room for manoeuvre that Member States and regions have with respect to the evaluation of Cohesion policy imply the need for a certain degree of 'maturity' and of diffused knowledge on the role, tools and utility of evaluation. This relates particularly to:

- the *administrations* in charge of the programmes who will commission and, in some cases, undertake evaluation work; and
- the *evaluation community*, including consultants and academics working as evaluators.



Without doubt, the experience gained from past Structural Fund programme periods has embedded an evaluation culture and deepened evaluation capacity – to varying degrees – in all of the EU15 Member States. Programme managers, implementing bodies and other partners have become more familiar with the operational requirements for conducting evaluations, and they now have access to larger pools of evaluator skills – not least due to the extensive efforts to raise awareness on the utility of evaluation and to build capacities.

During the 2000-06 period, national authorities had an important role in this respect. One of the best examples of systematic capacity building can be found in Austria, where a permanent evaluation discussion forum was set up in 1995, upon the country's accession to the EU, to bring together programme managers and evaluators, and to develop a debate on evaluation themes, management, organisation and methods. A resource centre was also established to provide support for evaluation and promote exchange of experience. Extensive investment in capacity building has also been undertaken in the EU10 Member States. Following advice from DG REGIO, several EU10 countries developed national Evaluation Plans during 2004-06 which included provisions for capacity building (as in the Czech Republic, Lithuania and Poland). Notwithstanding these efforts, the issue of the capacities available to evaluation is still of primary importance, particularly in the context of the EU12, where past experiences with regional policy evaluation were limited.

For the 2007-13 period, further capacity building activities are planned in virtually every country, with activities including:

- the organisation of conferences, workshops and seminars (e.g. Poland, Italy);
- the provision of training for administrators and evaluators (Poland);
- the development of a methodological and theoretical basis for evaluation, through guidelines, setting evaluation standards and procedures, the creation of databases (Czech Republic, France, Wales);

- initiatives to promote the exchange of good practice (Austria, Italy); and
- the implementation of generic initiatives for the development of a wider evaluation community, for example through the support of national evaluation societies (Czech Republic).

Notwithstanding the fact that capacity building efforts are particularly crucial for the new Member States, many of the EU15 countries will also continue to invest in evaluation capacities. For instance, in Greece a specific OP dedicated to the 'reinforcement of the efficiency of the public administration' includes activities specifically related to evaluation (while aiming to improve the efficiency of the public administration more generally).

Lastly, in the past, the European Commission (and DG REGIO in particular) has been fundamental in stimulating a debate on evaluation and in developing evaluation capabilities and practices across the EU. In past programme periods, and especially since 1994, the Commission exercised multiple roles. It provided direction, advice and guidance to national authorities on a range of areas, including evaluation terms of reference, budgets, tendering procedures, methods and the quality of evaluation reports. The Commission has stimulated the cross-dissemination of good practices across Member States and, in general, has acted as a point of reference for the community of policy-makers involved in the evaluation of regional policy. Although for 2007-13 the Commission is delegating a large amount of evaluation responsibilities to Member States and regions it is not taking a step back. It will be important that DG REGIO does not only maintain an overview of how evaluation is being conducted but that it also provides support tailored to the needs of individual countries and regions, as well as pioneering new forms of evaluation methods that can provide better insights into the efficiency and effectiveness of the Structural Funds.

*The full IQ-Net paper on which this article is based is: 'Making sense of European Cohesion policy: 2007-13 on-going evaluation and monitoring arrangements', IQ-Net Thematic Paper No. 21(2) by Laura Polverari, Carlos Mendez, Frederike Gross and John Bachtler, European Policies Research Centre, University of Strathclyde, Glasgow.*  
<http://www.eprc.strath.ac.uk/iqnet/21-2.pdf>



## Financial management, control and audit in Structural Funds programmes, Attikí Conference, November 2008

Financial management, control and audit was the controversial theme of the 25th IQ-Net meeting held in November 2008 in Kifissia, Greece, hosted by the Region of Attikí and the Greek Management & Organisation Unit (MOU). The meeting came at an important time, given the criticisms of the Cohesion policy accounts by the European Court of Auditors, and the increasing problems being faced by programme managers with financial management and audit. The conference was based on extensive EPRC research on the experiences of financial management, control and audit across the EU. The debate was introduced by a presentation by Nicholas Martyn, Director of the Audit Directorate of DG Regio, who also participated in an extensive question-and-answer session with delegates.



Workshop discussions considered how problems might be addressed in the current (2007-13) programme period and more substantial changes that might be introduced after 2014. The discussions were complemented by a study visit to projects funded by Structural Funds in the Attikí Region, notably the Foundation of the Hellenic World and the Biomedical Research Foundation of the Academy of Athens.



Attikí Conference



World Café, Algarve

## Sustainable strategies for growth and jobs in the 2007-13 programmes, Katowice Conference, May 2008

'Sustainable strategies for growth and jobs' was the topic of the 24th IQ-Net meeting, held in Katowice, Poland. The meeting was hosted by Śląskie Voivodeship, the Managing Authority of Śląskie's 2007-13 Regional Operational Programmes. The main topic discussed by delegates at the meeting was how sustainable development is being integrated within EU-funded Structural Funds programmes for the 2007-13 period. Discussions also focused on a review of implementation of the 2007-13 programmes, as well as the latest developments with respect to the closure of 2000-06 programmes.



After the meeting, the IQ-Net partners had the opportunity to visit the prestigious Katowice Music Academy, which was refurbished and enlarged with Structural Funds resources, and the town of Pszczyna, where Structural Funds resources have been used to regenerate the old town, renovate the town's historic castle (now transformed into a museum) and establish a 'bison farm' within the castle grounds, with the purpose of increasing the town's attractiveness as a tourist location.



Katowice Conference



## Monitoring and evaluation of 2007-13 OPs and National Strategic Documents, Algarve Conference, November 2007

The 23rd meeting of IQ-Net was held in Vilamoura, Algarve in November 2007, hosted by the Portuguese Financial Institute for Regional Development (IFDR) and the Regional Coordination and Development Commission of the Algarve. The meeting's theme was the monitoring and evaluation arrangements for 2007-13 Structural Funds programmes and National Strategic Documents, specifically: how monitoring and evaluation systems are taking account of the 'on-going' approach to evaluation; how the role of evaluation is evolving; and how programmes and strategies can be monitored efficiently and effectively to feed into evaluation exercises.



Participants had the opportunity to debate these questions during 'World Café' style group discussions. The study tour focused on the Strategy for Less-Populated Areas, designed to stop the movement of people from the upland areas of the region to the coast. This was illustrated by a visit to Paderne, one of the 'magnet villages', to see the investment being made in natural heritage and buildings, village infrastructure and public facilities.



Guadiana River Suspension Bridge, Portugal



# From environmental sustainability to sustainable development?

## Making concepts tangible in Structural Funds programmes

*Sustainable Development (SD) is a fundamental objective of the European Union and is an overarching concept that underpins all EU policies, strategies and actions. The basis of the concept is that sustainable, long-term growth and prosperity requires the 'three pillars' of social, economic and environmental policies to function in a mutually reinforcing way. The strategic reference framework is provided by the EU's Sustainable Development Strategy, launched in Gothenburg in 2001 and renewed in 2006.*

*The importance attached to SD in EU Cohesion policy has increased in recent years, and environmental sustainability was a horizontal theme in the 2000-06 programme period. For 2007-13, Article 17 of the general regulation makes the framework of SD a binding principle for all funding objectives.*

*For the IQ-Net meeting in Katowice, Poland (Summer 2008), EPRC examined how Structural Funds programmes are supporting the integration of SD in the 2007-13 period. This article is an extract from the paper.*

### **Evolution of sustainable development in EU Cohesion policy**

Sustainable Development (SD) is a prominent theme in EU and domestic policy discourses. There is increasing recognition that, for sustainable, long-term growth and prosperity, the 'three pillars' of social, economic and environmental policies must be integrated and mutually reinforcing. Structural Funds regulations acknowledge the importance of SD for economic and social cohesion. Commission regulations for the current programme period make it clear that the framework of SD is a binding principle for all funding objectives, confirming it as an integral theme for 2007-13 programmes.

Sustainable development needs to be seen 'in the round', as a combination of economic, social and environmental objectives throughout the phases of programme design and implementation. However, for several reasons, integrating SD into programmes is a challenging process: defining SD is not straightforward as there are a range of interpretations; integrating SD into strategic objectives and priorities may mean linking interventions across a wide variety of policy themes and project types; and the progress and impact of SD-related interventions may be difficult to disaggregate and measure, or may be intangible at least during the lifetime of the programme.

### **Integrating SD in the design of NSRFs and OPs**

In terms of design, NSRFs and OPs are gradually moving away from perceptions of SD as either an expensive addition to the main focus or outcome of programmes, or as a series of individual projects or initiatives. In particular, there is evidence of SD experts or organisations being involved in the design of several NSRFs and OPs in a more integrated and iterative way. This reflects the aim of (some) programme managers to develop a clearer understanding of the SD agenda from the start of the programming process. However, it should be noted that this was not universal. In many programmes, SD continues to be

interpreted through the (narrower) lens of environmental sustainability, which is reflected in 'SD inputs' to the NSRFs and OPs being allocated to environmental ministries and agencies, NGOs and experts.

### **SD-related objectives in the NSRFs/OPs**

SD is on the agenda of all the NSRF/OPs examined in the IQ-Net research. In keeping with guidance from the Commission and a broad convergence of national policy approaches dealing with the issue, NSRFs and OPs generally include SD in the discussion and formulation of policy goals and strategic objectives.

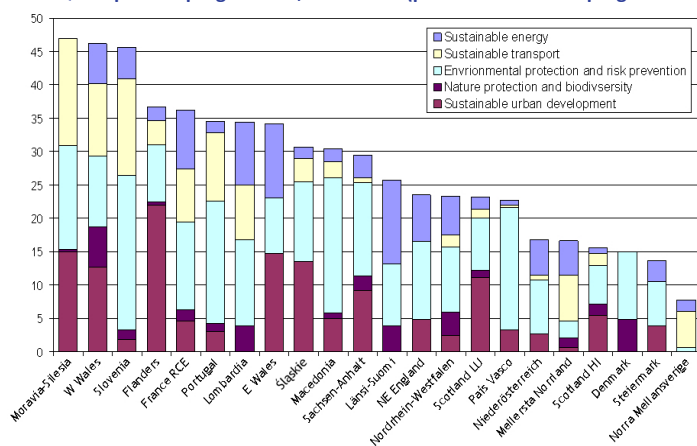
However, there is considerable variation in the conceptualisation of SD, associated with different programming environments and domestic policy contexts. Some documents draw on domestic, EU or international strategies to develop an inclusive, multi-strand interpretation of sustainability along the lines suggested by EU guidance. Where SD is a relatively new policy area, or where the priority attached to SD in Cohesion policy programmes compared to other issues is limited, NSRFs and OPs devote less space to setting out their interpretation of SD and define the issue mainly with reference to other strategies.

Other documents set out a narrow conceptualisation of SD, focusing on a particular component (usually environmental sustainability) and incorporating it either as a distinct strategic priority or as a component of horizontal or cross-cutting themes. This can reflect the perception of environmental sustainability as a particularly important priority in some programme areas. It can also illustrate the assumption that the economic and social objectives of SD are automatically pursued in programmes and that the inclusion of environmental sustainability as a horizontal theme can integrate all three pillars. It is also important to note that differences in the objectives of NSRFs and OPs can influence interpretations of environmental sustainability under the SD heading.

### **SD-related priorities and interventions in the NSRFs/OPs**

Looking in more detail at the priorities and interventions included in NSRFs and OPs, there are frequent commitments to sustainable development and, specifically, the Community goal of protecting and improving the environment. On average, the programmes reviewed in the research are allocating around one quarter of total funding to the following investment themes: environmental protection and risk management; sustainable energy; sustainable transport; sustainable urban development; and bio-diversity, nature protection and natural assets. A general distinction can be drawn between Convergence programmes, some of which have allocated as much as 45 percent of resources to these themes, and some Regional Competitiveness and Employment (RCE) programmes where allocations of less than 15 percent of total funding to these types of investment are planned. In part, this reflects the strong Lisbon-orientation adopted in many RCE regions and the fact that many SD-related categories (though not all) are excluded from the earmarking exercise.

Indicative allocations to environmental and SD-related investments in IQ-Net partner programmes, 2007-2013 (percent of selected programmes)



There is also wide variation across programmes in the emphasis placed on specific investment themes. Here, it is useful to look at the main investment areas with direct relevance to sustainable development in Community regulations. Again, these focus largely on environmental sustainability.

- Within the theme of **environmental protection and risk prevention**, support for basic infrastructure relating to water and waste is prominent in some Convergence programmes, while the focus elsewhere is on support for environmentally-friendly products and production processes in SMEs.
- The promotion of **sustainable energy** is prioritised across the majority of IQ-Net partner OPs, some giving more attention to energy efficiency than to renewable energies.
- Concerning **sustainable transport**, the most commonly supported investments are multi-modal transport, intelligent transport systems, urban public transport and cycle tracks, although expenditure on railways is apparent, particularly in Convergence countries and regions.
- Investment in **sustainable local and urban development** is also included in most IQ-Net partner OPs. Support for integrated urban or rural regeneration projects account for very significant shares of funding in some Member States/regions, although not in all.

Among all the main investment areas reviewed, the category that receives least attention is the promotion of biodiversity and nature, in part because the rural development programmes under the EAFRD will be funding these interventions. On the other hand, support for natural assets and the protection and development of natural heritage does feature more heavily in some programmes.

### Integrating SD in the implementation of programmes

The systems for generating, appraising and selecting projects for Structural Funds support play a crucial role in integrating SD in OP interventions. Setting obligations and criteria that inform the generation, design and selection of projects can facilitate changing interpretations of SD. It is through the implementation processes that awareness of SD issues can be raised and where a more 'holistic', three-pillar approach to project generation, selection and appraisal can be developed. The integration of SD in these processes clearly varies across programmes, reflecting

different national systems for project generation and selection, the wider national and regional emphasis placed on SD, and the specific capacities of programme actors.

Nevertheless, some general trends can be identified. First, building on experiences from the previous programme period, programme managers have placed greater emphasis on developing an *explicit definition of SD* and setting out what sort of tangible, SD-related impacts projects could be expected to have.

Second, *setting clear, SD-related criteria and providing guidance for applicants* is helping to inform the design of projects. The aim is to introduce SD considerations into projects at the earliest possible stage and to provide a foundation for integrating SD throughout the implementation stages.

Third, the complex, multi-faceted nature of SD means that *monitoring its impact remains challenging*. Programme managers are attempting to overcome these obstacles by developing more detailed and sophisticated indicators, drawing on expert advice and domestic and international frameworks and guidance. Many have also chosen to focus on the SD pillar of environmental sustainability. The inclusion of related criteria and indicators ensures that the environmental impact of all projects are designed, assessed and monitored, thus integrating environmental concerns in projects dealing with economic or social dimensions.

Fourth, most OPs plan to launch *thematic evaluations of SD-related issues* during the programme period. Finally, OPs are *maintaining or extending the use of partnership structures* in implementation as a means of informing the SD-content and also as a way of increasing knowledge and awareness of the issue. However, in some cases there may be a limited number of partners with the capacity to participate. Elsewhere, changes in programming arrangements can reduce the scope for partnership working.

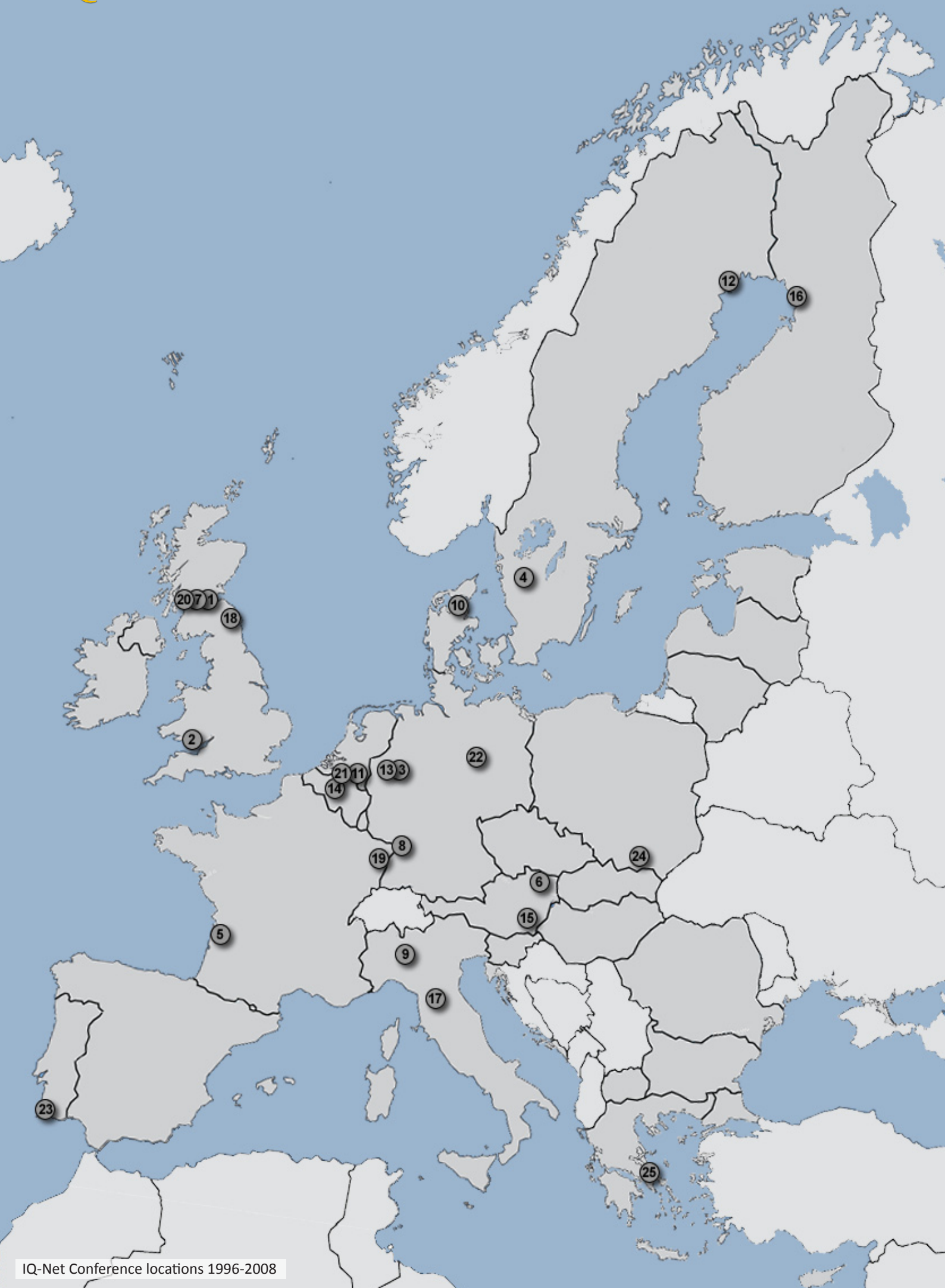
### Conclusions

The IQ-Net research reveals an increased level of integration of SD in the 2007-13 programmes. The importance attached to the issue in Commission and Member State policy discourses is reflected in more structured approaches to incorporating SD considerations into the design, strategic content, objectives and priorities of programmes and in arrangements for their implementation. Most NSRFs and OPs refer to comprehensive SD definitions, drawing on social, economic and environmental dimensions. Nevertheless, a review of SD-related priorities, interventions and funding allocations reveals a continued emphasis on environmental sustainability. SD is a complex issue. While SD-related themes and objectives can be identified in all programmes, the ongoing challenge is in developing an integrated approach to interventions which can cover a potentially wide range of policy fields and project types.

*The full IQ-Net paper on which this article is based is: 'From environmental sustainability to sustainable development? Making concepts tangible in Structural Funds programmes, IQ-Net Thematic Paper No. (22)2, by Martin Ferry, Carlos Mendez and John Bachtler, European Policies Research Centre, University of Strathclyde, Glasgow.*

<http://www.eprc.strath.ac.uk/iqnet/22-2.pdf>







## IQ-Net celebrates its silver jubilee meeting

A milestone for IQ-Net was reached with the November 2008 IQ-Net conference in Attiki, as it represented the 25th meeting of the network. The biannual meetings of national and regional managing authorities, as well as Commission services, have been held since 1996 and have now taken place in 12 countries. Starting out as a small network of Objective 2 regions, IQ-Net has developed over time, first broadening its scope to include Objective 1 regions and then, after 2004, expanding geographically to take in partners from the new Member States. The rationale and focus has, however, stayed the same: improving the quality of programme management through exchange of experience.

Over the 25 meetings, virtually every aspect of the programme management cycle has been researched, through in-depth thematic papers, and discussed by the IQ-Net partners at their meetings – strategic planning and programme design, partnership, project generation and selection, project implementation, financial management, control and audit, reporting, monitoring

and evaluation. Other issues discussed have included RTD and the knowledge economy, employment creation, environmental sustainability, gender equality, territorial cohesion and tourism. The IQ-Net meetings are notable for informed debate but also informal exchange of experience and networking that has promoted new relationships between programme managers. The IQ-Net papers have been widely circulated and discussed beyond IQ-Net, in some cases being used for DG Regio guidance. They have also contributed to debates on the effectiveness of Cohesion policy, for example relating to the added value of the Structural Funds.

With policy learning being recognised as increasingly important for Cohesion policy, IQ-Net provides an example of how learning and exchange of experience can inform and enrich the work of Managing Authorities. The network can reflect on 25 successful meetings, and is looking forward to many more in the years ahead!



### Austria

#### Leoben (15)

Steiermark, October 2003  
"Programme efficiency, Mid-term evaluations and Added value"

#### Semmering (6)

Niederösterreich, January 1999  
"Tourism"

### Belgium

#### Antwerp (21)

Flanders, January 2007  
"Programme development and implementation arrangements for 2007-13 programmes"

#### Brussels (14)

June 2003  
"The added value of Structural Funds programmes"

#### Grobbendonk (11)

Vlaanderen, December 2001  
"The horizontal themes"

### Denmark

#### Aalborg (10)

Nordjylland, June 2001  
"The information society"

### Finland

#### Oulu (16)

Länsi-Suomi, April 2004  
"The effectiveness of Structural Funds programmes"

### France

#### Strasbourg (19)

Alsace, November 2005  
"Future Structural Funds programmes strategies"

#### Bordeaux (5)

Aquitaine, May 1998  
"RTD and job creation"

### Germany

#### Magdeburg (22)

Sachsen-Anhalt, June 2007  
"Implementation arrangements for the 2007-13 OPs"

#### Dortmund (13)

Nordrhein-Westfalen, February 2003  
"Publicity and communication"

#### Saarbrücken (8)

Saarland, June 2000  
"Project development, appraisal and selection"

#### Gelsenkirchen (3)

Nordrhein-Westfalen, April 1997  
"Regional environmental integration, ERDF and ESF synergy, Interim evaluation"

### Greece

#### Attiki (25)

November 2008  
"Financial management, control and audit"

### Italy

#### Artimino, Prato (17)

Toscana, November 2004  
"Innovation and the knowledge economy"

#### Como (9)

Lombardia, December 2000  
"Monitoring"

### Poland

#### Katowice (24)

Śląskie, May 2008  
"Sustainable strategies for growth and jobs in the 2007-13 programmes"

### Portugal

#### Algarve (23)

November 2007  
"Monitoring and evaluation of 2007-13 OPs and National Strategic Reference Frameworks"

### Sweden

#### Luleå, Norrbotten (12)

Norra Norrland, June 2002  
"Mid-term evaluation"

#### Fyrstad (4)

Västra Götland, November 1997  
"Meso-level partnerships, Equal opportunities and Objective 2 programme evolution"

### UK

#### Glasgow (20)

Western Scotland, June 2006  
"The design of 2007-13 Structural Funds programmes"

#### Newcastle upon Tyne (18)

North East England, May 2005  
"Territorial cohesion and Structural Funds programmes: urban development and inter-regional cooperation"

#### New Lanark (7)

Western Scotland, November 1999  
"Structural Funds programming"

#### Cardiff (2)

Wales, September 1996  
"Generating good projects, monitoring and evaluation, RTD and innovation, Structural Funds management"

#### Glasgow (1)

Western Scotland, February 1996  
Launch meeting

## What is IQ-Net?

**IQ-Net is a network which brings together regional and national partners from Structural Funds programmes across the European Union. Its aim is to improve the quality of Structural Funds programme management through exchange of experience. The network involves a structured programme of applied research and debate, centred on bi-annual conferences.**

IQ-Net was launched in 1996 and is managed by the European Policies Research Centre (EPRC) at the University of Strathclyde in Glasgow. The partner organisations are mainly regional or national Managing Authorities or programme Secretariats.

Conferences are hosted by the partners on a rotation basis. Past conferences have taken place in Leoben and Semmering (Austria), Antwerp, Brussels and Grobbendonk (Belgium), Aalborg (Denmark), Oulu (Finland), Bordeaux and Strasbourg (France), Dortmund, Gelsenkirchen, Magdeburg and Saarbrücken (Germany), Attiki (Greece), Artimino and Como (Italy), Katowice (Poland), Algarve (Portugal), Fyrstad and Luleå (Sweden) and Cardiff, Glasgow, New Lanark and Newcastle upon Tyne (UK).

IQ-Net members currently comprise:

**Austria:** *Niederösterreich (Lower Austria)* - Amt der Niederösterreichischen Landesregierung (Lower Austrian Land Government)

*Steiermark (Styria)* - Amt der Steiermärkischen Landesregierung (Styrian Land Government)

**Belgium:** *Vlaanderen (Flanders)* - Agentschap Economie (Agency for Economy of Flanders)

**Czech Republic:** *Ministerstvo pro Místní Rozvoj* (Ministry for Regional Development)

**Denmark:** *Erhvervs og Byggestyrelsen* (Danish Authority for Enterprise and Construction)

**Finland:** *Työ-ja elinkeinoministeriö/ Arbets-och näringsministeriet* (Ministry of Employment and the Economy)  
*Länsi-Suomi* (Western Finland Alliance)

**France:** *DIACT, Délégation interministérielle à l'aménagement et à la compétitivité des territoires* (Agency for Town and Country Planning and Regional Development)

**Germany:** *Nordrhein-Westfalen (North Rhine Westphalia)* - Ministerium für Wirtschaft, Mittelstand und Energie NRW (MWME) (Ministry for Economy, SMEs and Energy)

*Sachsen-Anhalt (Saxony-Anhalt)* - Ministerium der Finanzen des Landes Sachsen-Anhalt (Ministry of Finance)

**Greece:** *Μονάδα Οργάνωσης της Διαχείρισης Α.Ε.* (Management Organisation Unit S.A.)

**Italy:** *Ministero dello Sviluppo Economico* (Ministry of Economic Development)

*Istituto per la Promozione Industriale, IPI* (Agency for the Promotion of Industry)

**Lombardia (Lombardy)** - Regione Lombardia

**Poland:** *Śląskie Województwo (Silesia Region)* - Urząd Marszałkowski Województwa Śląskiego (Marshal's Office of Silesia)

**Portugal:** *Instituto Financeiro para o Desenvolvimento Regional* (Financial Institute for Regional Development, IP)

**Slovenia:** *Služba Vlade RS za lokalno samoupravo in regionalno politiko* (Government Office for Local Self-Government and Regional Policy)

**Spain:** *País Vasco (Basque Country)* - Diputación Foral de Bizkaia

**Sweden:** *Tillväxtverket* (Swedish Agency for Economic & Regional Growth) - formerly known as Nutek

**UK:** *Department for Communities and Local Government (CLG)*

*North-East England* - One NorthEast

*Scotland* - The Scottish Government

*Wales* - Welsh European Funding Office / Swyddfa Cyllid Ewropeaidd Cymru

**DG Regio of the European Commission**

IQ-Net welcomes expressions of interest from potential new members (regional or national programming authorities) from any EU-27 Member State.

The IQ-Net team at EPRC are: Professor John Bachtler (Director), Laura Polverari (Network Manager), Professor Douglas Yuill, Dr. Sara Davies, Dr. Martin Ferry, Frederike Gross, Professor Henrik Halkier (Senior Research Associate), Stefan Kah, Dr. Irene McMaster, Carlos Méndez, Rona Michie, Heidi Vironen and Fiona Wishlade. Administrative support is provided by Lynn Ogilvie, Alyson Ross and Rhona Walker. The network has a dedicated webmaster, David Paul.

Further information about the network can be obtained from:

Visit the IQ-Net website: <http://www.eprc.strath.ac.uk/iqnet/>

Email: [iqnet@strath.ac.uk](mailto:iqnet@strath.ac.uk)

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