



**A SNAPSHOT OF THE PRESENT AND
A GLIMPSE OF THE FUTURE OF COHESION POLICY**

**REVIEW OF PROGRAMME IMPLEMENTATION
SUMMER - AUTUMN 2011**

IQ-Net Review Paper No. 29(1)

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***Improving the Quality of
Structural Funds Programme Management
Through Exchange of Experience***

31st IQ-Net Conference (Phase V)

Aachen, Germany, 7-9 December 2011



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December 2011

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PREFACE

The research for this paper was undertaken by EPRC in preparation for the 31st IQ-Net meeting held in Aachen, Germany on 7-9 December 2011. The paper was written by Stefan Kah.

The paper is the product of desk research and fieldwork visits during Autumn 2011 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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EPRC thanks all those respondents from national and regional authorities and other organisations who participated in the research. EPRC also gratefully acknowledges the financial support provided by participating Member States and regions, whose contributions are co-financed by technical assistance from the European Structural Funds. The author is also grateful for helpful advice and feedback on earlier drafts of this paper from the IQ-Net research team, especially John Bachtler, Carlos Mendez and Stephen Miller, and for support with the formatting of the paper from Alyson Ross. The report is, however, the responsibility of the author alone.

The partners in the IQ-Net network are as follows:

Austria

- State Government of Niederösterreich (Lower Austria), Economic and Tourism Department
- State Government of Steiermark (Styria), Economic Policy Department

Belgium

- Enterprise Flanders Agency

Czech Republic

- Ministry for Regional Development

Denmark

- Danish Enterprise and Construction Authority

Finland

- Alliance of Länsi-Suomi (Western Finland) and the Ministry of Employment and the Economy

France

- Délégation interministérielle à l'aménagement du territoire et à l'attractivité régionale (DATAR, Interministerial Delegation of Territorial Development and Regional Attractiveness)

Germany

- Nordrhein-Westfalen (North Rhine-Westphalia), Ministry of Economy, SMEs and Energy, EU Affairs Unit
- Sachsen-Anhalt (Saxony-Anhalt), Ministry of Finance

Greece

- Management Organisation Unit of Development Programmes S.A.

Hungary

- Hungarian Enterprise Development Centre (MAG), in association with the National Development Agency (NDA)

Italy

- Ministry of Economic Development and Promuovi Italia SpA

Latvia

- Ministry of Environmental Protection & Regional Development, in association with the State Regional Development Agency

Poland

- Śląskie Voivodeship (Marshal's Office of Silesia)

Portugal

- Financial Institute for Regional Development (IFDR)

Spain

- País Vasco (Basque Country), Provincial Council of Bizkaia, Department of Economy and Finance

Slovenia

- Government Office for Local Self-Government and Regional Policy, EU Cohesion Policy Department

Sweden

- Tillväxtverket, Swedish Agency for Economic and Regional Growth

United Kingdom

- Department of Communities and Local Government
- Scottish Government
- Welsh European Funding Office

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To cite this paper, please use the following: Kah S (2011) A snapshot of the present and a glimpse of the future of Cohesion policy: Review of Programme Implementation, Summer - Autumn 2011, *IQ-Net Thematic Paper 29(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

Disclaimer

It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.

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MAIN FINDINGS

- **The rate of financial implementation has improved** across the EU27, with the average payments rate now at 30.3 percent (November 2011). The absorption rate is slightly higher for ESF (32.9 percent) than ERDF (31.3 percent). The payment rate for the Cohesion Fund is 25 percent. Yet, there are wide variations between countries, ranging from a total absorption rate of 45.3 percent in Lithuania to 14.7 percent in Romania.
- Although the **financial progress of IQ-Net partner programmes is mostly deemed to be satisfactory**, the absorption of EU funding before the n+2(3) rules lead to **decommitment remains an issue of concern** for some programme authorities.
- In terms of regulatory issues, **public procurement has been one of the main regulatory concerns**. Also the introduction of simplified cost options continues to occupy a number of IQ-Net managing authorities.
- In response to implementation challenges, **many programme authorities have undertaken programme amendments or are planning to do so**. Evaluation results form the basis for many such amendments.
- A large number of audits have been carried out by both the domestic audit authorities and EU-level bodies such as the European Court of Auditors and the European Commission. Many programme authorities are concerned by the high audit burden. Proportionality is a recurring theme especially with smaller programmes. The main criticism relates to the overlap and repetition of audits by different audit authorities.
- IQ-Net programme authorities have continued their evaluation efforts, in particular in terms of mid-term evaluations.
- Looking at the 2007-13 delivery framework, the main issues that need improvement are audit arrangements, closure procedures and general management and control. On the other hand, most programme managers seem broadly content with project generation and selection, programme design, partnership, publicity and communication and evaluation.
- The general thrust of the regulatory proposals for 2014-20 is welcomed, but there are concerns about proportionality of regulatory arrangements.
 - **Reinforced ESF**: the principle is supported, but there is scepticism with regard to the definition of compulsory shares of allocation.

- **Stronger thematic concentration:** this is supported in many cases, as themes reflect regional/national priorities. Many authorities would like more flexibility to reflect the diversity of territorial specificities.
 - **More focus on monitoring and evaluation:** an obligatory set of indicators is welcomed, but there are concerns about practicality concerns. The positive effect of evaluations is acknowledged, but there is scepticism about an increased focus.
 - **Integrated approach across Funds:** the harmonisation of implementation rules through an umbrella regulation is regarded as helpful, but there are concerns over its practical consequences. The option to set up multi-Fund programmes is welcomed.
 - **Conditionalities and performance:** there is widespread concern especially about macroeconomic *ex ante* conditionalities, and significant opposition to the performance reserve among most programme authorities. There are general concerns with regard to the potential leverage effect of Structural Funds.
 - **Management and control:** An additional accreditation authority is seen regarded rather critically; the certifying and managing authority should remain separate. For most, annual clearance of accounts is not helpful, but rather likely to entail administrative burden. Yet, it might be beneficial for larger programmes.
- **Preparations for the 2014-20 programme period are at varying stages.** While some Member States have not yet started, others have set up working groups and platforms, organised events to involve stakeholders, prepared first documents and organised information events for programme managers.
 - With regard to the content of the new programmes, it is still early to consider strategic changes. Yet, **some programme authorities believe that the current orientation will remain largely unchanged**, and some are prepared to take up the Commission's thematic proposals.
 - In terms of finance, there is a **mix between programme authorities that expect a similar budget and others that anticipate quite significant losses**. In some cases, relating the Structural Funds budget to the size of Member State GDP means would lead to major reductions.
 - **Many programme authorities do not plan any major structural and administrative changes**, although simplification efforts to the general structure might entail a reduction in the number of programmes.

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1. INTRODUCTION

Public discussion of Cohesion policy over the summer of 2011 has been clearly dominated by the eagerly awaited proposals for the new, post-2013 Cohesion policy framework. Member State expectations have been growing since the publication of the Budget 2020 communication June 2011. With some delay, the draft regulations were published on 6 October 2011, and these accelerated concrete preparations for the new programme period in many Member States. The proposals confirmed the expectations (and some concerns) of programme management authorities, but, the draft regulations still leave many questions unanswered.

While public interest may have been focusing on the future, the implementation of current programmes is far from complete. Financial absorption has progressed since the last IQ-Net stock-take of programme progress in Spring 2011,¹ but there are several important challenges for programme management authorities. Programme authorities are dealing with regulatory issues, such as public procurement rules and the implementation of simplified cost options, as well as responding to audits by both domestic and European bodies. At the same time several programme amendments are underway and evaluation activities continue to keep programme managers busy.

The aim of this paper is to review recent developments in the implementation of the 2007-13 programmes, while giving a first outlook into to the 2014-20 funding period. It draws on a mix of desk research and interviews with staff working on the implementation of Structural Funds programmes in the 17 Member States where managing authorities and programme secretariats are partners in IQ-Net. The surveyed programmes collectively account for more than a third of Cohesion policy spending and encompass a mix of Convergence, Regional Competitiveness & Employment, and Phasing-In/Out regions. The desk-based research has focused on EU-level and programme documents, including financial performance and monitoring data. Interviews were conducted with managing authorities, programme secretariats and national coordination bodies.

The paper is divided into two parts. Section 2 focuses on the 2007-13 programme period, while Section 3 looks at the proposals for 2014-20. Section 2 begins with a review of the state-of-play of the 2007-13 programmes, looking at progress with absorption in the EU27 and across the IQ-Net partner programmes. This is followed by overviews of regulatory issues (Section 2.2), responses to spending challenges (Section 2.3), experiences with recent audits (Section 2.4) and evaluation activities (Section 2.5). Lastly, the Section 2.6 provides an overview on how programme managers assess the need for improvement of

¹ Michie R (2011) Programmes under continued pressure. Review of programme implementation. Winter 2010-Spring 2011, *IQ-Net Review Paper* 29(2), European Policies Research Centre, Glasgow.

various programme implementation stages. Section 3 turns to the 2014-20 programme period. After gathering the views of IQ-Net partner authorities on some of the key regulatory proposals (Section 3.1), a summary of some early preparations for the new programme period is provided (Section 3.2). Section 4 concludes the paper.

2. DELIVERING THE 2007-13 PROGRAMMES

2.1 Financial progress

2.1.1 Financial implementation in the EU27

With the end of the 2007-13 programme period approaching, payments of Structural Funds are still behind expectations in several Member States (e.g. Bulgaria and Romania). In order to find appropriate ways to respond to the lagging absorption of funding, the European Parliament decided on a resolution on 27 September 2011.² In the EP debate on the resolution, MEPs argued for simplified procedures at both European and domestic level. Especially poorer regions should be enabled to invest higher rates of EU funding, and absolute priority should go to job-creating projects. One key MEP concern relates to audit requirements, which should be proportional to the amount of funding provided. The Parliament also recommended a single audit instead of repetitive controls. MEPs also provided positive examples (Estonia and Poland) of how financial absorption can be effectively speeded up in a short time.

Following the resolution, the Commission and the European Parliament have been discussing options to speed up the absorption of EU co-funding. The Parliament argues that in those six Member States (Greece, Hungary, Ireland, Latvia, Portugal and Romania) hardest hit by the crisis, the European co-funding rate should temporarily be raised up to a maximum of 95 percent.³ On 3 December 2011, the option to provide supplementary co-financing was agreed by the European Parliament.

Looking at recent financial implementation data in the EU27, absorption has increased strongly over the past 18 months, increasing by about five percentage points every six months. This sizeable increase continued over the past six months, and in early November 2011, the overall payment rate (without ETC) stood at 30.3 percent, compared to 25.2 percent in May 2011 (see Figure 1). On the basis of previous experience, the Commission expects the payment rate to rise significantly up to the end of 2011 as programme managing authorities seek to avoid decommitment. This positive financial development may create some challenges for the Commission, which needs to provide enough funds to execute payments.

However, as Figure 1 shows, there are marked differences between Member States and Funds. In November 2011:

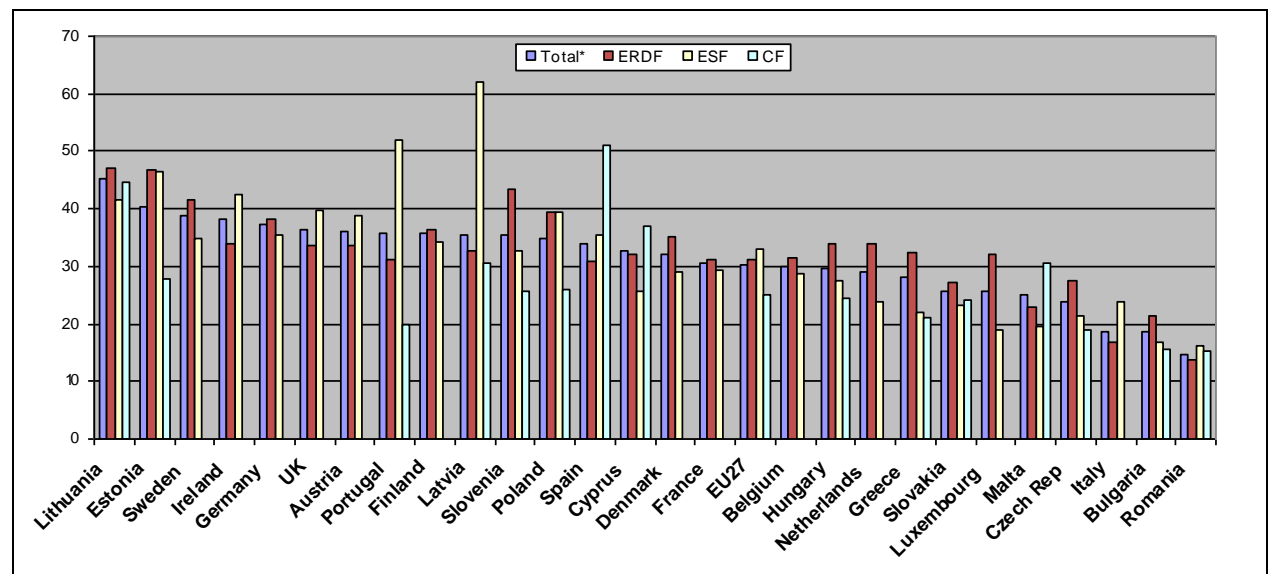
² European Parliament resolution of 27 September 2011 on absorption of Structural and Cohesion Funds: lessons learnt for the future of cohesion policy of the EU (2010/2305(INI)), available at: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0403+0+DOC+XML+V0//EN&language=EN>

³ European Parliament, press release 15 November 2011, *MEPs back faster EU regional funding for crisis-stricken regions*, available at: <http://www.europarl.europa.eu/en/pressroom/content/20111114IPR31472/html/MEPs-back-faster-EU-regional-funding-for-crisis-stricken-regions>

- the highest overall payments were reported for Lithuania (45.3 percent), Estonia (40.4 percent) and Sweden (38.7 percent);
- the lowest rates continue to be found in Italy, Bulgaria and Romania, where they remain below 20 percent;
- the biggest increases in payments can be noted in Sweden (11.8 percentage points), Latvia (9.2 percentage points) and Spain (8.7 percentage points), while the slowest progress has been made in Ireland, Romania and Italy (all below two percentage points).

In terms of individual Funds, payments are most advanced for the ESF (32.9 percent), closely followed by ERDF (31.3 percent), while payments for the Cohesion Fund are behind at 25 percent. Particularly high rates can be found for the ESF in Latvia (62.1 percent) and Portugal (51.9 percent), while Cohesion Fund payments are well above average in Spain (51 percent).

Figure 1: Structural Funds payments in 2007-13 (4 November 2011)



Source: Commission data from 4 November 2011

Note: EU27 excludes EU cross-border cooperation and Interregional cooperation programmes.

2.1.2 Financial implementation in the IQ-Net partner programmes

In spite of mostly satisfying financial progress, the absorption of EU funding before the n+2(3) rules lead to decommitment remains an issue of concern for some programme authorities. While the effects of the economic crisis continue to play an important role in many programmes, reasons for a lower than expected uptake of funding are diverse. In some cases (e.g. Austria and Vlaanderen) domestic funding sources are competing with Structural Funds for projects, and as project applicants tend to prefer domestic funding as these are often less rigorous in their requirements,.

- **Austria.** Financial progress in both Austrian programmes is satisfactory. In Niederösterreich, commitments stand at 56 percent (19 September 2011). At

measure-level, performance varies between 41 percent (innovative tourism) and 86 percent (business- and technology-related infrastructure). Payments increased considerably over the past review period to 29 percent. Commitments in Steiermark stand also at 56 percent (20 September 2011). Over the past review period, especially R&D interventions could catch up significantly. Payments stand at 26 percent, albeit with strong variations between measures.

- **Belgium (Vlaanderen).** Financial progress is deemed satisfactory. ERDF commitments are at 91 percent (13 October 2011) and projects have already been identified for the remaining nine percent. However, these last projects still need to be formally approved by the Monitoring Committee. Commitments increased especially Priorities 2 (Entrepreneurship) and 4 (Urban development). Payments were at 37 percent, which represents an increase of 10 percent over the last year. Around €66 million of the available total of €201 million have been spent.
- **Czech Republic.** Over the last six months, commitments at the national level increased by 14 percentage point to almost 70 percent (7 September 2011). Major staff changes in 2010 are still impacting on the pace of payments, which nevertheless increased from 29 percent to 35 percent. Yet, payment rates differ widely and range from 65 percent for the OP Transport to only 16 percent for the OP Research and Development for Innovations. Also in the case of the Integrated OP, payments are similarly low at 17 percent, while commitments are comparatively high at 71 percent. While several Measures could commit well above 90 percent of their funding, major absorption problems exist for Measures 3.1 and 3.3, which offer support for social integration and employment. There, commitments reach 3 respectively 7 percent and payments stand only at around 1 percent.
- **Denmark.** Financial progress is generally satisfactory in Denmark, with commitments for ESF somewhat lower at 57 percent than for ERDF at 75 percent (30 September 2011). Also in terms of payments, financial progress is lower for ESF with 20 percent than ERDF with 29 percent. At the level of Regional Growth Fora (RGF), absorption varies between regions and programmes, although not to an extent that is giving cause for concern. Regional payments range from ten percent for ESF in the Syddansk RGF to 41 percent for ERDF in Nordjylland as well as for ESF in Bornholm.
- **Finland.** Financial progress is deemed to be satisfactory in Länsi-Suomi. ERDF commitments are at 60 percent and payments at 31 percent (20 September 2011). Financial progress has been generally good, although somewhat slower in Länsi-Suomi in comparison to the other regional OPs in Finland (east, north and south). Payments are highest in Priority 1 (Promotion of business activity) at 35.8 percent, followed by Priorities 3 (Regional accessibility and enhancing the business environment) and 2 (Promotion of innovation activity and networking, and reinforcing knowledge structures) at 30 percent and 29 percent respectively. Problems are not foreseen with respect to n+2 given the changes to the

decommitment rule which has enabled this year's commitments to be spent over a longer period.

- **France.** From a national perspective, programme progress is satisfying. Looking at financial absorption for 2011, the average commitment rate of programmes under the RCE Objective is close to 82 percent and the payment rate is 34 percent (2 October 2011). There is considerable variation at the regional level, with commitments ranging from 50 percent (Corse) to 172 percent (Languedoc-Roussillon) and payments between 16 percent (Corse) and 72 percent (Languedoc-Roussillon). Figures are slightly lower for regional ESF programmes under the RCE Objective: the average commitment rate is 79 percent and the payment rate is 32 percent.
- **Germany.** The level of commitments in the Nordrhein-Westfalen ERDF programme is deemed very good, at around 78 percent of EU funding (or €1 billion). Commitments have been particularly strong under Priority 2 (Innovation and the knowledge-based economy) and only limited funding remains to be allocated. Payments are slower, at 50 percent of the amount of EU funding committed (€0.5 billion) or 39 percent of the EU financial allocation. Also in Sachsen-Anhalt, financial absorption under the ERDF programme is very good. 71 percent or €1.38 billion of ERDF funding had been committed (31 July 2011), and 44 percent (€848.1 million) had been paid out. Financial absorption under the ESF programme is less strong but is still good. 54 percent of ESF funding (€346.2 million) had been committed, and 28 percent (€181.3 million) had been paid out.
- **Greece.** Significant progress has been made in terms of financial absorption. At NSRF level commitments are at 52 percent, while payments are at 27 percent (November 2011). However, financial performance differs greatly between programmes. Regional OPs are generally performing better, with the Thessalía-Stereá Ellada-Epeiros OP having the highest commitment and absorption rates (83 percent and 43 percent respectively). In contrast, sectoral OPs are lagging behind; the Environment and Sustainable Development OP and the Reinforcement of Public Administration Efficiency OP have both increased the level of reported commitments, however the payment rates are still low (12 percent and nine percent respectively). Among the sectoral programmes, progress has been better under the Competitiveness and Entrepreneurship OP which includes the State aid actions for support to the SMEs, R&D and energy-saving measures. Commitments for this OP stand at 86 percent and payments at 52 percent.
- **Hungary.** Financial progress is satisfactory, and since May 2011 commitments rose by 7.7 percentage points to 65 percent (October 2011). At the same time, payments increased by 5.8 percentage points to 23 percent. Regarding the national programmes the commitments are highest under the Transport OP at 76 percent, while the State Reform OP reported only 38 percent. In the case of the regional OPs, most increased their commitments by more than ten percentage points. The commitments are highest under the Közép-Magyarország OP at 85 percent and the Nyugat-Dunántúl OP at 73 percent. In terms of payments, the biggest increases over

the last five months were under the Közép-Magyarország OP (+15 percent), the Dél-Dunántúl OP (+14 percent) and the Dél-Alföld OP (+11 percent).

- **Italy.** At the end of October 2011, the level of certified expenditure in the Italian OP R&C had reached almost 30 percent. Even though so far no decommitment has occurred, nor it is anticipated that there might be at the end of the current year (not least thanks to the setting up of a new financial engineering fund of €80 million), this progress is not considered entirely satisfactory. This is because a considerable portion of this expenditure relates to various financial engineering instruments (that together account for 64 percent of the total expenditure realised so far) and to the so-called 'first phase' (*prima fase*) or 'in-between' (*a cavallo*) projects, i.e. projects of the new programming period that were selected and launched prior to the approval of the selection criteria by the Monitoring Committee and projects that were not completed in the 2000-06 programme period and that have been carried forward into the new programme. In other words, financial engineering instruments aside, the new schemes foreseen by the OP - such as the Development Contracts (see Box 3), Industrial Innovation Projects and the new aid scheme foreseen by Ministerial Decree 23 July 2009 - have, for a variety of reasons, struggled to take off.
- **Latvia.** With overall commitments above 80 percent and payments at 37 percent, financial progress is deemed to be satisfactory (30 September 2011). The most significant progress in absorption terms has been made in the OP Human Resources and Employment (ESF), where 88 percent of funding has been committed and 51 percent paid out. Financial progress is good also in the OP Entrepreneurship and Innovations (ERDF), which reports a commitment rate of 73 percent and a payment rate of 44 percent. Finally, the OP Infrastructure and Services (Cohesion Fund and ERDF) has a high commitment rate 81 percent, while payments are slightly behind at 33 percent.
- **Poland.** The overall financial progress of the Śląskie ERDF is good and commitments stood at 75 percent (October 2011). Progress is slower in parts of Priority 1 (RTD, innovation and entrepreneurship), where there is less demand for RTD, particularly in technology transfer. The situation is more challenging in Priority 2 (Information society), where levels of demand are very low. With regard to the regional priorities of the (ESF) Human Capital OP, the commitment rate was 57 percent in Śląskie. The payment level was at 40 percent, which is lower than some regions (e.g. 56 percent in Warmińsko-Mazurskie), but still higher than other (e.g. 33 percent in Wielkopolskie).
- **Portugal.** By the end of September 2011, almost 80 percent of NSRF funding was committed and over a third of total funding (35 percent) had been paid out. There are marked variations across programmes. The highest spending rates can be seen in the ERDF component of the NOP Territorial Development (55 percent) and Madeira ESF OP (55 percent). The Açores ERDF OP and the national ESF OP have also relatively high spending rates, above 45 percent in both cases. By contrast, spending in the five mainland ERDF ROPs is significantly lower (around a quarter of

funding on average): more than 25 percent in the Centro, Lisboa and Norte regions; and around 18 percent in both the Algarve and Alentejo regions. The spending rate under the Cohesion Fund component of their Territorial Development OP is significantly lower at 13.5 percent.

- **Slovenia.** Financial performance in Slovenia continues to proceed as planned. Over the last six months, overall absorption figures increased to 68 percent (commitment) and 34 percent (payment) (31 October 2011). In both ERDF and ESF OPs, commitments stand at 76 percent. The ERDF OP performs best in terms of payments, which stand at 50 percent, while payments in the ESF stand at 38 percent. Finally, the OP supporting infrastructure, which is co-financed by both ERDF and Cohesion Fund, reports payments only at 17 percent although commitments are at 54 percent.
- **Spain.** Financial progress of the Bizkaia share of the País Vasco ERDF OP did not change significantly over the last six months. With projects selected and funding committed already in 2007, the overall payment rate at the end of 2010 was at 86 percent. At Priority level, the absorption rate is highest in Priority 3 (Energy resources and access to transport) at close to 100 percent, and 90 percent for Priority 1 (Knowledge economy, innovation and business development). The rates for the remaining two priorities are in the order of 70 percent (Local and Urban Sustainable Development) and 50 percent (Environment and risk prevention) respectively.
- **Sweden.** Financial progress is deemed to be very good in the Norra Mellansverige OP. ERDF has been over-committed at 106 percent and payments are also progressing well at 52 percent (26 September 2011). Lower payments of 41 percent are registered for Measure 2.1 (Accessibility) but are not considered to be a reason for concern. The financial situation is also good in the Mellersta Norrland OP, where ERDF commitments stand at 94 percent and payments at 43 percent (September 2011), with funds for Priority 2 (Accessibility and attraction) over-committed at 102 percent. Also, payments are progressing well, with payment rates standing at 45 percent for Priority 1 and at 35 percent for Priority 2. As a response to the recommendations of a recent evaluation, the latest call is encouraging project applications particularly from women and young people, since these groups have so far been underrepresented.
- **United Kingdom.** Commitment levels across the United Kingdom remain at reasonably high levels. In Scotland, commitment stands at 88 percent for the Scottish programmes as a whole (November 2011), with the two ERDF programmes (Lowlands and Uplands Scotland and Highlands and Islands) standing at 81 percent and 90 percent respectively, and the two ESF programmes at 98 percent and 77 percent respectively. In Wales, the level of commitments stands relatively unchanged at 81 percent; the commitment rate for ESF stands at 90 percent for the Convergence programme and 98 percent for the Competitiveness OP, and the rate for ERDF at 75 percent for Convergence and 70 percent of the Competitiveness OP (31 October 2011). In England, commitment stands at 59 percent for the ten English

ERDF programmes as a whole (September 2011), an increase of ten percent over the six-month period, despite difficulties with finding match-funding. There is also progress with regards to payments - payments for the Scottish programmes as a whole stand at 19 percent; in Wales, payments have risen by five percent to 26 percent for the programmes as a whole; and in England payments stand at 29 percent.

Most programme authorities **do not foresee any problems with the n+2(3) decommitment rule** (Austria, Bizkaia, Denmark, Portugal, Śląskie, Scotland, Vlaanderen). In order to identify and resolve absorption issues at an early stage, Austrian managing authorities are in continuous contact with both the national certifying authority and all intermediate bodies. Similarly, the Danish programme managers are holding regular meetings with the heads of the regional programme administrations. In Portugal, most of OPs had achieved their 2011 targets already by September. The ROPs Alentejo and Algarve had not yet met their targets, but they will do so once they submit their declarations to the Commission as there is currently sufficient certified expenditure in these OPs. In Scotland, the Lowlands and Uplands OP has even been closed to new applications, apart from an open call under Priority 3 (Urban regeneration-transport). Vlaanderen changed its project selection criteria compared to the previous programme period. Project applicants now need to show their capacity to use the funds already in their applications. Hence, n+2 is less an issue than in the past.

While decommitment is unlikely for the current year, issues with n+2(3) might arise in future years (Czech Republic, France, Hungary). In France, there are concerns with regard to n+2 for 2012. Problems may occur mainly for two reasons: controls might lead to the de-programming of some interventions (see below); and the presidential elections in April and May 2012 are likely to lead to a standstill in terms of project decisions in the period prior to these. Also, many Czech OPs might encounter difficulties with the n+3 rule in 2013, when the funding committed in 2010 and 2011 will need to be spent. Although the Hungarian mid-term review of the OPs does not envisage major decommitment, a series of issues could endanger absorption in the future: exchange rate fluctuations between HUF and Euro; failure of major projects; and concentration of payment procedures in 2012 and 2013. Also, the shift from n+3 to n+2, which means that there will be an accumulation of spending targets at the end of 2013, could increase the risk of decommitment.

2.2 Adjusting to regulatory requirements

Public procurement has been one of the main regulatory concerns of IQ-Net programme authorities (Czech Republic, France, Hungary, Latvia, Śląskie ESF). Throughout the current programme period, the ESF unit in Śląskie has received a series of recommendations from the Commission on public procurement issues and had to carry out amendments to their procedures. Similarly, public procurement is an ongoing challenge in Hungary. The regulatory framework, at both national and EU-level, is seen as very complicated.

New legislation on public procurement has been prepared in Latvia and the Czech Republic. In Latvia, new public procurement procedures have been adopted in August 2011 and will come into force at the start of 2012. These will define the role of the Procurement Monitoring Bureau and the Cooperation and Responsible Institutions in relation to *ex ante*

checks of procurement procedures, which will become part of monitoring procedures. The Procurement Monitoring Bureau will also provide methodological support.

In the Czech Republic, the amendment of the domestic legislation on public procurement is in the process of approval by the Parliament. However, the details of the amendment and the actual impact on the implementation of Structural Funds were not yet clear at the time of writing (November 2011).

Examples of specific challenges with public procurement are provided by the experience of programme management authorities in Austria and Hungary.

- **Price appropriateness.** The appropriateness of prices for co-financed investments is an issue of debate in Austria. It is not entirely clear to Niederösterreich in what cases the reasonability of prices needs to be checked by final beneficiaries. The price appropriateness rule applies to all orders that do not require a tender, i.e. below €100,000. Apparently, the rule also requires private sector beneficiaries to carry out such checks. Currently, the managing authority of Niederösterreich is looking for clarification.
- **Protracted tender procedures.** In Hungary, there have repeatedly been cases when failed applicants submitted a complaint to the Public Procurement Arbitration Board, which can prevent the start of a project. Also, the tender procedure often fails when the number of submitted offers is not sufficient.
- **Intellectual property rights vs. procurement rules.** In projects involving construction in Hungary, the amendment of building plans might be required and hence additional work needs to be carried out. Since this has usually not been included in the original contract, it is not clear to the programme authorities whether the additional work is covered by the original public procurement procedure, or if a new public procurement procedure is necessary. The additional work could be carried out by a different architecture firm selected through a new tender, but the original contractor rejects that since this would affect their intellectual property rights.

The introduction of the simplified cost options, i.e. flat-rates and lump sums, continues to occupy a number of IQ-Net managing authorities (Austria, Denmark, Finland, France). Both Denmark and Finland introduced new systems for simplified costs. The Danish proposal has been recently accepted by the Commission and it makes implementation easier for applicants and project holders. Yet, introducing the system for the digital programme administration platform has proved to be more challenging than expected because some projects run under the new setup while others continue to operate under the old rules. Finland, in turn, introduced its system in June 2011. Indirect costs are no longer required to be evidenced through receipts, but can be paid at a flat-rate of 20 percent, which not only applies to staff but also to travel costs. Although this method simplifies procedures for most actors in Structural Funds implementation, it disadvantages the north of Finland, where travelling distances are too long to benefit from a fixed 20 percent reimbursement. Hence, many actors there have continued to use the traditional receipt-based cost reimbursement. The introduction of lump sums, which are going to be adopted in January 2012, are

particularly beneficial for small projects (up to €50,000). Lump sums are viewed to be ideal for small projects and small-scale actors that implement projects where the completion of the project is clearly evident (e.g. nature path). In France, DATAR has just commissioned a study on using lump sums for indirect costs in 2007-13, which is also expected to be useful for the post-2013 period. The view is that current proposals on how to deal with indirect costs have so far not been very clear. Using standardised assessment bases would be easier than having to provide all the documents for evidence; this would also save time and enhance legal certainty.

The managing authority in Nordrhein-Westfalen is still considering how best to make use of simplified cost options, such as flat-rates. The ERDF programme has experienced problems with payment claims in the case of small innovative projects (e.g. staff and other current costs) and these could potentially be resolved by the use of simplified cost options. However, there remains a degree of wariness about flat-rate costs not only because there is still uncertainty about the future rules on these, but also because other programmes have encountered problems with their application in the current programme period. Also, flat-rate costs are not widely used in Germany and domestic rules for this approach are relatively strict. If they wished to take this approach, the Nordrhein-Westfalen managing authority would need to notify the *Land* Finance Ministry and the *Land* Court of Auditors in advance that they wished to use flat-rate costs for specific instruments/schemes (*Richtlinien*), and obtain their agreement that such an approach would be appropriate in these specific cases.

Other current regulatory issues relate to:

- **Eligibility of expenditure** (Austria, France). While the treatment of hire-purchase is unclear in Austria (see Section 2.4), in France, DATAR is in the process of updating its guide on the eligibility of expenditure together with its Technical Assistance service.
- **Revenue-generating projects** (France, Portugal). France might face difficulties with revenue-generating projects at the point of programme closure, when deficiencies in appraisal may become apparent in the absence of guidance on how to calculate the revenue. In order to avoid difficulties, the Portuguese IFDR produced guidance documents for managing authorities at an earlier stage in the programme period.
- **Support to large firms** (Sachsen-Anhalt). An issue that has been raised in Sachsen-Anhalt relates to the eligibility of large firms for their SME Loan Fund (*KMU-Darlehenfond*). Article 44 of regulation 1083/2006 states that Structural Funds may support financial engineering instruments ‘for enterprises, primarily small and medium-sized ones’⁴, hence large firms are not explicitly excluded. However, the text of the Structural Funds programme documents in Sachsen-Anhalt state that

⁴ Article 44 of Council Regulation 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.

ERDF Priority 2 funding (which includes the loan fund) will ‘exclusively’ be reserved for SMEs. In practice, the loan fund has allocated some funding to large firms. It is unlikely that the Commission would agree to amend the ERDF programme to allow funding to be used to finance larger firms. Therefore, the Sachsen-Anhalt Investment Bank as the fund manager has now separated the loans to large firms out of the SME Loan Fund, and these loans will now be funded exclusively from domestic sources.

Box 1: Infrastructure projects in Finland

In Finland, there have been financing issues with infrastructure investments. The Commission has set a limit of 2.5 percent for infrastructure investments and a list of infrastructure activities which are eligible in the current programme period. Due to the fact that this list was provided very late, the limit has been well exceeded at in Länsi-Suomi and other Finnish OPs. The Commission has consequently requested infrastructure projects in Priority 3 (Regional accessibility and enhancing the business environment) to be reduced.

Communication has taken place with the Commission with regard to the possibility of financing projects in the environment sector such as public waste, sewage and water sector infrastructure. In the Commission’s response, it is noted that they take the view that *‘where investments in waste, sewage and water sector infrastructure serve wholly or primarily enterprises, new businesses or business parks, they could be viewed as promoting employment. Consequently, such investment could be considered as falling within the scope of the RCE objective. On the other hand, as regards investments in environmental sector projects serving wholly or primarily the local population, these types of projects are not eligible under the RCE objective, since there is nothing to suggest that they are intended to promote employment.’* As a consequence, the Commission has advised the Finnish managing authority to ensure that expenditure related to environmental infrastructure falling under the above non-eligible types of projects is withdrawn from the programmes. Furthermore, such expenditure (if any) needs to be deducted from the declaration of expenditure already submitted to the Commission in the past and cannot be included in declarations of expenditure in the future. Following this review, the Commission is expected to discuss and agree the maximum thresholds for transport and environmental infrastructures (and the percentages under the non-Lisbon category codes more generally) for the Finnish regional OPs. Requests for revised modifications for the OPs are expected to be submitted to the Commission.

Following the official communication from the Commission, the Ministry of Employment and the Economy has instructed the authorities on the matter. The issue is of great concern, particularly in the east and north where infrastructure projects can take up a large share of the funding. Also the fact that this issue has been picked up so late in the programme period has not been viewed positively by all. Furthermore, given difficulties with the co-funding in a context where the Government is expected to cut national co-funding by €30 million per year, the aim has been to replace this funding by municipal funding. This is, however, difficult considering that the municipalities are similarly in severe financial state and mostly interested in implementing infrastructure projects.

2.3 Responding to spending challenges

At European scale, one of the most challenging issues over the last six months has been making sure that Structural Funds continue to be absorbed in Greece. In the light of the Greek crisis, the Commission and the Greek authorities decided on a series of actions to

improve the uptake of EU co-funding, including a major action plan that was decided in September 2011.⁵ The main measures include the following.

- **A list of viable and high quality projects.** About 100 projects have been selected with at least five high quality projects for each of the thirteen Greek regions. The list sets out deadlines and responsibilities for all projects, which range from infrastructural investments in transport, energy and environment, to innovation, digital infrastructure, tourism, culture and support to SMEs.
- **Focus on major projects.** A list of 44 major projects, which will not only accelerate the absorption of Structural Funds, but should also have a concrete and immediate effect on economic growth in Greece.
- **Higher EU contribution.** A change in EU contribution rate to 85 percent (with a scope to a further increase to 95 percent by the end of 2011) until the end of 2013 should increase the absorption of funds. The savings in natural resources will be directed primarily to cover associated development costs not eligible under EU regulations.
- **Reduced bureaucratic procedures.** Proposals for simplified implementation of European co-funded projects relate to easier and quicker expropriation procedures, major infrastructural works and licensing of environmental permits, where a new law entered into force in October. This will significantly shorten the assignment time of permits to a maximum of six months.
- **Central account for co-financing.** A main NSRF account was created at central level to be used for budgetary purposes. This allows the right timing of the payments of national co-financing, hence avoiding unnecessary strains on the public budgets.

In addition, many other changes have been introduced in Greece, such as the opening-up of all thematic priority codes, increased support to final beneficiaries to assure quick project implementation and the release of funds that have been committed but remained inactive for more than six months. The latter applies to more than 4,700 projects and about €5.5 billion of funding.

In response to programme-specific or country/region-specific implementation challenges, many programme authorities have undertaken programme amendments (Czech Integrated OP, England, Greece, Hungary, Latvia, Niederösterreich, Nordrhein-Westfalen, Norra Mellansverige OP, Portugal, Sachsen-Anhalt, Śląskie ERDF, Slovenia, Steiermark, Wales). In some cases, these are responding to evaluation recommendations, others are due to budgetary pressures or efficiency improvements; each of these categories is worth discussing briefly in turn.

⁵ Action plan for Greek Structural Funds OPs:
<http://ec.europa.eu/ellada/news/news/2011sep21dgregioen.xls>

Evaluation results form the basis for amendments in several cases (e.g. Czech Integrated OP, England, Hungary). The managing authority of the Czech Integrated OP developed proposals for amendments on the basis of evaluations carried out between December 2010 and May 2011. The revisions entail the reallocation of funds between Measures and Priorities and changes to indicators in course of the introducing a JESSICA instrument. For this, additional funds of approximately CZK700 million (€30 million) have been transferred from the Technical Assistance OP. The fund will target primarily municipalities and it will offer loans for investments in housing and urban regeneration. Currently, the managing authority is incorporating the Commission's comments on the proposal. Programme changes in Hungary and England are based on mid-term review results. The reallocation process is in its preparatory phase in Hungary, and the monitoring committees will discuss the proposals in the autumn. However, reallocation of funds will be challenging, since money cannot be shifted between OPs supported by different Funds. In North East England, the Local Management Committee (LMC, which has replaced the PMC, see Box 2) submitted a request to modify the programme to the European Commission in July 2011, including some changes to outputs and results targets to reflect changing conditions and broadening the scope of activity to give greater emphasis to capital investment.

Box 2: Structural Funds implementation structures in England

The 2010 elections in the United Kingdom led to a radically changed programme management structure in England. The UK government's abolition of the Regional Development Agencies (RDAs) in England had major consequences for the governance of the programmes. RDAs functioned as Intermediate Bodies with managing authority powers delegated from the Department of Communities and Local Government (CLG) and were concerned with management and implementation of the programmes. The regional ERDF secretariats (now known as Local ERDF Programme Delivery Teams) have transferred to being employees of CLG, while retaining their regional location and much of the existing teams. The London programme is to be managed by the Greater London Authority. At the same time, Local Management Committees have been created. These replace the Programme Monitoring Committees and now also include representatives of Local Enterprise Partnerships (LEPs), joint local authority-business bodies set up to promote local economic development after abolition of the Regional Development Agencies.

In Greece and Portugal, absorption challenges and strains on public budgets have necessitated programme amendments. In Greece, following the Commission's decision to increase the EU contribution to 85 percent, the authorities are working on the revision of the OPs' financial tables. In this first stage of revision, due to the fact that there will be no amendment of the EU contribution in absolute figures, the modification of indicators and thematic priority codes is not necessary. The second stage for the OPs' official revision is expected to begin in parallel with their mid-term evaluation. This stage, involving a more in-depth revision and expected to be approved in 2012, will entail stronger measures related to the competitiveness and entrepreneurship axis. Programme revisions in Portugal do not constitute a revision of strategic objectives or priorities, but rather entail technical changes and financial reallocations to reinforce existing measures and address absorption challenges. The main issues are increasing co-finance rates, the need to reinforce support to SMEs, shifting of funding from ERDF to ESF to strengthen human potential measures, and Cohesion Fund changes to revise high speed train and airport investments. The

renegotiation of the high-speed rail link between Lisbon and Madrid has received high media coverage. In September 2011, the Portuguese Prime Minister announced that the new railway would no longer be high-speed and that priority would be placed on the transport of goods rather than people. The line would be significantly cheaper than high-speed rail. This move appeared to be necessary in the context of the crisis and squeeze on public finances.

Minor programme changes not requiring Commission approval took place in several programmes (e.g. Latvia, Länsi-Suomi, Niederösterreich, Norra Mellansverige OP, Steiermark). Funding has been reallocated between Measures within the same Priority in Latvia and Steiermark. In Latvia, there have been many small scale revisions, mainly redistributing the available funds from the activities less attractive to potential projects applicants for the activities with higher number of applicants responding to calls for proposals. Similarly, Steiermark revised its programme in May 2011 because of delayed implementation by the Intermediate Body responsible for R&D. €5.5 million have been transferred from Measure 3 (R&D in enterprises) to Measure 4 (Support of innovation in enterprises) within the same Priority (Strengthening the innovation- and knowledge-based economy). In the Norra Mellansverige OP, two Measures have been merged in November 2011. This was done to facilitate the allocation of future funding once funding returns back to the programme. By having two separate Measures, it was more difficult to combine funding. Finally, in Länsi-Suomi, there have been minor adjustments to the municipal co-financing rate.

In Nordrhein-Westfalen, Sachsen-Anhalt and the Śląskie ERDF OP, **amendments are currently planned**.

- The Nordrhein-Westfalen managing authority is discussing possible changes in order to reallocate resources towards Priority 2 (Innovation and the knowledge-based economy), where financial absorption has been very strong. There may also be a minor reallocation of funding towards environmental measures (notably combined heat and power systems). The managing authority is currently formulating its proposals, which will be discussed at the next Monitoring Committee meeting, before they are submitted to the Commission.
- In Sachsen-Anhalt, the managing authority is currently planning a programme revision, with the aim of submitting the proposed revision to the Commission after the joint ERDF/ESF monitoring committee on 6 December 2011. The main reason for proposing revisions is to ensure the flow of funds to those actions or budget lines that are spending well. The proposed reallocation of funding is also likely to contribute to the *Land* government's strategic priorities, such as the 'STARK III' (Strong III) initiative which aims to renovate and improve energy efficiency in schools and nursery schools.
- The option of reallocation funds is also being considered in the Śląskie ERDF OP, where absorption in Priority 2 (Information society) is low. The ERDF unit is considering carrying out research on levels of demand, interest and barriers to applicants accessing this funding.

The Czech authorities sought to **improve procedures and introduce a crisis management structure** in 2010 to accelerate spending. The Czech National Coordination Authority set up regular meetings between the national level and the managing authorities and action plans at OP-level. Along these lines, the Czech Integrated OP is in close contact with its intermediate bodies, which are required to report back weekly on financial progress.

Nordrhein-Westfalen is dealing with slow payment procedures. Relatively slow payments result from the fact that funding under the Priority 2 was channelled through competitive calls to large numbers of small innovative projects. Many of these projects are slow to put in payment claims, and often make administrative errors with claims. This is partly because these project-holders lack experience with Structural Funds programme requirements and partly because these projects typically have high levels of staff costs and in-kind contributions, which are areas where administrative errors often arise. In order to address these issues the managing authority asked the committing bodies to emphasise to projects the need to put in regular payment claims, and also to find out why there are delays. It also made a list of the top 100 projects that need to speed up payments and focused efforts on these.

Scottish programme authorities are committing half of the remaining funds to a major project for rural broadband under the Lowlands and Uplands Scotland ERDF OP. This would complement a similar broadband project in the Highlands and Islands ERDF OP. From any remaining LUPS ERDF funds, there may be a further allocation to financial instruments such as the Scottish Co-Investment Fund.⁶

In Italy, the new domestic ‘Development Contracts’ are expected to improve absorption significantly in the context of the Italian OP R&C, which funds this new scheme in the four Convergence regions. Within the programme, this new scheme has been launched in September 2011 and is being met with considerable interest by potential beneficiaries. However, the Development Contracts are very large projects and entail a complex appraisal procedure, thus the scheme will not produce expenditure in the immediate term (certainly not before the end of 2011). As part of its responsibilities for communication activities on the programme, Promuovi Italia has published a guide for potential beneficiaries and organised events in all four Convergence regions to publicise the scheme, with presentations by representatives of the Ministry of Economic Development and Invitalia, the agency charged with the selection of the contracts (see Box 3).

⁶ For further information see case study fiche in Michie R and Wislade F (2011) *Between Scylla and Charybdis: Navigating financial instruments through Structural Fund and State aid requirements*, *IQ-Net Thematic Paper 29(2)*, European Policies Research Centre, Glasgow.

Box 3: Communication activities in the Italian OP R&C

The new Development Contract scheme represents an important instrument for the OP. However, the fact that the scheme is new means that the related eligibility and selection criteria are not known to potential recipients. For this reason, a targeted information campaign on this instrument has been undertaken in the four Convergence regions, under the OP communication plan. This activity has entailed the organisation of four events, one per region, aimed at entrepreneurs and consultants, and the production of a guide for applicants, i.e. a book with CD-ROM describing the scheme and the related selection criteria and procedures, and providing all the legislative and regulatory references as well as the forms to be utilised to apply for funding. These activities have been coordinated by Promuovi Italia SpA, the agency charged with the undertaking of the communication and evaluation activities for the part of the programme that is managed by the Ministry of Economic Development (the part on competitiveness).

Reflecting the dual management structure of the OP - where the part on research is managed by the Ministry of Education, University and Research, and that on competitiveness by the Ministry of Economic Development - the communication on the programme is divided in equal parts between these two Ministries, with a dedicated budget of c. €9 million each.

Promuovi Italia SpA is responsible entirely for the delivery of the part of the Communication Plan that pertains to the Ministry of Economic Development. It is also realising the new portal of the programme. A website already exists (<http://www.ponrec.it/>), but since this is considered too static, it is aimed to make the new portal an interactive tool for potential beneficiaries and the public at large. Thus, whilst the current website is an instrument to 'inform', the portal will be an instrument to 'participate in the programme'. For instance, the new portal will allow to:

- register for the programme's newsletter;
- register online for events;
- follow events online through live streaming;
- design the layout of the ERDF plate that supported projects are required to display (i.e. one inserts the data and the portal generates automatically the design, which can simply be sent the printers to print); and
- identify the beneficiaries funded in a specific area, through a project database linked to a map of the four Convergence regions.

2.4 Errors and audits

Over the past six months, a large number of audits have been carried out by both the domestic audit authorities and EU-level bodies.

In most IQ-Net countries and programmes, audits have been carried out by domestic bodies (e.g. Attikí, Bizkaia, Czech Republic, Denmark, England, France, Italian OP R&C, Mellersta Norrland OP, Norra Mellansverige OP, Portugal, Śląskie, Slovenia, Steiermark, Vlaanderen, Wales). Many of these **resulted or are expected to result only in minor recommendations** (e.g. Denmark, Vlaanderen, Wales). In some cases, audits were carried out by both the national and regional levels, e.g. in Bizkaia/Spain and Śląskie/Poland. Yet, domestic audit results led to a suspension of funds in some cases or are expected to do so in the near future (Niederösterreich, Steiermark). In Mellersta Norrland OP, some projects already had to pay back funds as a result of a domestic audit.

At the European level, audits have been carried out by the European Court of Auditors and the Commission. The European Court of Auditors (ECA) presented its annual report for

2010 on 10 November 2011.⁷ It noted that management errors affected 7.7 percent of EU spending in the policy field of cohesion, energy and transport, which represents an increase of 2.2 percentage points compared to 2009. While 16 countries were audited, two thirds of all errors in cohesion payments occurred in just three Member States.

- **Audits by the European Court of Auditors (ECA)** (e.g. Hungary, Italian OP R&C, Nordrhein-Westfalen, Mellersta Norrland OP, Sachsen-Anhalt, Śląskie ERDF). The Italian OP R&C has been audited over the summer, including on financial engineering schemes and with on-the-spot checks of projects, and in Hungary, where the ECA checked the Transport OP in July 2011. In both cases, results are not yet available. In Śląskie, the ECA audit looked at ERDF-funded projects in the area of brownfield and military area regeneration. Sachsen-Anhalt has seen two ECA audits in recent months. One was in July 2011 and focused on interventions relating to priority theme code number 67, i.e. ‘older workers’ under the 2007-13 ESF programme. The other was in June 2011 and targeted funding for reclaiming industrial land under the 2000-06 Structural Funds programme. The managing authority has not yet received the results of either audit. In Nordrhein-Westfalen, the ECA audited large infrastructure projects in the 2000-06 programme. Finally, the Mellersta Norrland OP was subject to an audit visit by the ECA already in 2010.
- **Audits by the Commission** (Czech Republic, England, Hungary, Italy, Wales). In England, an audit led to the interruption of ERDF payments in March 2011, since error rates of six ERDF programmes were too high (above two percent). However, the interruption of payments was lifted in August 2011. As part of its response to the interruption, CLG has strengthened monitoring and compliance systems; this included establishing additional project monitoring and compliance audits. Also in Hungary, a series of audits in 2011 led to financial corrections and suspensions in a few cases. They looked at a specific project (rehabilitation of a railway line supported by the Cohesion Fund), public procurement issues of two OPs, the Hungarian Certifying Authority, audits carried out by the Hungarian Audit Authority and the corrective capacity of the management and control system for the Hungarian OPs. In the Czech Republic and Italy, domestic audits and audit authorities have been checked. In Italy, results are not yet available (the audit was only launched recently). Lastly, Commission audits taking place between 2003 and 2005 have also had continuing implications in Scotland.

Many IQ-Net programme authorities are concerned by the high audit burden (Bizkaia, Czech Integrated OP, England, Italian OP R&C, Latvia, Nordrhein-Westfalen, Norra Mellansverige OP, Sachsen-Anhalt, Scotland, Wales) and that it increased in the current programme period (Czech Republic, Vlaanderen). Some programmes even feel to be under ‘permanent’ audit, which results in some staff members exclusively dealing with audit findings. Similarly, Latvia experienced very intense audit over the past six months, with audits carried out both domestically by the Audit Authority and by the EU level, i.e. the

⁷ European Court of Auditors (2011) *Annual Report on the Implementation of the Budget, 2011/C 326/01*, Luxembourg. Available at: <http://eca.europa.eu/portal/pls/portal/docs/1/9766724.PDF>

ECA and the Commission. In some cases, for instance in the Italian OP R&C, several audits have taken place simultaneously, thus creating a significant additional workload on top of the ordinary administration of the programme (the programme is considered by the audit authorities to be 'high risk', given the amount of resources that it mobilises). As officials in Steiermark remarked, procedures for on-the-spot checks can be very burdensome. In Austria, the checked projects are selected through a four-step sampling procedure carried out by the Austrian Statistics Office, resulting in 26 audit cases. Like others, managing authorities in England have suggested giving the domestic audit authority more responsibilities.

The overlap and repetition of audits by different audit authorities has been strongly criticised (e.g. Austria, Italian OP R&C, Nordrhein-Westfalen). In Vlaanderen, some previously checked projects were checked again, even if they had positive results. These follow-up checks can be frustrating for beneficiaries (Bizkaia, Vlaanderen, Wales) and managing authorities (Italian OP R&C), therefore controls should be more targeted (Greece). Similarly, the Commission checked Austrian projects that have already been checked domestically. There is some criticism of this approach, since the Commission checks will result in one joint report for each Member State, thus resulting in issues in one programme affecting the performance of Austria in total. In order to avoid repetition, Bizkaia argues for a better coordination of audit activities between different levels (internal, regional, national, European). Small projects should not be subject to four audits that may take two to three days each.

The proportionality of audit and control is a recurring theme especially with smaller programmes (Austria, Denmark, Mellersta Norrland OP, Norra Mellansverige OP, Vlaanderen). In Vlaanderen, for instance, the related costs amount to a significant share of the budget. The system is seen to be overly complex with checks on certified expenditure, sample checks as well as checks of payment applications of ongoing projects. These audits take place before the managing authority has carried out its own checks following project finalisation. It is felt that mistakes that are picked up in the annual audits would have been discovered during the project closure checks and are therefore not a true reflection of the programme's audit processes. For the Norra Mellansverige OP, the focus is too much on minor issues and small funding amounts. Only in the last six months they experienced 18 audit checks, which have been bureaucratic and required substantial resources. In spite of the considerable workload, the Mellersta Norrland OP views audits as a useful learning tool. The managing authority changed their approach to project checks and now relies on a sample of thoroughly checked activities.

Many programme managers agree with the European Parliament (see Section 2.1) **and argue for audit requirements proportional to the amount of funding provided** (e.g. Austria, Denmark, Finland, Latvia, Norra Mellansverige OP, Vlaanderen). This is supported also by Member States with large Structural Funds programmes, such as Latvia. However, in addition to the size of the programme, Vlaanderen suggests that also the current and/or previous error rate is taken into account when auditing programmes and projects. Programmes that have performed well in previous audits should not have to face the same audit burden as programmes that are experiencing (or have experienced) more difficulties.

Proportionality should apply also to the level of projects. Officials in Spain suggest that audits should be proportional to the size of both programme and projects. This includes a differentiation based on the type of actions (e.g. hard infrastructure versus soft intangibles). Also the Śląskie ESF unit would like to see the size of projects linked transparently to financial control and audit requirements.

Looking at the results of audits, one of the main issues of concern continues to be public procurement (e.g. England, Wales). In Latvia, audits included recommendations on procurement procedures, particularly in those cases where the value of procurements contracts are below the threshold requiring a mandatory tendering in the EU Official Journal. In Wales, the main issues are balancing the project sponsors' own internal procurement processes with the Commission's regulations and the documentation of the procurement process.

Other themes that came up as part of audit visits relate to:

- **Hire-purchases.** In a sample check carried out in the Steiermark OP, the Audit Authority claimed that, according to Art. 56(1) of Regulation 1083/2006, the co-financing of hire-purchases is not eligible. Since the Austrian national eligibility rules do not consider hire-purchases, the Audit Authority and the Styrian Business Promotion Agency as the responsible Intermediate Body asked the Commission for clarification.
- **Double-financing.** In Niederösterreich, a domestic audit brought up questions about the extent to which a final beneficiary is allowed to receive funding from more than one source. Although double funding is not allowed, some basic public funding is often common practice. Many final beneficiaries are in fact not only funded by public authorities, e.g. research institutes, but also obtain (and are required to do so) third-party funds. For the managing authority, the procurement of own resources should be up to the final beneficiary.

2.5 Evaluation activities

On its website, DG Regio has started to provide a **regularly updated evaluation library**.⁸ It also selects a limited number of good-quality evaluations for their 'Regio Selection' section. The site is still in an early phase, and, by November 2011, 45 studies had been made available. For evaluations carried out in IQ-Net countries and programmes, the Annex to this paper provides an updated list, including a download link where available.

IQ-Net programme authorities have continued their evaluation efforts over the past six months. In particular, most programme authorities made significant progress in terms of **mid-term evaluations**. Some of these have already been finalised (England, Hungary, Sachsen-Anhalt, Sweden) and others are well advanced.

⁸ DG Regio evaluation library:
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/evaluations/index_en.htm

- In England, the evaluation for North East England drew positive conclusions about the programme, stating that the OP's strategic focus on innovation, business growth and enterprise remain valid, that the OP is well designed and has been implemented effectively, that management arrangements are effective, efficient, open and transparent, and that good progress has been made against targets. However, the evaluation recognised that the OP for North East England is now operating in a radically altered policy, institutional and financial context, with the impact of the recession, the closure of the Regional Development Agencies and the regional Business Link service and reductions in public expenditure. As a consequence, the LMC submitted a request to modify the programme to the European Commission in July 2011, including some changes to outputs and results targets to reflect changing conditions and broadening the scope of activity to give greater emphasis to capital investment.
- All eight evaluation reports for the regional programmes have been finalised in Sweden. In the case of Norra Mellansverige OP, there have been no major issues. Indeed, the final report concludes that the programme has been implemented in line with the direction set out in the programme document and that it can be assumed that the programme's overall goals will be achieved in the remainder of the programme period. However, the large number of projects has meant that the managing authority's role has been more qualitative rather than actively steering the implementation of projects. There would have been more scope for larger projects with a more strategic content, taking advantage of the large interest that exists in the region. In the Mellersta Norrland OP, the final report concluded that while some quantitative goals are likely to be achieved, it is difficult to state whether the goals referring to new jobs and new products, services and patents will be reached. The prospects of making radical changes are limited, because the vast majority of resources have already been committed.
- Some evaluations are about to be concluded (Steiermark, Vlaanderen). In Steiermark, for instance, a first draft of the final report has been presented in September and the final version was due in October 2011, while in Vlaanderen, the final report is expected by the end of 2011.

Other **mid-term evaluations are currently being carried out** (e.g. Czech NSRF, Latvia). The evaluation of the Czech NSRF is currently being undertaken by an external evaluator, although questions have arisen about whether the evaluator has the necessary capacities; an internal review of the NSRF may have been more appropriate. In Latvia, the mid-term evaluation is still at an early stage. Three of its four packages are currently being tendered, while the package focusing on general implementation issues was commissioned from an external evaluator in July 2011.

In addition to a full mid-term evaluation (which has now been completed and published), the Sachsen-Anhalt managing authority is taking an **ongoing evaluation approach** to the ERDF and ESF programmes. Evaluation activities are currently focusing on the themes of professional training (ESF), R&D and innovation (ERDF) and on an integrated approach to sustainable urban development in five pilot towns (ERDF and ESF). The evaluator presented

the interim results of these evaluations in the steering group meeting on 15 November 2011.

In the Italian OP R&C, Portugal and Greece, there are **delays with evaluations**.

- In the Italian OP R&C, the evaluation plan has been delayed by about two years. After the dismantling of IPI, the institute that was charged of the Technical Assistance to the Ministry of Economic Development (on the competitiveness part of the programme), the responsibility for the evaluation of this part of the OP was assigned to the successor organisation, Promuovi Italia (four evaluations). Work has already progressed considerably for at least half of these, and the first final reports are expected in June 2012.
- In Portugal, delays result mainly from pressures on public finances. Both the IFDR (Financial Institute for Regional Development) and the NSRF Observatorio have faced delays in the launch of their planned studies. Similarly, most managing authorities of national and regional OPs are waiting for authorisation to launch their mid-term evaluations. There will be an evaluation network meeting in November to discuss the evaluation plans for 2012, which will focus on mid-term evaluations.
- In the case of Greece, delays result from time-consuming administrative processes and the comparatively late start of the programmes. However, all programmes (ERDF, ESF) have officially launched call for tenders for ongoing evaluations. Consequently, efforts in the past six months have continued to focus on the actual contracting of the evaluators rather than evaluations themselves. The Accessibility Improvement OP (ERDF) and the Education & Life-Long Learning OP (ESF) are the only programmes that have signed contracts with the evaluators and the evaluations are in progress.

With regard to the thematic focus of evaluations, authorities in both Vlaanderen and Bizkaia have carried out studies of their **communication activities**. The evaluation in Vlaanderen concluded that the programme has been successful in targeting professionals, but less effective in communicating the programme to the general public. The mass media campaign, which included television commercials, was deemed to have little impact. The creation of a recognisable ERDF brand is challenging; one of the recommendations was that in order to communicate the programme's achievements it may be more useful to refer to 'Europe' in a generic sense. Similarly, the evaluation of the communication plan in the País Vasco identified the need to increase awareness of the broader public (see Box 4).

Box 4: Evaluation of the publicity and communication plan of the País Vasco OP⁹

The key conclusions presented in April 2011 were widely positive, yet the communication plans will be evaluated again in 2013. Some recommendations to improve the achievement of communication objectives include the following.

- The managing authority (Directorate General of EU Funds, Ministry of Economy and Finance) should continue to work with the same intensity for the remainder of the programming period in publicising the important role played by the EU in regional policy.
- The section of the AIR dealing with publicity and communication should be further developed, as was done in the Strategic Report 2009.
- The Urban Community Initiative of the Provincial Council of Vitoria-Gasteiz should continue disseminating information on its activities.
- The Basque Government, Provincial Councils and Azaro Foundation should make an effort to participate in information and publicity activities in accordance with their weight in the OP.

Recommendations for improving the support offered to agencies involved in the development of communication activities:

- A simple identity and manual should be designed that harmonises the format logo, slogan and other texts.
- All bodies should continue to give priority to equal opportunities priorities using all the means at their disposal.

Recommendations to increase awareness in the population of EU Funds:

- Inform the younger demographic about the ERDF it would be appropriate to design a series of activities specifically targeting this population segment.
- Extend the presence of the ERDF in the media. A working group coordinated by the Directorate of Economy and Planning of the Basque Government should collect news on ERDF actions to provide them regularly to the regional media with the largest circulation (EITB, The Courier, The Basque newspaper, Deia, TVE, etc.).

Another example for a recently concluded thematic evaluation can be found in Portugal, where the IFDR looked at business incentive schemes (see Box 5).

In terms of the **impact of evaluation results**, the example of a recent OECD evaluation of SME support in Śląskie shows how evaluation can actively inform OP implementation. The study concluded that SMEs in the region did not benefit sufficiently from the ESF OP and recommended more tailored approaches to support. This has prompted a more targeted framework with changes planned for associated regional project selection criteria and a focus on eight specific technology action areas (e.g. ICT, medicine etc.).

Looking to the future, some programme authorities have been developing their revised **evaluation plans** for the remainder of the programme period. The Hungarian authorities published their plan for 2011-13, and the Czech Integrated OP started preparations for its annual plan for 2012. While all planned evaluations have now been completed in Sweden, plans for **further evaluations** in the current period exist in Finland, where the Ministry of Employment and the Economy has tendered for new evaluators. In the remainder of the

⁹ Informe de Evaluación, Plan de Comunicación del Programa Operativo FEDER del País Vasco 2007-2013, available at: http://www.ogasun.ejgv.euskadi.net/r51-19239/es/contenidos/informacion/politica_regional/es_2340/adjuntos/110401%20Informe_evaluacion%20Plan%20Comun%20FEDER%2007-13%20PV%20V02.pdf (Spanish)

period, an important part of the evaluation process will be the development of indicators, particularly for the themes of sustainable development and equality. The Commission has requested the testing of a new set of indicators in the current period in order to have them adopted for the post-2013 programme period. The Nordrhein-Westfalen managing authority has just issued a call for an evaluation of its ‘competitive calls’ approach. The reasons for evaluating the competitive calls at this time are partly because only limited resources remain within the programme, especially under Priority 2 which funds the competitive calls, and partly because of criticism of the administrative burden associated with the competitive calls. The aim of the evaluation is thus to assess how any remaining funds for competitive calls in 2007-13 should be focused, and also to improve and, if possible, streamline, administrative procedures relating to the funds.

Box 5: Evaluation of Business Incentive Schemes in Portugal¹⁰

Published in October 2011, a study was commissioned by the IFDR to assess the quality of the three incentive schemes during the early set-up and operation stages - particularly with regard to suitability, regulations, selection criteria and publicity - and to offer recommendations to improve the effectiveness and efficiency of the schemes. The study is based on documentary analysis, interviews, surveys and focus groups, and distinguishes between strategic and operational conclusions and recommendations. Among the key positive findings underlined in the report are:

- the adoption of a programming approach that is more geared towards objectives to encourage R&D, innovation and skills, business development and internationalization;
- the design of business development instruments for growth and jobs based on strategies that are more focused on innovative and ‘anchor’ projects, and advanced competitiveness factors;
- the simplification of instruments for SMEs to access services in R&D and innovation, combined with a more effective coordination with infrastructure support and National Science and Technology system bodies;
- acknowledgement of the importance of Collective Efficiency Strategies and collective projects as new or strengthened mechanisms to drive forwards a new business culture;
- the definition/design of schemes emphasising specific sectors and themes from the outset; and
- the increased focus from 2009 in the eligibility and selection criteria, including targeting of tradable goods and services and setting minimum thresholds for export orientation of projects.

The governance related findings reveal:

- a positive overall experience, evidenced by: i) the ability to make improvements on the basis of experience ii) the pursuit of ambitious goals in the face of challenges and iii) increased participation of regional authorities in decision-making; and
- a model that allows and encourages the pursuit of national goals for the schemes (through a common regulatory framework, horizontal calls) and enables the standardization of implementation rules through the Incentive Schemes Network, where the good co-ordination work of the MA is well recognized.

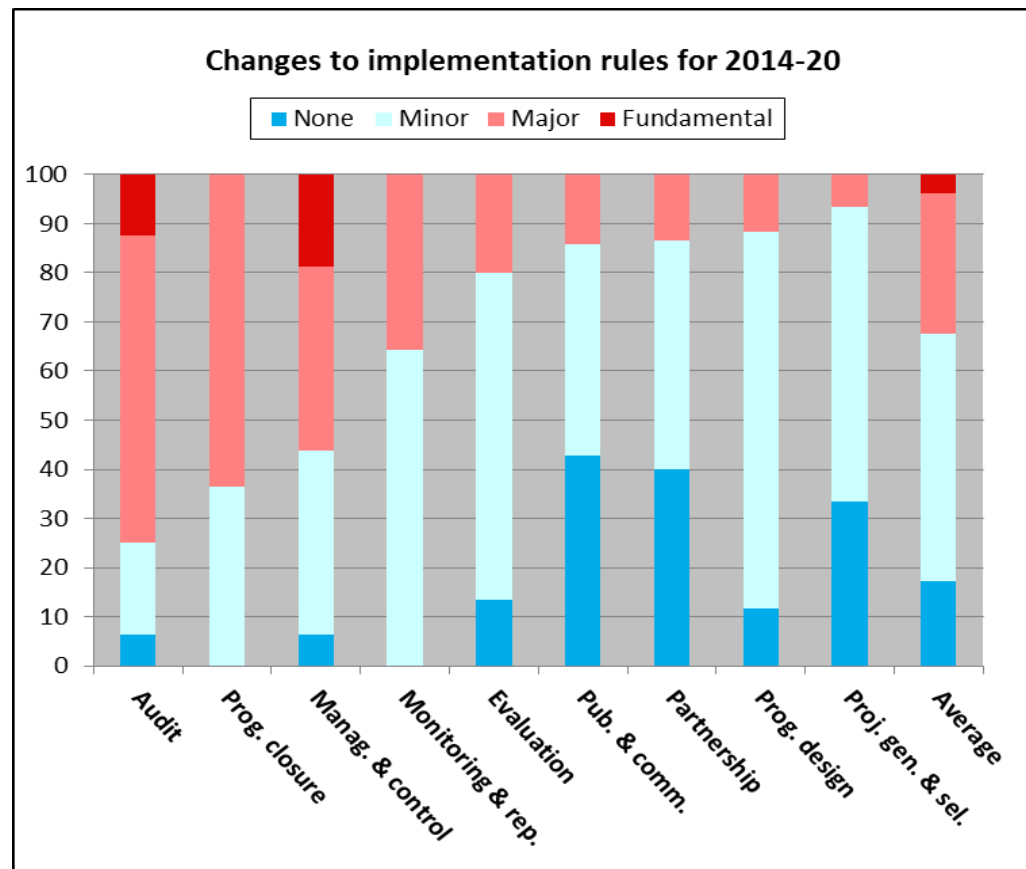
The strategic recommendations focus on two core issues: the effectiveness and efficiency of the schemes as instruments of economic policy through improving the design of the schemes and the governance model respectively. The operational recommendations include: fine-tuning of the selection criteria; consolidation of experience with collective projects and business support vouchers; improving the efficiency of the pursuit of the scheme priorities and monitoring and management. The bodies responsible for putting the recommendations into practice are clearly identified in the study.

¹⁰ Augusto Mateus & Associados (2011) *Avaliação da Operacionalização inicial dos Sistemas de Incentivos no contexto da Agenda Factores de Competitividade*, Relatório Final, Volume I, Lisboa.

2.6 Assessment of the 2007-13 delivery framework

In the course of the research for this paper, IQ-Net programme authorities were asked to assess their experiences with nine main elements of programme implementation in the current 2007-13 programme period and suggest whether minor, major or fundamental changes are needed for 2014-20. Figure 2 provides a broad confirmation of the picture presented in previous sections of this paper.

Figure 2: Changes needed for 2014-20 delivery framework



Source: EPRC survey of IQ-Net programme authorities.¹¹

The need to improve audit arrangements, closure procedures and general management and control issues is clearly the main issue for programme authorities. Three quarters of respondents saw major or fundamental needs for improvements to the current audit approach, and more than half identified a significant need for action with regard to programme closure and management and control systems. On the other hand, most programme managers seem broadly content with most other aspects covered in the survey.

¹¹ Research is based on assessment of the delivery framework provided by programme authorities in Austria (Niederösterreich, Steiermark), Belgium (Vlaanderen), Czech Republic (Integrated OP, National Coordination Authority for the NSRF), Denmark, England, Finland (Länsi-Suomi), Germany (Nordrhein-Westfalen, Sachsen-Anhalt), Greece, Hungary, Italy (NOP Research and Competitiveness), Latvia, Poland (Śląskie ERDF, Śląskie ESF unit), Scotland, Spain (Bizkaia), and Sweden (Mellersta Norrland, Norra Mellansverige).

A majority identified only a minor (or no) need for improvement in the areas of project generation and selection (93 percent), programme design (88 percent), partnership (87 percent), publicity and communication (86 percent) and evaluation (80 percent). The following sections look more in detail at the individual aspects of programme delivery.

2.6.1 Programme design

The vast majority (88 percent) of **programme managers do not see any need for major improvements to programme design procedures** (e.g. Italian OP R&C, Nordrhein-Westfalen, Norra Mellansverige OP). For Wales, the design of flexible programmes has proved to be helpful, so they do not need many amendments. Flexibility is also an issue for Länsi-Suomi, who appreciated the scope for action they had within the NSRF, something they would like to see again with the Partnership Contract.

Some criticisms were made of the rigidity of programmes. For Vlaanderen, setting concrete targets at the start of a programme period is not seen as useful, as the context of the programme is likely to change. Similarly, the Śląskie ESF unit finds it challenging to deal with a programme designed at the start of the period, while there are constantly changes to the regulatory framework throughout the programme period.

Looking at the next programme period, the Czech Integrated OP argues for **maintaining the current terminology** (e.g. Priority, Measure) and the NSRF, as they do not see any added value brought by the Partnership Contract. The Czech authorities would also appreciate management tools for OP objectives and not only financial objectives.

Finland and Hungary perceive the **need for better coordination**: Finland argues for better domestic coordination, i.e. to avoid inconsistencies between regions; Hungary instead would like to see a more strategic coordination that takes into account not only Europe 2020, but also the Danube Strategy and the new domestic Széchenyi Plan.

Finally, Niederösterreich suggests more proportionality, i.e. smaller OPs should not require an *ex ante* evaluation.

2.6.2 Partnership arrangements

Partnership arrangements work well for a majority of interviewees (87 percent) and 40 percent do not see any need for changes (e.g. Denmark, England, Steiermark). However, while Länsi-Suomi points out that partnership worked particularly well with respect to the involvement of businesses, educational institutes and development organisations, the participation of private companies in the implementation of the programme should be improved according to the Norra Mellansverige OP. Some Swedish actors are also of the opinion that the private sector should take part in the Structural Fund partnerships, which is involved in project selection.

Some more critical points have been raised about the current approach to partnership (Austria, Czech Republic, Mellersta Norrland OP, Śląskie ESF). Austrian authorities consider that the involvement of socioeconomic partners would more useful at the level of national strategies, i.e. NSRF and Partnership Contract, than at programme level. The Czech

Integrated OP would even like to abolish partnership at project and programme level. At project level, partnership is often only created to improve the project profile for application purposes. At programme level, compulsory partnership should not be formalised in the regulations, as it can be assumed that all relevant bodies (e.g. Ministries) would consult their partners anyway. Compulsory partnership brings mainly administrative burdens, and the representation of partners in monitoring committees does not bring any added value. The arguments of the Śląskie ESF unit are similar. Formalised partnership structures, such as monitoring committees, do not necessarily provide genuine partnership. In the Mellersta Norrland OP, programme managers felt that programme partners were having a very strong role in some instances, which has diminished the role of the programme managers. This should be avoided by clearer national guidelines with regard to the roles of the Structural Fund partnership. While the above mentioned positions see a danger in too much involvement, Scotland sees their partnership model at risk because of insufficient involvement. Scottish programme managers felt that the consultation in 2007-13 was not as extensive as in the past and they fear that this trend might continue.

Some criticism relates to the range of involved actors (Austria, Länsi-Suomi). Austria would like to limit the number of actors involved, as involvement proved to create also demand for funding. Länsi-Suomi instead sees a danger in including only experienced project actors. This may be a natural consequence should the funding be reduced, but there are concerns that the programme will lose as a result of this process.

Looking to the future, Greece would like to see **more emphasis on capacity building for socioeconomic partners**.

Finally, in the context of a discussion on the future of partnership, it is worth recalling the results of previous IQ-Net research in this area. This noted that socio-economic partners and non-governmental organisations felt largely excluded from most aspects of programme management, with the exception of programme design, and that the accountability role of 'horizontal partnerships' was under-developed, i.e. the managing authorities are not perceived to be adequately held to account.¹²

2.6.3 Management and control systems

The assessment of current arrangements for management and control system resulted in a rather critical picture. More than half of the respondents (57 percent) see the **need for major or fundamental changes** (38 and 19 percent respectively). Although **some regard the current systems to be adequate in principle** (e.g. Länsi-Suomi, Steiermark), **the proportionality of the requirements for management and control systems** is an issue for several programme authorities (e.g. Scotland, Vlaanderen). A number of suggestions have been made, which address both EU-level and domestic areas. Management and control systems should:

¹² Polverari L and Michie R (2009) New partnership dynamics in a changing Cohesion Policy context, *IQ-Net Thematic Paper 25(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

- provide a clearer division of responsibilities between audit and certifying authorities (Śląskie ERDF);
- allow more reliance on national audit authorities (England);
- focus less on audit and financial control and more on the quality of outputs (Śląskie ESF);
- help reducing the administrative burden for applicants (Hungary);
- be more flexible (Länsi-Suomi, Steiermark); and
- be less complex (Niederösterreich, Norra Mellansverige OP, Steiermark).

For the programme managers of the Italian OP R&C it has been challenging to receive Commission approval of the formal description of their management and control system. Reasons are not only the incompatibility of EU-level and domestic requirements, but also the perceived insufficient efforts to understand the Italian implementation system on the part of the Commission. This has resulted in an extremely detailed management and control system description, which essentially replicates the programming complement of the past programming period. As a result, each new activity or intervention requires a modification of this document, which makes the management of the programme too rigid. The current regulatory proposals are not considered to give the impression that procedures in this regard will be simplified in 2014-20.

The responses of programme authorities confirm the results of previous IQ-Net research, which showed that although Member States agreed on the need for effective systems, there are also a number of criticisms relating, for example, to the administrative burden of Structural Funds programmes, and the need for a better allocation of responsibilities between Member State and EU levels.¹³

2.6.4 Project generation and selection

Project generation and selection worked smoothly in the vast majority of IQ-Net programmes, and while about a third of the respondents do not see any need for improvements at all, only seven percent see a need for major changes in 2014-20.

Yet, there is scope for improvement with regard to project selection criteria (Czech Republic, Italian OP R&C, Latvia). The Czech Republic argues for selection criteria that reflect programme objectives, and Latvia wants to apply a common set of project appraisal criteria.

In the light of the change from the n+3 to the n+2 rule, programme managers of the Śląskie ERDF OP are aware that beneficiaries will have to shorten the preparation time of projects. Thus, to **simplify and improve the application process**, they suggest:

¹³ Davies S, Gross F and Polverari L (2008) The financial management, control and audit of EU Cohesion policy: contrasting views on challenges, idiosyncrasies and the way ahead, *IQ-Net Thematic Paper 23(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

- abolishing a mandatory feasibility study;
- limiting the number of attachments to the application documentation;
- developing selection criteria that reward projects which are ready for implementation;
- limiting formal selection criteria looking at administrative requirements;
- placing more emphasis on project quality and their suitability to achieve set indicators; and
- giving more weight to concrete outputs of projects.

In terms of other improvements, Hungary aims to reduce the administrative burden for applicants and plans to carry out an assessment of potential target groups for the future programmes. The Czech Republic wants to improve project development and the preparatory phase of projects, and Greece would like to put a stronger emphasis on a cost benefit analysis during the project selection process. Finally, Länsi-Suomi plans to give more weight to strategic steering and to apply a 'common table' approach to facilitate the selection process.

2.6.5 Monitoring and reporting

About one third of the respondents to the IQ-Net survey perceive the need for major changes to monitoring and reporting arrangements, while about two-thirds only require minor changes. Interestingly, there is no programme manager that sees no need for improvements at all, and at the same time no programme manager feels the need for fundamental changes.

Monitoring and reporting requirements are considered to be disproportionate by several programme managers (e.g. England, Niederösterreich, Scotland). Länsi-Suomi wants to see the focus shifting from monitoring and reporting towards impact evaluation.

In terms of **success factors**, Finland and the Italian OP R&C identify good programme design as a key factor for efficient monitoring and reporting. There needs to be a higher awareness of the importance of feasible indicator definition at an early stage. The Śląskie ESF unit emphasises the importance of data quality.

Also, actual monitoring systems can be improved in some countries (Austria, Czech Republic, Greece, Śląskie ERDF). The Śląskie ERDF OP would benefit from one joint data collection system and Austrian programmes would like easier data analysis. Greece plans improvements in order to monitor Phasing-In and Phasing-Out programmes more effectively. The Czech Republic feels that results generated from the monitoring system do not always have the practical impact they should have on the management of the NSRF.

In terms of changes for the 2014-20, Austria argues for an increased use of impact indicators, and the Czech Republic would like the Commission to provide definitions for indicators. Wales instead would appreciate rather stability than change.

In terms of reporting, programme managers in Nordrhein-Westfalen and the Śląskie ERDF OP argue for a **simplification of Annual Implementation Reports**. Nordrhein-Westfalen would like to speed up the processes relating to them. At present, these reports involve a significant workload but the reports themselves are not very useful because by the time they are approved, the monitoring data in the reports is out of date.

2.6.6 Publicity and communication

Publicity and communication work well in most IQ-Net countries and programmes. 43 percent of respondents, the highest value of all programme cycle stages, do not see any need for changes. Many programme authorities are satisfied with current arrangements (Austria, Latvia, Vlaanderen, Wales). Both Vlaanderen and Latvia, the latter as part their mid-term evaluations, have recently successfully evaluated their communication strategies.

While programmes were successful at addressing potential beneficiaries, **improvements are necessary with regard to communication to the wider public** in several cases (Greece, Länsi-Suomi, País Vasco, Vlaanderen). Similar conclusions have been drawn by previous IQ-Net research, in which programme managers reported mixed results from interaction with the media, as well as mixed results from evaluation of broad communications activity.¹⁴

Looking at 2014-20, it is important for Austria not to further increase publicity and communication efforts. Sweden instead plans to further develop the publicity and communication, particularly in the Mellersta Norrland OP.

2.6.7 Audit

There is widespread criticism with current audit arrangements. Three quarters (75 percent) would like to see major or fundamental changes to the audit framework, including both EU-level and domestic aspects.

The main issues of concern relate to the high audit burden and proportionality for smaller programmes (see Section 2.4). While the increasing number of audits is putting programmes under pressure, experiences are different in Länsi-Suomi, where the number of audits has decreased in comparison to the past, not least due to the lack of problems. However, the expertise of external auditors has in certain instances relied on national audits. In other instances, on-the-spot checks have been felt as frustrating, particularly since document checks are carried out in any case at the time of the payments.

Looking at 2014-20, the Czech Republic and Nordrhein-Westfalen argue for a **better coordination and for an involvement of fewer bodies**. Currently there are 14 authorities in the Czech Republic that can control project beneficiaries. Nordrhein-Westfalen feels that, if the *Land* Court of Auditors carries out an audit, then the European Court of Auditors should not subsequently duplicate this work. For the Śląskie ESF unit, audits should take a more positive approach and **focus more on recommendations than sanctions**. Finally,

¹⁴ Michie R (2011), *Op. Cit.*, pp. 22-27.

Denmark would like to see a **different approach to minor errors** that can be easily corrected. Currently, the Commission still regards these matters as errors, which may result in repayment of funds.

2.6.8 Evaluation

Evaluation arrangements are generally viewed positively by IQ-Net programme authorities. 80 percent see no or only minor need for improvements, and only 20 percent would like to see major changes. Although programmes have been very active in their evaluation activities (see Section 2.5), **many programme managers would like to see their evaluations to have a bigger impact** (Latvia, Śląskie ERDF, Wales, Vlaanderen). The evaluation culture in Poland is growing, but there are still challenges in implementing recommendations. Similarly, Latvia and Wales want to make more use of evaluation results in their policy-making.

Looking forward to 2014-20, suggestions in relation to the types of evaluation have been made by Greece, who would like to see a **greater emphasis on thematic evaluations**, and Finland and Sweden, who would like **more evaluation activity at the regional and/or programme level**. In terms of evaluation conditions, Latvia stressed the importance of continued **building of evaluation capacity**. Niederösterreich would like to maintain the freedom to decide on evaluations independently. Finland and Hungary would like to see more evaluations linked to **actual impacts of the programmes**. Hungary plans to enhance the measurability of programme impact by fine tuning of the existing systems of indicator and identifying key indicators which can be measured more easily.

2.6.9 Programme closure

Programme managers are rather dissatisfied with current programme closure arrangements. All respondents perceive a need for improvements, and almost two thirds (64 percent) see the need for major improvements. However, several interviewees could not provide an assessment, as information on closure procedures for the 2007-13 period is not yet available.

There is some concern with regard to the **timeliness of closure guidelines**, which would be appreciated as soon as possible (Finland, Niederösterreich, Steiermark). **Programme authorities also argue for clearer guidance** (Mellersta Norrland OP, Wales). Programme managers of the Mellersta Norrland OP emphasised the importance of proper checklists for closure procedures.

Past programme closure procedures have been too complex (England, Nordrhein-Westfalen, Vlaanderen). In Vlaanderen, closure requires many different authorities to cross reference figures in quite minute detail. Some programme authorities are still working on the closure of the 2000-06 programmes (Denmark, England). According to Danish programme administrators it is sometimes the case that individual projects are not finished by the time of programme closure. This has repeatedly led to misunderstandings with the Commission. In Nordrhein-Westfalen, the authorities feel that the weight of administration and particularly reporting relating to programme closure is too heavy.

While many programme authorities are against annual closure (see Section 3.1.6(iii)), the Czech Integrated OP and the Śląskie ERDF managing authority are welcoming the proposals for ongoing programme closure. However, in Śląskie, programme managers need more information on how partial closure will work in practice. For instance, they would like more detail on the responsibilities of the various institutions involved, the required documents.

3. GEARING UP FOR THE 2014-20 PROGRAMME PERIOD

3.1 Regulatory proposals

On 6 October 2011, the European Commission presented a first draft of the 2014-20 regulations.¹⁵ Many of the main proposals had been foreshadowed by the Fifth Cohesion Report conclusions¹⁶, the Budget 2020 communication¹⁷ and the draft working paper on monitoring and evaluation¹⁸. The package consists of specific regulations for the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund, European Territorial Cooperation, European Grouping of Territorial Cooperation (EGTC), European Globalisation Fund (EGF), Programme for Social Change and Innovation, and a communication on the European Union Solidarity Fund (EUSF). There is an overarching regulation (so-called ‘umbrella regulation’), which includes not only the Structural Funds in a narrow sense, i.e. ERDF, ESF and Cohesion Fund, but also the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The proposals are now being discussed by the Council and the European Parliament, and adoption of the new regulations is foreseen for the end of 2012.

The general thrust of the regulatory proposals is welcomed by several IQ-Net programme authorities (e.g. Portugal, Wales). While there is some criticism with regard to the failure of the Commission to take into consideration some Member State recommendations (e.g. Greece), at the time of interviews for this paper, it was still too early for some programme managers to comment in detail on some of the regulatory proposals. This was not least due to the fact that the translations of the draft regulations were not always accurate. Also, the length of the text of the general regulation made it difficult to assess the implications of different sections. In addition, some authorities were cautious to articulate their opinions due to the high sensitivity of the topic and the fact that an official position was under preparation. Nevertheless, one authority expressed the view that the proposals demonstrated a weakening role of DG Regio within the European Commission, as it appears that other DGs have succeeded in their interests being represented in the proposals.

¹⁵ http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm

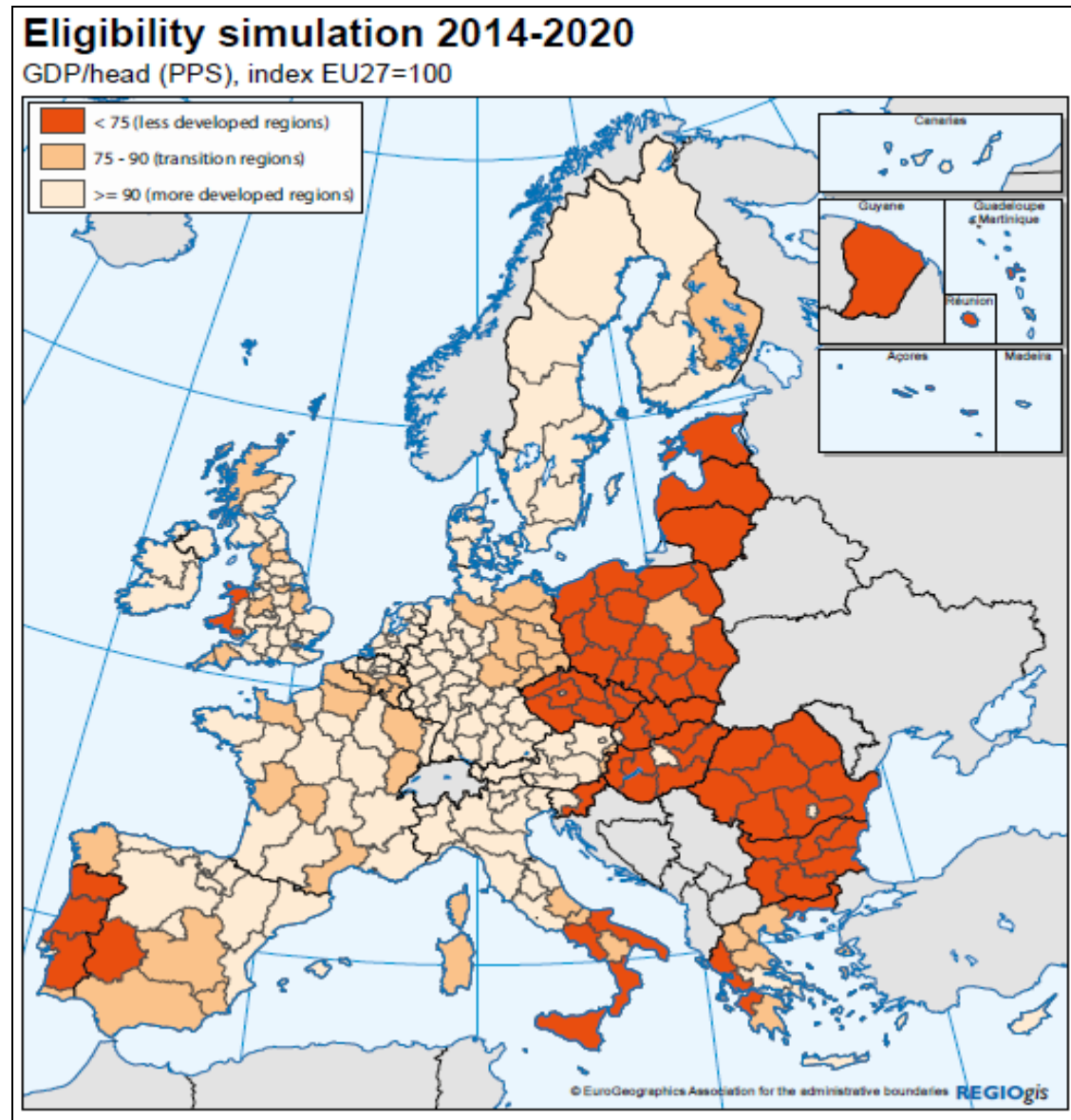
¹⁶ European Commission (2010) *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy*, COM(2010) 642 final, Brussels, 9.11.2010. Available at: http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion5/pdf/conclu_5cr_part1_en.pdf

¹⁷ European Commission (2011) *A Budget for Europe 2020*, COM(2011) 500 final, Brussels, 29.6.2011. Available at: http://europa.eu/press_room/pdf/a_budget_for_europe_2020_en.pdf

¹⁸ DG Regio (2011) *Concepts and Ideas: Monitoring and Evaluation in the practice of European Cohesion Policy 2014+ (European Regional Development Fund and Cohesion Fund)*, draft paper for discussion between DG Regional Policy and the Member States evaluation network, April 2011, DG Regio, Brussels. Available at: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/doc/14042011/2a_ks_section1.doc

More generally, there are **concerns about proportionality of regulatory arrangements**. After experiences made in the current programme period, some argue not only for proportionality in audit requirements (e.g. Austria, Denmark, Mellersta Norrland OP, Norra Mellansverige OP, Vlaanderen, see Section 2.4), but also when defining *ex post* conditionalities (see Section 3.1.5).

Figure 3: Regional eligibility



Source: European Commission (2011) *Cohesion Policy 2014-2020: Investing in Growth and Jobs*, p. 16, available at:
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation2014_leaflet.pdf

Although the general view is that the proposals are balanced and provide a good basis for negotiations, the Portuguese NSRF Observatorio has **doubts about the overall coherence of the proposed changes**, underlining three key dilemmas.

- **Outputs versus spending.** While there are moves to strengthen the focus on outputs, the proposals maintain the established logic of financial spending and management (e.g. forecasting detailed expenditure categories of intervention) as well as compliance approach to audit and control. Related, there are concerns that the Commission may adopt a checklist approach in the negotiation of contracts and programmes rather than focusing on the underlying strategy.
- **Focus versus flexibility.** The need for more concentration is widely acknowledged, but the ring-fencing provisions restrict policy and programming choices for 2014-2020.
- **Cohesion policy versus economic governance.** There is a strong rationale for a closer link with the new mechanisms of economic governance in the EU (European semester and national reform programmes). However, CP should not lose sight of its long-term, structural nature. This requires stability rather than being required to react to external developments in other policy areas during the programming period (e.g. evaluations of the European semester, employment guidelines etc.).

In Austria, the *Länder* joined forces in April 2011 and sent their position on the future of Cohesion policy to the Commission (see Box 6). The document expresses the *Länder* view on a series of issues that are likely to be of relevance to many programme authorities across the EU27.

Box 6: Joint position of the Austrian *Länder*

The main points are:

1. Proportionality in all phases of the programme cycle
2. Reinforce strategic planning while maintaining regional flexibility
3. Partnership Contract as integrated development strategy
4. Only conditionalities that can be influenced directly should be linked to Structural Funds
5. Support of integrated, cross-sectoral development
6. Progress needs to be measured on the basis of comparable and specific indicators
7. Reduced effort for management and control systems
8. Simplification of eligibility through clear rules
9. Minimise control efforts, increase efficiency
10. Tasks should be performed at the most suitable level - more subsidiarity
11. ETC: functional demarcation of cooperation areas and allocation of funding to programmes, not Member States
12. ETC: Communicate the European added value of cooperation better
13. ETC: Clarity with public procurement and State aid for cross-border cooperation

3.1.1 Reinforced ESF

The proposals include an increased role for the ESF. While the funding currently channelled through ESF programmes amounts to 22 percent of total Structural Funds (ERDF and ESF), this share is foreseen as increasing to 25 percent. However, the minimum ESF share will depend on the eligibility status of the region: 25 percent in less- developed regions; 40 percent in transition regions; and 52 percent in more-developed regions. In addition, 20 percent of the ESF funds should be allocated to social inclusion.

The proposal for a minimum allocation to ESF programmes is supported in principle in several countries and regions (France, Steiermark, Vlaanderen). In some cases, the minimum allocation will have little impact because of an already high share of ESF. In Vlaanderen, for instance, the ESF allocation is at 70 percent in the current programme period, and a similar distribution is expected for the coming programme period. Steiermark does not see a problem in a strengthened ESF, since the ESF OP will this time also be covered by the national strategy, i.e. the Partnership Contract. In France, **a strengthened ESF will have a major impact on domestic Structural Funds implementation structures**. This is expected to lead to a rebalancing between ERDF and ESF, reflecting the importance of the themes addressed by the ESF. Thematic concentration and targeting of ESF may well increase at both national and regional level.

Some programme authorities are more sceptical or have ambiguous views on reinforcing the ESF (Czech Republic, Greece, Hungary, Mellersta Norrland OP, Niederösterreich, Norra Mellansverige OP, Scotland). The Czech Republic and Hungary may face **ESF absorption problems**. Already in the current programmes, ESF absorption is low, and the Czech authorities wonder whether the ceiling of absorption capacity for ESF funds might have already been reached. From Niederösterreich's point of view, the ESF share of Structural Funds should not be higher than the ERDF. Although the Mellersta Norrland OP agrees with increased investment into education, more complex ESF-funded projects will make the realisation of a simplified implementation framework for Structural Funds unlikely. The same is true for the goal of a more result-oriented Cohesion policy, since it is more difficult to demonstrate concrete impacts and results of ESF funding rather than of ERDF funding. If ESF funding should increase, it is important to change the types of projects, with a clearer shift towards supporting higher education. In the Mellersta Norrland OP, this would require responding to the low attendance of higher education in certain municipalities of the region, and particularly amongst the male population.

In some IQ-Net countries (Finland, Poland), **the possibility of introducing a reinforced ESF divides actors**. While those close to the ESF are keen on the idea, others such as the Regional Councils in Finland and the Ministry of Regional Development in Poland would like to see a stronger ERDF.

More generally, **several programme authorities are sceptical with regard to the definition of compulsory shares of allocation**, as these do not take the diversity of the European regions into account. Those regions facing severe employment-related challenges might benefit from a minimum allocation, while for other regions a strong ERDF is more important. Also, minimum allocations may limit the planning flexibility of Member States and regions (Greece).

Many feel that allocations to different Funds should be decided at Member State-level (e.g. Czech Republic, Germany, Greece, Finland, Norra Mellansverige OP, Śląskie ERDF). As a matter of principle, the German authorities as a whole oppose this proposal because they do not agree that this decision should be taken *ex ante* at EU level but instead that the division of resources between the Funds should be based on an assessment of developmental needs on the ground within individual Member States and regions. In Germany, for example, the proposal would not cause difficulties in Nordrhein-Westfalen, where there is already a split of 50:50 between ERDF and ESF, but it could raise issues in Sachsen-Anhalt which, as an eastern German *Land*, is still in the process of catching up and thus seen to need significant funds for ERDF-type investments as well as ESF-type interventions. Both managing authorities note the formal German position that these decisions should be taken at Member State or regional level.

Some more concrete ideas on how the Structural Funds support can be divided between ERDF and ESF have been developed in Finland. They view a share of 50 percent at regional level to be optimal. Ideally, ERDF and ESF would be integrated in the same programme. Should there be a need to have a national dimension for ESF, the ESF funding could be divided into two components: an education and business component as part of regional programmes; and an employment and social component as the national ESF programme. The ELY centres could be responsible for administering both components (i.e. regional and national), as it is currently done in the 2007-13 programme period. Dividing ESF into regional and national components is not the only option. Discussions have also been held with regard to dividing ERDF into regional and national components. The national ERDF part could promote innovation activities. However, generally the wish is that ERDF would continue as a regional programme and ESF as a national and more thematic programme, not least due to the complexities associated with the current ESF structure.

3.1.2 Stronger thematic concentration

The regulatory proposals would require RCE regions to focus 80 percent of their ERDF allocation on the themes of energy efficiency, renewable energies, SME competitiveness and innovation. For ex-convergence regions this share is reduced to 60 percent and for the least developed regions with GDP below 75 percent it is 50 percent. This means that some IQ-Net countries are less affected by the thematic concentration than other. Not all their regions would fall under the RCE Objective and hence some regions would only need to earmark 60 percent (transition regions) or 50 percent (less developed regions).

The Commission's **proposals on thematic concentration are welcomed in principle** by many IQ-Net programme authorities (e.g. Denmark, France, Latvia, Nordrhein-Westfalen, Sachsen-Anhalt, Scotland, Steiermark, Śląskie, Vlaanderen, Wales). In some regions, development objectives are already very much in line with the Europe 2020 (e.g. Austria, Vlaanderen). Thematically focussed programmes are considered to be more likely to have an increased impact (Śląskie, Vlaanderen), and this would entail administrative savings, e.g. because the programmes would include fewer budget lines (Sachsen-Anhalt) and fewer implementation bodies (Niederösterreich). Here, Niederösterreich sees advantages especially for smaller OPs.

However, thematic concentration is not perceived to be an issue for many programme authorities, since the proposed **themes are appropriate and reflect regional and/or national priorities** (e.g. Bizkaia, Finland, Niederösterreich, Nordrhein-Westfalen, Sachsen-Anhalt, Steiermark, Vlaanderen). In some cases, a similar focus is already in place in the current period (e.g. Austria, France) or has been created in recent domestic strategic documents: While the ‘Vlaanderen in Actie Plan 2020’ came into force already in 2009, the new economic strategy of Steiermark (‘Steiermark 2020’) was published in July 2011. Both are strongly aligned to Europe 2020. As Vlaanderen points out, the goal of ERDF programmes should be the support of economic development, and this is reflected in the proposed thematic foci.

Looking at the proposed themes, **energy efficiency and renewable energies** is seen by France as being the most innovative change to thematic orientation. It would in fact require some changes to the thematic orientation in some cases, for instance in Niederösterreich. There are concerns in the Mellersta Norrland OP that the region’s green industry is dominated by multi-nationals, and hence a lot of the benefits are lost to the region. For industrial regions like Śląskie more resources for energy themes are positive, although it will not be possible to completely abandon the use of coal as the main energy source of the region. Niederösterreich wonders if there will be enough demand for funding in Austria, where several other sources provide funding in the area of energy. This includes several domestic sources, but also the Austrian EAFRD OP. Since support of energy efficiency and renewable energies has some tradition in Austria, funding should help developing new initiatives and projects instead of just substituting domestic funds with European funds. Too much concentration on **SME competitiveness** might be problematic in some cases (Czech Republic, Niederösterreich, Śląskie). In Niederösterreich, support to non-SMEs would still to be needed in the future, since currently about 34 percent of funding to privates goes to non-SMEs. Similarly, the economy in Śląskie is still based on larger firms. Finally, it will be significant how narrowly the term **innovation** will be interpreted. For Niederösterreich, for instance, it will be important whether or not tourism and activities of non-SMEs will be included.

Thematic concentration can also be viewed critically (Czech Republic, Finland, Greece, Mellersta Norrland OP). For the Czech authorities, stronger thematic concentration would not be coherent with the place-based policy approach promoted in other strategic European documents. For Greece, strong thematic concentration might even endanger the achievement of the objectives set by Europe 2020, due to the weakness of some regions to respond effectively to the specific thematic priorities.

For several programme authorities, it is important to find the right **balance between thematic priorities linked to Europe 2020 and territorial objectives** (Czech Republic, Greece, Śląskie ESF). The Czech NCA points out that Cohesion policy must maintain some scope of action to pursue its traditional goals of territorial convergence by supporting less developed regions. Therefore, regardless of objectives and priorities of Europe 2020, Cohesion policy should continue to pursue its territorial objectives.

Many programme authorities (e.g. France, Greece, Niederösterreich, Portuguese IFDR, Śląskie ERDF, Wales) would like **more flexibility to reflect the diversity of territorial**

specificities. Niederösterreich sees challenges in covering regional specificities with the non-earmarked 20 percent of funding in RCE regions. Support to regional development in a narrower sense needs to be maintained. This includes funding for urban regeneration, tourism and support to regional management offices. The same point is echoed by Portugal, which argues for an additional bottom-up focus on territorial needs. For both Greece and Länsi-Suomi, policy-makers need to identify the opportunities existing in each region and develop the right mix of development priorities from that. In Finland and Sweden, there are **specific concerns for peripheral and sparsely-populated areas.** The absence of the theme ‘accessibility’ (e.g. improving communications between the areas within the region) is creating concern in the Norra Mellansverige OP. Cohesion policy funding is deemed to be essential in this field, and domestic funding will not be enough to tackle these issues. Also for Länsi-Suomi it will be important that the thematic concentration does not lead to an exclusion of regions outside the development networks.

Different views exist on the effect that thematic concentration will have on less-developed regions. While Śląskie sees thematic concentration to be not appropriate for Convergence regions, the Latvian programme managers think that a greater thematic concentration is especially helpful for less-developed regions and countries. A wider spread of themes instead is considered to be more suitable for those areas with higher levels of social and economic development. Hence, Latvia would like the eleven thematic priorities listed in the draft regulation to be further narrowed down to three to five, as suggested in the Fifth Cohesion Report.

3.1.3 More focus on monitoring and evaluation

(i) Monitoring and indicators

In terms of monitoring, the proposals suggest an increased use of output and result indicators. They also propose more impact evaluations at Priority level, an obligatory evaluation plan and evaluation summaries provided by the Member States. On 14 April 2011, the DG Regio Evaluation Unit presented the concepts and ideas paper ‘Monitoring and Evaluation in the Practice of the European Cohesion Policy 2014+ - European Regional Development Fund and Cohesion Fund’¹⁹ at the Evaluation Network meeting. At the same time, a network of pilot regions working on indicators was established at European level. This working group is organised by DG Regio and involves programme managers from Austria, Italy, the Netherlands, Poland and Sweden. On 28 September 2011, a network meeting was held in Brussels, at which the participating Member States presented their views on the use of indicators.

More focus on monitoring and evaluation is welcomed by several programme authorities (Portuguese NSRF Observatorio, Śląskie ERDF), as this is expected to facilitate the implementation of evidence-based policy. It would allow a more robust assessment of the

¹⁹ DG Regio Evaluation Unit (2011) *Concepts and Ideas. Monitoring and Evaluation in the practice of European Cohesion Policy 2014+*, Available at: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/doc/14042011/2a_ks_section1.doc

effects of interventions and informs changes to the allocation of resources (Śląskie ERDF). Some programme authorities welcome the **introduction of a comprehensive and obligatory set of indicators** (Greece, Sachsen-Anhalt, Śląskie), while others remain more sceptical. Indicators can be useful, but excessive quantification and too much importance to data should be avoided (Austria). Outcomes may be influenced by many other factors which lie outside of the scope of Cohesion policy (Greece). Greek authorities are sceptical regarding the use of outcome indicators to measure the success of Cohesion policy. Evaluation should focus on the achievement of specific outputs (e.g. length of new roads), which are influenced only by the interventions of Cohesion policy. Nordrhein-Westfalen does not have any objections to the current proposals, but it remains to be seen to what extent these proposals will be part of the regulatory framework. For the Czech Republic, the ideas presented in the ideas paper are not new, but rather repackaged, and the proposed indicators are already commonly used.

Many programme authorities **support the use of indicators in principle, in spite of concerns about their practicability** (Austria, Czech Republic, Länsi-Suomi, Nordrhein-Westfalen, Mellersta Norrland OP, Norra Mellansverige OP, Śląskie ERDF). In Austria there are concerns about the potentially quite time-consuming data collection efforts. According to Austrian programme managers, the orientation on results will require the translation of targets into measurable indicators. Typical of such indicators would be an increase in GDP or R&D investment, which entail serious issues with methodology and reliability, especially at the regional level. The Śląskie ERDF OP is planning to define a list of key indicators linked to objectives. Project selection criteria can then be linked to these key indicators, giving preference to projects that fulfil these indicators best. For Länsi-Suomi, it is essential to ensure that the result objectives are realistic and appropriate, also in order to be able to monitor the Europe 2020 strategy.

(ii) Evaluation

The positive effect of evaluations on programme implementation is widely acknowledged amongst IQ-Net programme authorities (e.g. Länsi-Suomi, Śląskie) and the number and thematic range of evaluation activities in the current programme period are proof of it (see the Annex to this paper). In Länsi-Suomi, for instance, the feedback from evaluations has clearly steered discussions and improved the quality of the programme work. Nevertheless, an **increased focus on evaluation in the new programme period is viewed sceptically** by some. It is important to make more use of evaluations and make evaluations more useful, but not to increase their number. For many programme managers, **future evaluations should focus on results and impacts** instead of procedural aspects (Finland, Mellersta Norrland OP, Norra Mellansverige OP, Śląskie), reiterating a view that has been made frequently in the past. Also, in order to have reliable evaluation of results, evaluations should be given more time and resources (Finland, Mellersta Norrland OP, Norra Mellansverige OP).

The proposals also suggest the **introduction of impact evaluations at Priority level**, which triggered mixed reactions. For the Czech Integrated OP this is too ambitious, considering that impact evaluations are rarely even done at programme level. By contrast, for the Norra Mellansverige OP, Priority-level impact evaluations would be useful.

The suggested increased use of control groups is seen as easier said than done for Niederösterreich. When private companies receive funding from Structural Fund programmes, it will be difficult to put together a control group consisting of non-supported enterprises, since many enterprises receive domestic support in one form or another.

There are different views on an obligatory evaluation plan. Many programme authorities support the introduction of compulsory plans (Greece) or do not object to it (Norra Mellansverige OP, Sachsen-Anhalt). Both Sachsen-Anhalt and Sweden had already developed an evaluation plan for the 2007-13 period States. Other programmes want to keep their evaluation activities flexible (Niederösterreich, Śląskie ERDF, Vlaanderen). In small programmes, like Niederösterreich and Vlaanderen, flexibility and proportionality are considered key, and an evaluation plan can even be counterproductive. Even in larger programmes, such as the Śląskie ERDF OP, the rigidity resulting from a too detailed evaluation plan is acknowledged.

The obligatory evaluation summary provided by Member States is welcomed by Greece and by Śląskie, who perceives this as an opportunity to present the most important findings of their evaluation activities.

3.1.4 Integrated approach across Funds

The new umbrella regulation will not only include ERDF, ESF and Cohesion Fund, but also EAFRD and EMFF. Thus, several rules will be harmonised, e.g. the *ex ante* and *ex post* conditionalities, as well as the performance reserve of five percent, will apply to all Funds.

A more strategic and integrated approach is welcomed in principle (e.g. Niederösterreich, Portugal, Scotland). For Portugal, this needs to apply to policy instruments at all relevant levels, from the Common Strategic Framework to the Partnership Contracts and finally to the programmes. In this regard, Niederösterreich sees the danger of rather complex procedures. In order to keep implementation manageable, each level of programming document should have its clearly defined area of responsibility. The EU should avoid issues such as coordination mechanisms and horizontal themes being addressed by two levels of document at the same time, as it is the case in the current proposals.

In this spirit, the **potential practical value of some new regulatory provisions in the umbrella regulation**²⁰ has been emphasised by the Śląskie ERDF unit and the Portuguese IFDR.

- **Community-led local development** (Article 28) can facilitate the implementation of multidimensional and cross-sectoral interventions in sub-regions. They make support from more than one Fund possible.

²⁰ Proposal setting out general provisions for the Funds, available at:
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general_proposal_en.pdf

- **Joint Action Plans** (Article 93) comprise a group of projects with specific objectives, results indicators and outputs, being a part of one or more OPs.
- **Integrated Territorial Investments** (Article 99) include investments under more than one Priority of one or more OPs.

The harmonisation of implementation rules is widely considered to be useful (e.g. Denmark, England, Länsi-Suomi, Niederösterreich, Portuguese IFDR, Vlaanderen, Wales), but it needs even more effort (Czech Republic). Strengthened coordination with other EU policies, especially including rural development, is seen as very useful by Portugal. If all EU Funds had the same rules, administrative costs would in principle be reduced and synergy effects would be created (Sachsen-Anhalt). It would simplify procedures not only for implementing institutions but especially for final beneficiaries (Steiermark).

Common rules are seen as especially useful for the relation between ERDF and ESF (England, Steiermark, Śląskie ESF). For Steiermark, especially the final beneficiaries would benefit from a simplification of support of entrepreneurship and employment. Similarly, the Śląskie ESF unit strongly supports a closer integration of ESF and ERDF in order to take advantage of potential synergies and avoid inefficient competition and overlap in funding opportunities.

But while the harmonisation of rules across Funds may be positive in principle, **some programme authorities have concerns over its practical consequences** (Austria, France, Nordrhein-Westfalen, Sachsen-Anhalt, United Kingdom). The Nordrhein-Westfalen managing authority, for instance, has concerns over the application of Common Agricultural Policy rules on financial management to the field of Cohesion policy. Sachsen-Anhalt fears that the harmonisation of rules could mean that the lowest common denominator turns out to be to take the most complicated rules from each Fund. From the point of view of France, it will be very difficult to simplify the rules and to achieve harmonisation between the Funds at the same time.

In this context, **the role of the Partnership Contract is discussed in a number of countries** (Austria, France, United Kingdom). There are uncertainties over its legal status in France, although it is perceived to be more binding than the current NSRF. The United Kingdom would like to see the Partnership Contract taking on a more strategic overarching role, instead of providing too much detail. For Austria, the wide scope of the Partnership Contract (i.e. including rural development) entails the danger of more complicated and longer procedures. It creates the need for parallel programme development not only between the *Länder* themselves, but also for the *Länder* with the responsible bodies for ERDF, ESF and EAFRD at the federal level

The option to set up multi-Fund programmes is good in principle (Denmark, England, Greece, Latvia, Länsi-Suomi, Nordrhein-Westfalen, Portugal, Śląskie ERDF). Although the draft general regulation allows for the creation of programmes that **implement funding from multiple sources** (Article 88), their implementation might be difficult in practice. In Nordrhein-Westfalen, three different ministries currently manage the ERDF, ESF and EAFRD programmes. Nevertheless, there may be efforts at least to enhance cooperation or to build

stronger coordinating structures between the different EU co-funded programmes in 2014-20. The managing authority of the Śląskie ERDF OP supports multi-Fund OPs, but questions whether the Commission's proposal to limit this to five percent of funding for each Priority is sufficient. This would not allow the implementation of complex, integrated interventions. In any case, for some programme authorities (Greece, Portuguese IFDR), it is important that the decision whether to opt for multi- or mono-Fund programmes remains with the Member States.

Some countries would like to go even further (Latvia, Portugal, Scotland). Latvia's managing authority aims to have only one OP for all Cohesion policy Funds, and another joint one for agriculture and fisheries. The Portuguese IFDR would like to see also EAFRD and EMFF included in the multi-Fund provisions for joint programming. They argue that there is a degree of inconsistency in having the same general rules in the regulation and then preventing OPs to be jointly managed. Although it is too early to tell whether such an option would be taken up in the Portuguese case, this should be up to Member States to decide. Scotland has plans to deliver the rural, fisheries and Structural Funds in an integrated way, perhaps under a single overarching programme, or at least delivering them in parallel and incorporating joint actions/major projects.

There is also scepticism, or in some cases just neutrality, regarding the reintroduction of multi-Fund OPs (Austria, Czech Republic, Finland ESF, Italian OP R&C, Sachsen-Anhalt, Wales). Wales has experienced some of the difficulties that can be associated with multi-Fund OPs in the past, when the closure of the Objective 1 programme for 2000-06 was held up by several projects co-funded by the EFF. In Finland, the regions and ERDF actors support a multi-fund approach, but this is opposed by the ESF side. In Austria, multi-fund OPs would not be feasible given the number of bodies that, at different spatial levels, hold responsibility for different policy areas. Instead, programme managers consider the existing option of cross-financing to be sufficient for a combination of ESF and ERDF. Lastly, in Italy, it is the very nature of the OP R&C, which focuses essentially on ERDF-type interventions, that renders the possibility of re-introducing a multi-fund approach to be not particularly relevant or desirable. The current 10 percent flexibility has been sufficient to ensure an adequate integration of ESF-type activities in the programme. At the same time, programme authorities recognise that this possibility may prove useful at the regional level: Italian regional OPs had been multi-Fund until 1999 and reverting back to this approach may be favoured by the regional managing authorities in order to increase the coordination and synergy between different strands of the regions' co-funded development strategies.

3.1.5 Conditionalities and performance

Over the past year, one of the most intensely discussed issues in the context of the future Cohesion policy framework has been the introduction of *ex ante* and *ex post* conditionalities. The draft for the umbrella regulation lists 11 thematic and seven general

ex ante conditionalities in its annex IV.²¹ *Ex post* conditionalities mean in practice the allowance of an additional five percent of funding, the so-called performance reserve.

There is widespread concern about conditionalities and performance among IQ-Net programme authorities. The need for a more efficient Cohesion policy is widely recognised, but there are doubts whether the Commission has found an appropriate balance between efforts to improve performance and manageable conditionalities. In particular, the planned introduction of macro-economic conditionalities has promoted concern. However, there is a widespread lack of clarity about the current proposals. The draft regulations are apparently not in line with other documentation prepared by the Commission. For instance, it is not clear to some countries whether the performance reserve will be applied at the national or the EU level (France, Latvia, Portugal). France regards a performance reserve at EU level as unrealistic, and there are doubts whether Member States, especially net contributors, would accept this in the current economic climate.

The proposals for *ex ante* conditionalities are viewed with particular reservations by some authorities (e.g. Austria, Greece, Spain, Śląskie ERDF, Vlaanderen), although many programme managers are not opposing conditionalities in principle (Czech Republic, Nordrhein-Westfalen, Wales). In France, questions have arisen about whether the conditionalities would be uniform across Member States and whether they would be defined in the context of the Partnership Contract. Also, the consequences of not fulfilling the conditions are unclear. **Yet, the increasing use of conditionalities is supported by some countries** (Denmark, Finland, Scotland), who see them as necessary for an efficient programme implementation.

Many programme authorities are concerned about macroeconomic conditionalities and the fact that these cannot be directly influenced by programme authorities (Austria, Czech Republic, Greece, Latvia, Nordrhein-Westfalen, Portugal, Spain, Śląskie, Wales). Programme managers in Nordrhein-Westfalen and Austria argue that it would not be appropriate to make Structural Funds resources conditional on tasks that are undertaken at federal level (e.g. macroeconomic policy or the adoption of EU directives), given that responsibility for Structural Fund programme management in both countries largely lies at *Land* level. Some countries pointed out that macroeconomic conditions are not in line with the objectives of Cohesion policy (Latvia) and the principle of subsidiarity (Greece).

Latvia is not opposing conditions in general, but **conditions for beneficiaries are preferred over strategic conditions**. In fact, the authorities have positive experiences with conditions that relate to the ability of beneficiaries to implement funding correctly and timeously. One example relates to transport infrastructure development in the capital Riga. Before the project was accepted, the 'Riga Mobility Plan' had to be approved not only by the Ministry of Transport, but also Riga City Council, Riga Planning Region and the Latvian Railway company.

²¹ Proposal setting out general provisions for the Funds, pp. 137-154. Available at: http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general_proposal_en.pdf

Conditionalities are unlikely to improve performance in the view of Niederösterreich and the Portuguese IFDR. Instead, they will more probably increase the reporting and monitoring effort disproportionately relative to the benefits. Likewise, Wales is concerned about the level of detail that can already be found in the current proposals. **Proportionality is an issue for some programmes** (Portugal, Steiermark, Vlaanderen), since conditionalities would place an excessive burden on smaller programmes in comparison to larger programmes (Vlaanderen). Therefore Steiermark would like to see the exclusion of horizontal themes from conditionalities, as measuring their achievement is seen as disproportionate for strongly focussed programmes. However, the Commission has made it clear that there is no possibility of discriminating between programmes.

For Greece and Spain, **macroeconomic conditionalities would be counterproductive**. Failures in other policy areas should not lead to penalties in Cohesion policy (Spain). Tying funding to macroeconomic conditionalities would hit especially Member States with economic difficulties, thereby setting back less-developed regions even more (Greece). Both Greece and Spain suggest that **conditionalities should take the form of incentives not sanctions**.

There is significant opposition to the performance reserve (Czech Republic, France, Latvia, Niederösterreich, Portugal, Steiermark, Wales). Many programme managers view plans to link extra payments to the achievement of targets critically. Similar to *ex ante* conditionalities, the achievement of many targets is dependent on many factors external to Structural Funds interventions. Also, efficient planning is difficult if an addition five percent of funding has to be taken into account according to Latvia. They are also concerned that if the maximum ceiling for Structural Funds will be set at 2.5 percent of GDP, they would be very unlikely to be eligible for additional funding anyway.

Greece and Poland are **more open to a performance reserve**. In Poland, a performance reserve is in place for the current programme period. However, the achievement of the set milestones is experienced to be difficult.

In this context, there are some **concerns with regard to the potential leverage effect of Structural Funds**. The contributions of smaller programmes to measurable effects at macro-level are marginal and take place with considerable time-lags. Table 1 provides an overview of the importance of Structural and Cohesion Funds in relation to total development expenditure in the EU25. Although the data relates to the 2000-06 programme period, it gives an idea on how the importance of Cohesion policy varies significantly across countries. This issue has been raised, for instance, by Austria (see Box 7).

Table 1: Relevance of Cohesion Policy to expenditure for development by Member State (annual average 2000-06)

Country	Structural and Cohesion Funds as % of expenditure for development
Latvia	81.8
Lithuania	80.9
Slovakia	58.9
Estonia	55.3
Portugal	52.1
Poland	50.3
Greece	39.3
EU10	36.4
Hungary	29.7
Slovenia	21.7
Spain	20.5
Czech Republic	13.5
Malta	12.8
EU25	10.6
Cyprus	9.4
EU15	8.5
Ireland	7.5
Italy	7.4
Finland	6.0
Germany	5.2
United Kingdom	4.2
France	3.1
Sweden	2.9
Austria	2.6
Belgium	2.1
Denmark	1.9
Netherlands	1.3
Luxembourg	0.8

Note: Estimate calculated on total allocation and in relation to the period 2004-06 for EU10 and EU25. ESF is not included.

Source: Ismeri and Applica (2010) *Distribution of Competences in relation to Regional Development Policies in the Member States of the European Union*, p. 187. Available at: http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/2010_distribution_competence.pdf

For fuller analysis and discussion of this issue, see also: EPRC and EUROREG (2010) *The Objective of Economic and Social in the Economic Policies of Member States, Report to the European Commission* (DG Regio), European Policies Research Centre, University of Strathclyde, Glasgow and EUROREG, University of Warsaw. http://ec.europa.eu/regional_policy/information/studies/index_en.cfm#2

Box 7: The importance of ERDF in Austria

Niederösterreich points out that the weight of ERDF funding in its nine *Länder* is very low in relation to regional GDP, regional budget and regional expenditure for development (see table below). With the exception of Burgenland, the importance of the ERDF, and hence its potential leverage effect on macro-economic indicators, is marginal.

	ERDF 2007-13, € million	ERDF share of:		
<i>Land</i>		Regional GDP, %	<i>Land</i> budget 2011, %	<i>Land</i> -level development expenditure, %
Steiermark	155	0.06	0.43	2.15
Niederösterreich	146	0.05	0.29	1.75
Burgenland	125	0.29	1.79	8.64
Oberösterreich	96	0.03	0.30	1.06
Kärnten	67	0.06	0.46	1.79
Tirol	35	0.02	0.19	0.65
Wien	25	0.05	0.03	0.29
Vorarlberg	18	0.02	0.18	0.69
Salzburg	14	0.01	0.09	0.51

Source: Amt der Niederösterreichischen Landesregierung and ISMERI and APPLICA (2010) *Distribution of Competences in relation to Regional Development Policies in the Member States of the European Union*

Niederösterreich suggests that funding should represent a minimum share of GDP, so that a measurable effect on GDP is realistic. A solution for smaller programmes could be that if the share of GDP falls below a certain level, the programme's contribution to Europe 2020 should be measured in different ways.

3.1.6 Management and control

The new regulations propose a series of changes to management and control arrangements, i.e. the designation of an accrediting body (Articles 64 & 117), the freedom to merge certifying with managing authority (Article 113) and annual statements and closure of accounts (Articles 130 & 131).²²

(i) Accrediting body

The introduction of an additional accreditation authority is regarded rather critically (Austria, France, Latvia, Nordrhein-Westfalen). For Latvia, the creation of another body involved in implementation would contradict long-standing efforts to establish a lean management structure. For Niederösterreich and Steiermark, the introduction of an accreditation authority would only mean an additional level of control. The current system is working well and should be maintained.

In several countries it is not clear yet which institution could take over the role of accreditation body (France, Nordrhein-Westfalen, Śląskie). In France, issues relate to

²² Proposal setting out general provisions for the Funds, available at:
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general_proposal_en.pdf

potential conflicts of interest and the legal value of accreditations. In Śląskie, it is not yet possible to determine which institution would be responsible for accreditation and whether it will be one of the currently functioning institutions. Moreover, the region does not have enough information about the accreditation body's responsibility and the detailed criteria to be used for granting and revoking accreditation.

Nordrhein-Westfalen has concerns over what the introduction of an accreditation authority would mean in practice. According to the general draft regulation, accreditation will be based on the opinion of an independent audit body. It is not clear what 'independent' means in this context. If the accrediting body would need to be independent of the *Land* government, there might be the need to assign the task to a private sector auditor. Such an approach would have cost implications, compared to the current approach, where the ERDF OP managing authority is located in the *Land* Ministry for Economic Affairs, Energy, Construction, Housing and Transport, while the audit authority is located in the *Land* Ministry of Finance.

(ii) Merging Certifying and Managing Authority

Keeping certifying and managing authority separate is preferred by many programme authorities (Czech Republic, Poland, Portuguese IFDR, Wales), although the option to merge the two is welcomed by others (Śląskie, Vlaanderen). **For a number of programme managers, there are no obvious advantages in a merger** (Italian OP R&C, Portuguese IFDR). Indeed, there is a danger of an increasing error rate at EU level if the additional checks undertaken by both bodies are no longer required. The separation of duties within the same institution would be challenging in Wales, while a merger of managing authority and certifying authority is not considered to be possible in Austria, since the two bodies are located at different spatial levels.

The main advantages of a merger relate to the efficiency of payment procedures. For Vlaanderen, such a move would speed up certifying and accounting processes, while a clear separation of duties would not be a problem. The managing authority for the ERDF OP in Śląskie believes that a merger would allow more efficient implementation of funds and accounting of payments. It would also reduce the administrative burden and accelerate payments' certification. Merging certifying and managing authorities on the regional level would strengthen regional authorities' accountability and increase its real influence on the programme and mode of its implementation.

(iii) Annual closure

The annual clearance of accounts and closure of completed operations or expenditure is likely to entail an excessive burden on programme implementation (Austria, Länsi-Suomi, Vlaanderen). Still, some programme authorities are interested in exploring the option of rolling closure further (England, Wales). The main advantage would be a reduced time of document retention (Wales), especially for beneficiaries (Vlaanderen).

Yet, rolling closure might be beneficial for larger programmes (Vlaanderen). In fact, the Czech Integrated OP and the Śląskie ERDF OP are welcoming the prospect of rolling closure, as it would enable the managing authority to control the level of absorption of funds in a

more effective way. It would also provide better information about results of the programme and its impact on regional development. Any financial corrections arising from rolling closure should be re-allocated to the programme, which would result in more effective spending in the remainder of this period. On the other hand, they note that this rolling closure can create problems and lead to loss of some grant funding. First, it is difficult to define milestones to be used as the basis for the annual accounting. Second, the proposed approach does not take into account unforeseen problems that may arise during programme and project implementation. Any delay may not only cause the loss of funds but may also make it impossible to implement some projects that could be realised at a later date.

3.2 Preparing for the next programme period

3.2.1 Strategy development

Several countries have already started their preparations for 2014-20 (Czech Republic, England, Finland, France, Sweden, Śląskie ERDF, Wales). Authorities have set up working groups and platforms (Austria, Czech Republic, Finland, France, Scotland, Śląskie ERDF, Wales), organised events to involve stakeholders (Czech Republic, Greece, Scotland, Śląskie ERDF), prepared first documents (Czech Republic, Sweden) and organised information events for programme managers (Austria).

- In Wales, political engagement is high, and the Deputy Minister for European Programmes has issued several statements, before and after publication of the draft regulations. The Minister has also set up a Ministerial Advisory Group to meet several times to offer him advice. WEFO has regular meetings with the UK Department for Business Innovation & Skills (BIS) who are leading negotiations on behalf of the United Kingdom and are responsible for the Partnership Contract. A 'new programmes team' has been set up, as well as a project group which will look at implementation of the new programmes. With regard to management of future programmes, WEFO have set up a partnership forum with 20 to 30 members representing all sectors and chaired by a Welsh Assembly Member. WEFO will put various papers to them over 2012 to start looking at the strategic direction of future programmes. They are also about to launch a high-level 'reflection exercise' to look back at what has gone well. At a later stage, formal consultation will take place, and WEFO will bring internal and external stakeholders together to look at specific parts of the programmes and develop guidance.
- The Śląskie ERDF unit initiated the discussion about the future of Cohesion policy in the region by organising 'European Funds Fairs' in November 2011. These include beneficiaries as well as regional development experts and EU representatives. By the end of 2011, a Regional Territorial Forum will be established, comprising a range of official participants as well as external experts. Within the Marshal's Office, working groups will be established to prepare the new programme. In terms of contents, work has already begun on the socio-economic analysis of the region.
- In the Czech Republic, preparations for the 2014-20 period started in autumn 2010 when the Ministry for Regional Development (MRD) launched the debate on the

future strategic priorities of the Czech Republic. The MRD prepared a proposal for the strategic orientation, including a proposal of development priorities. The four NRSF Coordinating Committees, reflecting the strategic objectives of the NSRF, formed the platform to discuss prospective priorities and meet approximately every three months. The Coordinating Committees involve representatives of the relevant sectoral ministries, regions, cities and municipalities and social and economic partners. All these actors made thematic proposals, which then needed to be narrowed down. Lastly, the government has assigned the MRD to prepare a first draft of the Partnership Contract by April 2012, including an indication of the future structure of OPs.

- In France, the General Secretariat for European Affairs (SGAE) is in charge of coordinating the national response and liaising with the Commission. The SGAE has organised meetings on the strategic programming rationale, on the link with the NRP and on the break-down across the different levels, down to the level of the OPs. At the level of the regions, the Monitoring Committees have started thinking about the future, and DATAR has gathered information on this from the secretariats of the regional *préfets* in charge of managing the OPs (SGAR). However, there is limited time for the different stages of strategy design, especially as the Partnership Contract needs to be co-produced with the Ministry of Employment (DGEFP) and the Ministry of Agriculture. This will coincide with the pre-election period, and it is unlikely that any decisions will be taken before June 2012. Currently, DATAR is working on the preparation of proposals, outlining the different options.
- In Finland, a working group for 2014-20 is in charge of the preparations for the future period. The key aim before the end of 2011 is to clarify whether there will be a national component or only regional programmes. Spring 2012 will be used to work on the content of the Partnership Contract and the programmes. The central level has asked regions to provide a report on the changes that they want to implement in the future period. Actors at the central level would like to start implementing interventions of the future period already during the current programme period, not least due to the similar thematic focus. This would also make the transfer to the new programme period more flexible. A key concern is whether the draft regulations will clarify the necessary contents of the Partnership Contract.
- In Austria, the Conference of the *Land* Governors assigned the task of preparing the national strategy for 2014-20 to a working group in October 2011. The group is the same that had already prepared the Austrian position on the Fifth Cohesion Report and consists of all managing authorities, the Federal Chancellery and the ÖROK. At the same time, a team for the negotiations with the Commission has been put together. The overall responsibility for the national strategy lies with ÖROK. Although the actual preparation of contents will only start in February 2012, the revised Austrian Spatial Development Concept (ÖREK), which has been officially presented in October 2011, will become an important part of the new national strategy. In order to ensure that programme managers are aware of the new

regulatory framework, a seminar was organised in October 2011. At *Land* preparations for the new programmes have started, and the drafting of the programme has been tendered. In Niederösterreich, the managing authority is in close contact with its Intermediate Bodies; first meetings took place in late October. In addition, a study on how smart specialisation can be interpreted for the Niederösterreich case has been commissioned.

- In Greece, a public consultation about the future started already in November 2010. First ideas were presented and discussed at the Annual Conference of the Chairs of the OPs Monitoring Committees in 2011. Furthermore, a special meeting was held where the main directions of the new regulations were presented along with the conclusions of the Fifth Cohesion Report.
- In Scotland, the Scottish Government has started engaging with stakeholders, including the enterprise bodies, local authorities and environmental organisations. The next step will be to write the programmes which they hope to complete by the end of 2012, in order to minimise delays between the two programme periods and allow the authorities to be in a position to commit money as quickly as possible.
- In Sweden, the Tillväxtverket prepared a paper to the Ministry of Enterprise, Energy and Communications with regard to questions that they view as most important for 2014-20. The paper submitted in October 2011 also looked at how to ensure a close link to Europe 2020. During the second phase, Tillväxtverket will focus on changes that are required in order to improve the overall Structural Funds systems (e.g. particularly simplification measures).

In other countries, preparations for the 2014-20 programme period are still at an early stage (Latvia, Nordrhein-Westfalen, Portugal, Śląskie ESF, Vlaanderen) and focus predominantly on formulating a national position on the draft regulations (Latvia, Portugal).

- Vlaanderen requires the support of the political level and therefore sent a letter to the Minister. In this letter, the strengths and weaknesses of the current programme are outlined and a vision for the new programme period is formulated including its relation to external strategies and frameworks. A response is expected by the end of 2011, and the drafting of the Vlaanderen OP will start in 2012. It will take into account the findings from the mid-term evaluation and the evaluation of communication activities carried out earlier this year.
- In Latvia, a first meeting and a public hearing on 2014-20 took place in November, and a first draft position was presented to the Cabinet of Ministers. Also a preliminary *ex ante* evaluation is being carried out, and this entails the involvement of the wider public through events organised in the regions.
- Lastly, the Nordrhein-Westfalen managing authority and secretariat also started working formally on the new ERDF programme in November 2011.

Some countries and programmes have not yet started their preparations (Denmark, Bizkaia, Italian OP R&C, Portugal, Sachsen-Anhalt).

- Denmark has made the start of the preparations very much dependent on further clarification with regard to the future regulatory framework and the future Danish financial allocation. Assuming a similar funding allocation as in the current programme period, the programming process may well be similar to the one used for 2007-13. If a radical decrease in financial resources takes place, then different approaches to programming may be considered.
- In Portugal, no steps have been taken so far. It is considered to be too early, particularly given the economic changes and challenges. However, an informal working group has been set up to prepare the Portuguese position for the regulation negotiations and the mid-term review in 2012 will provide a good basis for developing thinking on the next round of programmes.
- In the Italian OP R&C, the preparations for the next programme period have not yet started, as the focus of current activity is predominantly on the current programme.
- The Sachsen-Anhalt managing authority aims to start planning the strategic content of the programmes in early 2012.

3.2.2 Strategy content

It is still early to consider strategic changes to objectives and the main focus of programmes. These depend also on the extent to which the proposals for thematic concentration (see Section 3.1.2) will be followed through into practice. Indeed, **some programme authorities believe that the current orientation will remain largely unchanged** (e.g. Bizkaia, Länsi-Suomi). There are also clear indications that **many programmes are prepared to take up the Commission's thematic proposals** (e.g. Mellersta Norrland OP, Niederösterreich, Nordrhein-Westfalen, Norra Mellansverige OP, Sachsen-Anhalt, Scotland, Steiermark). The Nordrhein-Westfalen managing authority is keen to focus the programme strongly on structural economic development, notably issues relating to innovation and energy. They also note that there is widespread support for these themes among all main political parties in Nordrhein-Westfalen and so there is a strong degree of political commitment and stability.

Further themes that are especially relevant to some IQ-Net programmes are urban development (England, Śląskie ERDF) and a series of social themes, such as unemployment (Bizkaia), the improvement of labour skills (Sachsen-Anhalt), and youth issues/social inclusion (Bizkaia).

Länsi-Suomi sees the need to **focus on a limited number of themes** in order to increase the impact of the programme. In a similar vein, Niederösterreich points out that no new areas of intervention should be created, since it is difficult to work with new inexperienced bodies.

3.2.3 Financial resources

Many IQ-Net countries and regions expect a stable budget (France, Nordrhein-Westfalen, Śląskie, Vlaanderen, Western Wales), while for the United Kingdom as a whole, the introduction of transition regions could mean that it would receive more than in 2007-13. **Others expect a slight decrease of resources** (Bizkaia, Eastern Wales, Finland). Finland, for instance, sees ERDF resources decreasing, if ESF resources are to be increased. Also the fact that the sparsely populated resources will go down, will effectively reduce the overall resources.

Some countries and regions expect more significant losses (Latvia, Niederösterreich, Sachsen-Anhalt, Scotland, Steiermark). In particular, Latvia is concerned about potentially major losses: current proposals would entail a Cohesion policy budget for 2014-20 reduced by about €1 billion. The situation is similar for other Baltic Member States and Hungary, all of which would face severe cuts. Latvia does not agree with relating the Structural Funds budget to the size of its GDP. Latvia's response to the economic and financial crisis included drastic cuts of public expenditure, which caused a major reduction of its GDP. Thus, instead of being rewarded for a responsible approach to public finances, the country might be facing a reduced Cohesion policy envelope. Although the absolute amounts of funding are smaller, also Niederösterreich, Sachsen-Anhalt and Steiermark expect significant cuts of about two thirds of the current funding. However, Niederösterreich points out funding should remain at a critical mass level, e.g. a programme should receive at €100 million from Structural Funds.

Sweden is a special case, as there will be a regional reform in Sweden, and this may change the regional borders, and consequently alter the future programme borders. Any future funding will therefore depend on these changes. Decisions on the regional borders will be made in the course of next year.

3.2.4 Structural and administrative changes

For several countries and programmes it is **too early to formulate detailed ideas on future organisational or administrative arrangements** (e.g. Czech Republic, Nordrhein-Westfalen, Portugal, Sachsen-Anhalt, Śląskie).

A number of programmes do not expect any changes to management and implementation arrangements, since the current structures are deemed to function adequately (e.g. Bizkaia, Niederösterreich, Steiermark, Vlaanderen). Yet, Austrian authorities would like to see increased responsibilities for intermediate bodies and less burden on the managing authorities.

There are simplification efforts in several countries (Czech Republic, Latvia, Scotland, Sweden), especially with regard to the number of bodies and programmes. In Sweden there may only be one common managing authority for both ERDF and ESF, as opposed to two in the current programme period. In Scotland, is unclear whether the current administrative architecture for managing the Structural Funds will continue; among changes being considered, it may use a single IT system and only one paying agency and one audit team for all Funds. **Latvia and the Czech Republic are likely to reduce their number of**

programmes. In Latvia, there will be only one OP instead of three separate programmes, which will entail some reorganisation of implementation roles. The experience of the current planning period showed that there are no advantages of having more than one programme; it is more difficult to re-allocate funding, the reporting system is more complicated and more administrative resources are required. Also in the Czech Republic, the number of OPs created an overly complex implementation structure in the current programme period.

For the Italian OP R&C, a simplification measure being considered - informally for the moment - is a division of the programme into two separate programmes in the future, one for research and one for competitiveness, as had already been the case in the 2000-06 and 1994-99 programme periods. This is because the choice implemented in 2007-13 to merge two formerly separated programmes, and the ensuing duplication of management structures within a single OP, has led to overly complex implementation and coordination challenges. Whilst programme managers acknowledge the need for integration between these two themes, they also think that this does not necessarily have to be achieved within a single programme. **Latvia will create a new coordination body.** The new 'Cross-departmental Coordination Centre' (*Pārresoru koordinācijas centrs*) will start coordinating the Latvian National Development Plan still in 2011.

In terms of procedures, Nordrhein-Westfalen **plans to make use of simplified cost options,** such as flat-rates, in 2014-20. The reason is that the managing authority experienced problems with payment claims in the case of small innovative projects in 2007-13. Yet, there remains a degree of wariness about flat-rate costs not only because there is still uncertainty about the future rules on these, but also because other programmes have encountered problems with their application in the current programme period. Also, flat-rate costs are not widely used in Germany and domestic rules on this approach are relatively strict. If they wished to take this approach, the Nordrhein-Westfalen managing authority would need to notify the *Land* Finance Ministry and the *Land* Court of Auditors in advance that they wished to use flat-rate costs for specific instruments/schemes (*Richtlinien*), and obtain their agreement that such an approach would be appropriate in these specific cases.

Organisational changes will also result from the reform of regional boundaries in Finland and possibly Sweden. In preparation for the future period, Finland made a proposal to change the existing layout of NUTS II regions. Currently, the country is divided into four units (south, west, east and north), which all have their own programme. The proposal included: the merger of the NUTS II regions of east and north into one 'sparsely-populated northern region'; and the separation of the metropolitan regions of Uusimaa and Itä-Uusimaa from the NUTS II region of the south to form a 'metropolitan NUTS II region'. The proposal has now been approved by the Commission and is expected to improve the regional structure in Finland. The north-east region will represent a very sparsely-populated and low GDP region, while the metropolitan region will represent the other extreme. Further regional changes are expected in the longer term, particularly regarding the number of municipalities. This may also impact on the future role of the Regional Councils. Also in Sweden, a regional reform may change regional borders, and consequently alter the

future programme borders. Decisions on the regional borders will be made in the course of 2012.

Finally, the 2012 presidential elections in France may have an impact on the management of the ERDF OPs. Depending on their outcome, there is a possibility that management will be delegated to the regions, i.e. transferring it from the regional State services, who are currently in charge of managing the programmes for the 2014-20 programme period, to the regional councils.

4. CONCLUSION

The implementation of IQ-Net programmes has progressed significantly over the past six months, in most cases. However, absorption is still lagging behind expected levels in many countries, and there are concerns about possible decommitments in coming years. While under pressure to achieve financial targets, programme managers are having to deal with a variety of regulatory provisions. In particular, public procurement issues, which have often arisen as part of domestic or EU-level audits, continue to be challenging for managing authorities. There is a widespread feeling that a lot of time and staff resources are used for the administrative and technical side of programme implementation, rather than for the delivery of strategic objectives.

A survey of IQ-Net programme authorities concerning their views of the 2007-13 delivery framework provides further insight on these concerns. Issues related to ‘management and control’, ‘programme closure’ and especially ‘audit’ have prompted most criticism. These are all strongly technical programme-cycle elements, which stem primarily from EU-level requirements (or the way that they are interpreted). On the other hand, programme managers are mostly satisfied with those programme stages that are rather dealing with the delivery of programme objectives: project generation and selection; programme design; partnership; and publicity and communication.

In order to shift this focus away from the administration of programmes to the delivery of programme objectives, programme authorities are pinning their hopes strongly on the reform of the Cohesion policy framework. However, the proposals presented by the Commission in October 2011 drew ambiguous reactions from authorities at national and regional levels – although detailed consideration of the proposals is still evolving. While most of the proposed changes are welcomed in principle, there are widespread concerns about their practical consequences. Some fear that the new framework will create further administrative burdens rather than simplify programme implementation. Nevertheless, an integrated approach across Funds, exemplified by the umbrella regulation and the comprehensive Partnership Contract, is expected to lead to a more cohesive policy approach. The main concerns arise from the introduction of *ex ante* and *ex post* conditionalities, in particular.

The Cohesion policy framework in 2014-20 is still being developed, but the proposals allow a ‘glimpse of the future’. Against the background of an uncertain EU budget (and wider economic environment), preparations for the new programme period are at an early stage. Nevertheless, several Member States and regions have already created structures for the development of national strategies and programmes. Member States are now formulating positions on the draft regulations, and the proposals will be discussed by the Council and the European Parliament.

ANNEX I: STATE-OF PLAY OF EVALUATION ACTIVITY

Table A1: Topics selected for evaluation in IQ-Net programmes 2007-13, autumn 2011*

IQ-Net country / Managing authority	Topic	Status
<i>Programmes, Priorities and synergies</i>		
Austria		
Steiermark	Mid-term evaluation	Ongoing
Vorarlberg	Mid-term evaluation	Ongoing
Belgium		
Vlaanderen	Mid-term evaluation	Ongoing
Vlaanderen	Communication strategy evaluation	2011
Czech Republic		
Czech Republic NCA	Evaluation of the engagement of non-government non-profit organisations in the realisation of structural funds programmes in the Czech Republic	2011 (ongoing)
Czech Republic NCA	<i>Ex post</i> evaluation of 2004-06 Programme Period	2011
Czech Republic NCA	Mid-term evaluation of the 2007-13 Programming Period, including: evaluation of the impacts of interventions on the environment and evaluation of the impacts of interventions on equal opportunities	2011
Czech Republic IOP - MC (IB of the IOP)	Evaluation of exploitation of additional financial sources within the 5.1 intervention	2011
Czech Republic IOP	Evaluation of possibilities and feasibility of financial sources transfer within the IOP	2011
Czech Republic IOP	Evaluation of the IOP priority axis 4 (National tourism support) realization progress with respect to the programme objective achievement	2011
Czech Republic IOP - MI (IB of the IOP)	Evaluation of the IOP changes impacts	2011
Czech Republic NCA	Links of Czech National Policy and Relevant Strategic documents of CZ and EU focusing on Cohesion policy	2010
Czech Republic NCA	Proposals for possible revision of the operational programmes, including: Assessment of absorption capacity of selected OP and proposal for revision of the interventions from EU Funds and the formulation of concrete recommendations according to the economic crisis	April 2010 (Material for government)
Czech Republic NCA	Methodological recommendations for ensuring synergies between interventions	2010
Czech Republic NCA	Synergies between interventions	2009
Czech Republic IOP	<i>Ex ante</i> evaluation	2007
Czech Republic NCA	Ex ante evaluation of NSRF 2007-2013	2006
Denmark		
Denmark	Strategic evaluation of the Danish programmes	Completed 2011
France		
France	Appropriateness of OPs in the time of crisis	Planned/Completed
Champagne-Ardenne	Analysis of future development and investment priorities in a macro-regional perspective	From June 2011
Haute-Normandie	Appropriateness of programme objectives and efficiency of evaluation system	From March 2011
Provence-Alpes-Cote d'Azur	Appropriateness of objectives in times of crisis (economic and ecological)	Nov 2009 - Apr 2010

Franche-Comté, Picardie	Position of the region with respect to Europe 2020; transition towards Europe 2020 objectives	From 2 nd half 2011
Bretagne	Mid-term evaluation	Feb - Jul 2010
Centre	External coherence of programmes (MTE)	Mar - Jul 2010
Champagne-Ardenne	Mid-term evaluation	Feb - Aug 2010
Corse	Mid-term evaluation	2010
Guadeloupe	Mid-term evaluation	Jun - Sep 2010
Ile-de-France	Mid-term evaluation	n/a
Limousin	Mid-term evaluation	n/a
Midi-Pyrénées	Mid-term evaluation	Apr 2010 - Jan 2011
Nord-Pas de Calais	Mid-term evaluation	Jan 2010 - Nov 2010
Provence-Alpes-Côte d'Azur	Mid-term evaluation	Mar - Oct 2010
Pays-de-la-Loire	Mid-term evaluation	Feb - Nov 2010
Picardie	Mid-term evaluation	Jun - Sep 2010
Réunion	Mid-term evaluation	Jun - Oct 2010
Rhone-Alpes	Mid-term evaluation	Mar - Sep 2010
Poitou-Charentes	Ongoing evaluation	From start 2009
Rhone-Alpes	Mid-term evaluation of the multi-regional Rhone OP	n/a
Massif des Alpes	Mid-term evaluation of the multi-regional Alps OP	Feb - May 2010
Germany		
Nordrhein-Westfalen	The future of SF in NRW	Completed
Sachsen-Anhalt	Strategic evaluation of ERDF, ESF and EAFRD	Completed
Greece		
Greece	<i>Ex ante</i> evaluation of NSRF 2007-13	Completed 2007
Greece	Mid-term evaluation of 'Accessibility Improvement' OP	Running
Greece	Mid-term evaluation of 'Education & Life-Long Learning' OP	Running
Greece	Mid-term evaluation of regional & thematic OPs	Planned 2012
Hungary		
Hungary SROP	Review of the indicators of the Social Renewal Operational Programme	Completed 2010
Hungary SIOP	Review of the indicators of the Social Infrastructure Operation Programme	Completed 2009
Hungary	Mid-term Review of OPs	Completed 2011
Italy		
National OP Research & Competitiveness	The effects of innovation incentives on firms' innovation capacity and growth	Running. To be concluded by June 2012
National OP Research & Competitiveness	Investigation on the determinants for the performance of firms in the periods 2000-06 and 2007-13	Running. To be concluded by June 2012
Latvia		
Latvia	Ex ante evaluation of NSRF 2007-2013	2007
Latvia	Ex ante evaluation of OP 'Human resources and employment'	2007
Latvia	Ex ante evaluation of OP 'Entrepreneurship and Innovation'	2007
Latvia	Ex ante evaluation of OP 'Infrastructure and services'	2007
Latvia	Mid-term evaluation NSRF implementation effectiveness	Scheduled (max until Dec 2011)
Poland		
Śląskie HC OP	The impact of the OP in rural areas of the region	Planned
Śląskie ROP	Clarity and accessibility of the OP	March 2009 - running

Śląskie ROP	Complementarity of ROP activities	Completed 2010
Portugal		
Portugal	Overall Evaluation of the Implementation of the NSRF (2007-08)	2007-08, Completed
Portugal	NSRF Macroeconomic Impact	2007-09, Completed
Portugal	Operationalisation of the Territorial Enhancement OP in the context of the NSRF	2010, Completed
Portugal	Operationalisation of the Human Potential OP in the context of the NSRF	Completed
Portugal	Operationalisation of the Human Potential OP in the context of the NSRF	Completed
Portugal	Operationalisation of the Regional OPs in the context of the NSRF (8 separate evaluations)	Completed (7 of 8)
Portugal	Mid-term evaluation of the OPs	Ongoing, 2012
Slovenia		
Slovenia	Regional development Priority	Completed
Slovenia	Employment policy	Ongoing
Slovenia	Effective public administration and healthcare and the information age	Planned 2012
Sweden		
Sweden	Evaluations of 8 regional ERDF programmes: Övre Norrland , Mellersta Norrland , Norra Mellansverige , Östra Mellansverige , Stockholm , Västsverige , Småland och Öarna , Skåne-Blekinge	Completed 2011
United Kingdom		
North East England	Mid-term evaluation	Completed
Scotland	Socio-economic and policy spot-check report (Lowlands and Uplands Scotland) 2009	2009
Scotland	Socio-economic and policy spot-check report (Highlands and Islands) 2009	2009
Wales	Thematic evaluation: ERDF (R&D, enterprise support, strategic infrastructure, climate change, regeneration)	Ongoing
Wales	Thematic evaluation: ESF (support for young people, increasing skills, modernising public services)	Ongoing
Wales	Synthesis Report of the 2000-06 programmes	Completed
Wales	<i>Ex ante</i> evaluations for 2014-20 programme period (plus SEAs and quality assessments)	Planned
Wales	Territorial Cooperation	Planned
Environment and sustainable development		
Austria		
Austria	Evaluation of the Intermediate Body Kommunalkredit Public Consulting (KPC)	Completed 2011
Czech Republic		
Czech Republic NCA	Analysis of the needs of cities after 2013 in terms of future cohesion policy	2010
Czech Republic NCA	Environment (Planned as a part of mid-term evaluation, the following turns realised separately as individual evaluations)	2011
Finland		
Finland	Environmental effects and sustainable development	2009-11 (completed)
France		
Franche-Comté	Social dimension of sustainable development	From September 2011
Franche-Comté	Environment in preparation of the MTE	n/a
Lorraine	Policies to tackle climate change	From November 2010

Martinique	Sustainable development strategy	From 2 nd half 2011
Midi-Pyrénées	Sustainable development implementation strategy	2010
Aquitaine	Coherence of OPs with national SD policy	Planned
Centre	Thematic mid-term evaluation of the multi-regional OP Loire	Jan - Jun 2010
Basse-Normandie	Monitoring and evaluation of carbon impact	Start 2010 - start 2011
Languedoc-Roussillon	Energy efficiency, renewable energies	Jun - Oct 2010
Lorraine	Policies to combat climate change	From Nov 2010
Nord-Pas de Calais	Blue and green belt	2010
Germany		
Nordrhein-Westfalen	Impact on climate change	Planned
Slovenia		
Slovenia	Evaluation of the Cohesion Fund/ERDF OP for Environmental and Transport infrastructure	Completed
Slovenia	Linking natural and cultural development potential	Planned 2012
Slovenia	Sustainable development and the NSRF	Planned 2012
Slovenia	Macroeconomic effects of the NSRF	Planned 2013
Spain		
Spain	Environment thematic evaluation (all OPs)	Planned 2011
Sweden		
Sweden	Sustainable development	Completed 2010
United Kingdom		
Scotland	Strategic Environmental Assessment Screening Report (following programme modification) 2009	Completed
Business promotion		
Austria		
Niederösterreich	Clusters	Planned 2012
Czech Republic		
Czech Republic NCA	Strategic report of the Czech Republic 2009	Completed 2009
Czech Republic NCA	Analysis of substantive progress of OPs during the programme period 2007-13	Completed January 2011
Czech Republic NCA	Quantitative assessment of the estimated impact of the NDP/NSRF using a macroeconomic model for the Czech Republic	2006
Finland		
Finland	Promotion of businesses	2009-11 (completed)
France		
Aquitaine	Cluster support (<i>pôles de compétitivité</i>)	Completed
Bourgogne, Franche-Comté	Financial engineering	From autumn 2011
Haute-Normandie	Strategic policy support in disadvantaged areas	
Germany		
Nordrhein-Westfalen	Micro enterprise loan fund	Completed
Nordrhein-Westfalen	Support for female entrepreneurs	Completed
Nordrhein-Westfalen	Clusters	Running
Sachsen-Anhalt	Investment-oriented business support	Completed
Sachsen-Anhalt	ERDF and ESF support for start-ups	Completed
Latvia		
Latvia	Ex post evaluation of 2004-06 SFs business support results and impacts	Completed
Poland		
Śląskie ROP	Evaluation of financial support directed to enterprises within the ROP	Planned 2011

Portugal		
Portugal	Enterprise investment incentives	Completed
Sweden		
Sweden	Pre-study on business cooperation and innovation	Completed 2009
Sweden	Clusters	Completed 2010
Sweden	Incubators	Completed 2010
UK		
Wales	ERDF Business Survey	Completed
Wales	ERDF Business Survey 2013	Planned
Innovation		
Austria		
Niederösterreich	Evaluation of Technopole	Completed
Czech Republic		
Czech Republic NCA	Analysis of absorb capacity of prospective beneficiaries of risk capital	2011 (ongoing)
Czech Republic NCA	Assessment of Absorption Capacity in the Area of Innovations and Knowledge Economy and Proposals for its Support from 2007-13	2006
Denmark		
Denmark	Promotion of innovation	Late 2009/early 2010
Finland		
Finland	Innovation, networks and knowledge structure	2009-11 (completed)
Finland	Regional accessibility and improvements in the business environment	2009-11 (completed)
France		
Corse	Innovation capacities	From end 2011
Pays-de-la-Loire, Picardie, Limousin	Regional systems for innovation and research (agencies, strategies)	Running/ongoing/planned
Centre	Research and innovation measures	Mar - Jul 2010
Franche-Comté	Research, innovation, technology transfer in preparation of the MTE	n/a
Haute-Normandie	Innovation	n/a
Languedoc-Roussillon	Joint R&D projects	June - Sep 2010
Italy		
National OP Research & Competitiveness	Industrialisation of scientific results in Convergence regions	Running. To be concluded by end of 2012
Poland		
Śląskie ROP	The innovativeness of projects realised within ROP	Running 2011
Śląskie ROP	Ensuring better access to e-services as a result of ROP projects	Planned 2011
Slovenia		
Slovenia	Evaluation of Priorities 'Encouraging competitive potential of enterprises and research excellence', 'Promotion of entrepreneurship' and 'Educational-research infrastructure' under the ERDF OP for Strengthening Regional Development Potentials	Partly ongoing, partly call for tender
Equality, integration and demography		
Czech Republic		
Czech Republic NCA	Equal opportunities	Planned as a part of mid-term evaluation 2011, the following turns realised separately
France		
Basse Normandie, PACA	Gender equality	From 1 st half 2011

Bourgogne	Horizontal objectives	Jan - May 2010
Franche-Comté	Horizontal objectives	Sep 2009 - May 2010
Germany		
Sachsen-Anhalt	Demographic change impact assessment	Completed
Portugal		
Portugal	Gender mainstreaming	Ongoing
Portugal	Social and professional integration of immigrants	2010/2011
Slovenia		
Slovenia	Equal opportunities and social inclusion	Planned 2011
Slovenia	Social inclusion of the Roma community	Completed end of 2009
Slovenia	Assuring the supply of regional good and services	Planned 2012
Slovenia	Equal opportunities and antidiscrimination as horizontal priorities	Planned 2012
Slovenia	NGOs and Social Partners	Planned
Spain		
Spain	Equal opportunities	Completed 2010
Spain	Immigration	Planned 2011
Sweden		
Sweden	Horizontal criteria of integration and diversity	Completed 2008
Sweden	Integration	Completed 2010
Sweden	Equality	Completed 2010
United Kingdom		
Wales	Equality Impact Assessments for cross-cutting themes	Completed
Knowledge, learning and R&D		
Austria		
Burgenland	Thematic evaluation of R&D	Completed
Denmark		
Denmark	Development of competences (ESF)	Planned 2012
France		
Basse Normandie	Effectiveness of transmission of research results to businesses (notably SME)	From May 2011
Midi-Pyrénées	Knowledge exchange	From September 2011
France	R&D and education	Planned
Germany		
Sachsen-Anhalt	ESF school-training transition	Completed
Sachsen-Anhalt	ESF professional training	Ongoing
Sachsen-Anhalt	ERDF support for R&D and innovation	Ongoing
Latvia		
Latvia	Ex post evaluation of 2004-06 SFs investments in education and science - results and impacts	Completed
Portugal		
Portugal	Basic and secondary education reforms	2009-10
Portugal	Qualification and employability	2010-11
Slovenia		
Slovenia	Training, education systems and lifelong learning	Completed
Spain		
Spain	Knowledge-based economy/RTDI thematic evaluation (all OPs)	Planned 2011
Sweden		
Sweden	Learning and the participation of businesses	Completed (2008-10)
United Kingdom		
Wales	Evaluation of ESF Priority 2 (Convergence Programme)	Completed
Wales	Evaluation of ESF Priority 1 (Young people)	Ongoing

<i>Other themes</i>		
Austria		
Austria	Fifteen years of territorial cooperation	Completed 2011
Czech Republic		
Czech Republic NCA	Impact of the Cohesion Policy on the Level and Quality of Employment in the Czech Republic	2010
Czech Republic NCA	Recommendations to facilitate bank financing of projects funded from EU	2010
Czech Republic NCA	Ongoing evaluation of the realization of the Integrated urban plans development and assessment of the functionality of their implementation system's setting	2010
France		
France	Major projects looking at post-2013	Planned
France	Contribution of ERDF to rural development	Completed
Bourgogne	Public policies in rural areas	From May 2011
Aquitaine, Midi-Pyrénées, PACA	Integrated urban projects	Running/planned
Rhône-Alpes	Employment effects	End 2010 - 2012
Poitou-Charentes	ICT	From September 2011
Aquitaine	ICT (MTE)	n/a
Bourgogne	ICT diffusion	March 2010
France	Businesses	Planned
France	Transport	Planned
Basse Normandie	'Project territories'	Apr 2009 - Jun 2010
France	Agriculture	Planned
France	Employment	Planned
Germany		
Sachsen-Anhalt	Urban dimension (Interim report)	Running
Latvia		
Latvia	An assessment of effectiveness of EU funds financial management and control system	2009
Latvia	Preliminary study on the possibilities of EU funds management system simplification	2009
Latvia	Ex post evaluation of 2004-06 SFs investments in employment - results and impacts	Completed
Poland		
Śląskie ROP	Culture and tourist infrastructure projects and their influence on social-economic development of particular communes in Silesia Region	Completed 2010
Portugal		
Portugal	Urban policy instruments	Ongoing
Sweden		
Sweden	Links between entrepreneurship and culture	Completed 2010
United Kingdom		
Wales	Increasing employment and tackling economic inactivity	Ongoing
Wales	Customer insight survey 2009	Completed
Wales	Customer insight survey	Planned
Wales	ESF leavers survey 2009	Completed
Wales	ESF leavers survey 2010	Completed
Wales	ESF leavers survey 2011	Planned
<i>Process-oriented evaluations</i>		
Austria	Implementation system of Austrian Structural Funds ('Governance check')	Completed

Czech Republic		
Czech Republic NCA	Mid-term Evaluation of information and communication activities of NSRF	2011
Czech Republic IOP	Analysis of administrative capacity of the IOP IBs and the rate of outsourcing	2011 (internal)
Czech Republic IOP	Evaluation of communication and publicity activities of the IOP (2008-10) (Executive summary in English)	2011
Czech Republic IOP	Analysis of the IOP absorption capacity	2010 (elaborated to the end of 2010, 2009, 2008)
Czech Republic NCA	Evaluation and optimisation of the project assessment system set up for the programming period 2007-13	2010
Czech Republic NCA	Evaluation of the implementation capacity of the administrative structure of the NSRF	2010
Czech Republic IOP	Evaluation of Integrated Operational Programme implementation system	2009
Czech Republic IOP - MI (IB of the IOP)	Identification of barriers of financial resources exploitation from the IOP and from the OP HRE	2009
Czech Republic IOP - MI (IB of the IOP)	Analysis of effectiveness of the absorption capacity under Ministry of Interior	2009
Czech Republic IOP - MI (IB of the IOP)	Analysis of the indicator system of the IOP and of the OP HRE at the level of the MI as the IB	2009
Czech Republic IOP - MI (IB of the IOP)	Analysis of communication needs of the MI in the area of structural funds	2009
France		
Champagne-Ardenne	Future governance of programme development and implementation	From June 2011
Languedoc-Roussillon	Implementation conditions	Completed
Picardie	Governance efficiency and effectiveness	n/a
Aquitaine	Improving support mechanisms to enhance use of ERDF	Apr - Jun 2009
Auvergne	Review of indicator system and selection of most important indicators	Jun - end 2010
Auvergne/ Massif Central	Review of indicator and monitoring system	2009
Basse Normandie	Programme implementation	Apr - Jul 2010
Germany		
Nordrhein-Westfalen	Competitive calls for tender	Completed
Hungary		
Hungary	Review of service level agreements between MA and IBs	Completed 2009
Hungary	Evaluation of efficiency of selection procedures of the New Hungary Development Plan	Completed 2010
Poland		
Śląskie HC OP unit	Capacity of regional institutions to implement the OP	Being finalised
Śląskie HC OP unit	Regional monitoring system	Running
Śląskie HC OP	The impact of complementarity rules on projects	Planned
Śląskie ROP	Indicator system	Completed
Śląskie ROP	Utility of project selection criteria	Completed
Śląskie ROP	Quality of applications	Planned
Śląskie ROP	Non-competitive project selection procedures: Individual projects (Key projects) and Subregional Development Programmes	Completed 2010
Śląskie ROP	Evaluation of promotion and information activities of ROP	Completed 2010
Portugal		

Portugal	Suitability of national regulations to ESF challenges	Ongoing
Portugal	Physical and financial data quality	Planned
Portugal	ERDF /Cohesion Fund information systems	Planned
Portugal	Evaluation of national regulations governing the ERDF and Cohesion Fund	Completed
Portugal	Administrative simplification under the ERDF/CF	Ongoing
Portugal	Evaluation of EFF, EAFRD and ERDF coordination	Ongoing
Slovenia		
Slovenia	Public calls	Planned for 2013
Slovenia	Venture capital funds	Planned for 2013
Spain		
Spain	Publicity and communication plans of OPs (e.g. Pais Vasco)	Completed
Sweden		
Sweden	Implementing organisations for the ERDF and ESF programmes	Completed (2008-10)
United Kingdom		
Scotland	Community Planning Partnerships	Completed
Scotland	Strategic Delivery Body arrangements	Running
Scotland	Publicity event evaluation 2008	Completed
Scotland	Publicity event evaluation 2009	Completed
Wales	Communication plan	Completed as part of implementation evaluation
Wales	Evaluation of Spatial European Teams	Completed
Wales	Methods for evaluating Structural Funds programmes	Completed
Wales	Effectiveness of implementation process	Completed

Source: EPRC, based on IQ-Net fieldwork interviews

*This list is not exhaustive.



Improving the Quality of Structural Funds Programme Management through Exchange of Experience

IQ-Net is a network of Convergence and Regional Competitiveness programmes actively exchanging experience on practical programming issues. It involves a programme of research and debate on topical themes relating to Structural Funds programme design, management and delivery, culminating in twice-yearly meetings of members. IQ-Net was established in 1996 and has successfully completed four periods of operation: 1996-99, 1999-2002, 2002-07 and 2007-10. The fifth phase was launched on 1 January 2011 (Phase V, 2011-13).

IQ-Net Meetings

30 partners' meetings and a special 10th anniversary conference have been held in 13 European countries during 15 years of operation of the network. Meetings are held at approximately six-month intervals and are open to IQ-Net partners and to observers interested in joining the network. The meetings are designed to facilitate direct exchange of experience on selected issues, through the presentation of briefing papers, plenary discussions, workshop sessions and study visits in the hosting regions.



IQ-Net Website

The IQ-Net Website is the network's main vehicle of communication for partners and the public. The launch of Phase V has been accompanied by an extensive redesign of the site which comprises two sections:



Partner Intranet Pages available exclusively to IQ-Net members.

Public Pages which provide information on the Network's activities and meetings, allow the download of IQ-Net Reports and Bulletins, and provide a news section on issues relevant to the Network.

The Partners' section of the website provides exclusive services to members of the network, including access to all materials prepared for the IQ-Net meetings, a list of EU27 links (programmes, institutions etc.), partners' contact details, a partners' blog and other items of interest.

IQ-Net Reports

The IQ-Net Reports form the basis for the discussions at each IQ-Net meeting. They present applied and practical information in a style accessible to policy-makers, programme executives and administrators. The reports can be downloaded, at no charge, from the IQ-Net website. To date, 29 thematic papers have been produced on both 'functional issues' (e.g. management arrangements, partnership, information and communication, monitoring

systems) and ‘thematic issues’ (e.g. innovation, enterprise development, tourism). A similar number of papers have also been produced to review developments in the implementation of the Network’s partner programmes.

IQ-Net Thematic Papers

- New financial instruments in Cohesion policy
- Taking stock of programme progress: implementation of the Lisbon Agenda and lessons for Europe 2020
- The Reform of Cohesion Policy after 2013: More Concentration, Greater Performance and Better Governance?
- New Partnership Dynamics in a Changing Cohesion Policy Context
- Pandora’s Box and the Delphic Oracle: EU Cohesion Policy and State Aid Compliance
- 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
- Making sense of European Cohesion Policy: 2007-13 on-going evaluation and monitoring
- Turning ideas into action: the implementation of 2007-13 programmes
- The New Generation of Operational Programmes, 2007-13
- National Strategic Reference Frameworks and OPs, 2007-13
- Preparations for the Programme Period 2007-13
- Territorial Cohesion and Structural Funds
- Cohesion Policy Funding for Innovation and the Knowledge Economy
- The Added Value of Structural Funds
- Information, Publicity and Communication
- Mid-term Evaluation of the 2000-06 Programmes
- Mainstreaming Horizontal Themes into Structural Fund Programming
- The Structural Funds: Facilitating the Information Society
- Information into Intelligence: Monitoring for Effective Structural Fund Programming
- At the Starting Block: Review of the New Programmes
- Tourism and Structural Funds
- Preparations for the New Programmes
- The New Regulations and Programming
- Strategic Approaches to Regional Innovation
- Effective Responses to Job Creation
- The Evolution of Programmes and Future Prospects
- Equal Opportunities in Structural Fund Programmes
- The Contribution of Meso-Partnerships to Structural Fund Implementation
- Regional Environmental Integration: Changing Perceptions and Practice
- Structural Fund Synergies: ERDF and ESF
- The Interim Evaluation of Programmes
- Monitoring and Evaluation: Principles and Practice
- Generating Good Projects
- RTD and Innovation in Programmes
- Managing the Structural Funds - Institutionalising Good Practice
- Synthesis of Strategies 1994-96

IQ-Net Bulletin

The IQ-Net Bulletin promotes the dissemination of the Network's activities and results. Fifteen issues have been published to date, over the period from 1996 to 2011. Bulletins are published using a standard format, with each providing summaries of the research undertaken and reports on the discussions which take place at IQ-Net meetings. The Bulletins can be downloaded from the IQ-Net website.



Admission to the IQ-Net Network is open to national and regional Structural Funds Managing Authorities and programme secretariats. For further information or to express an interest, contact Professor John Bachtler (john.bachtler@strath.ac.uk) or Dr Laura Polverari (laura.polverari@strath.ac.uk).