PROGRAMMES IN TRANSITION – BETWEEN CLOSURE AND START

Review of Programme Developments: Winter-Summer 2007

IQ-Net Review Paper No. 20(1)

Tobias Gross and Sara Davies

Improving the Quality of Structural Funds Programming through Exchange of Experience

IQ-Net Phase III Conference

Magdeburg, 18-20 June 2007

European Policies Research Centre
University of Strathclyde
Graham Hills Building
40 George Street
Glasgow G1 1QE
United Kingdom

Tel: +44 (0) 141 548 3955
Fax: +44 (0) 141 548 4898
E-mail: tobias.gross@strath.ac.uk

http://www.eprc.strath.ac.uk/eprc/default.htm
http://www.eprc.strath.ac.uk/iqnet/iq-net/index.html

June 2007

PREFACE

The research for this paper was undertaken in preparation for the 22nd IQ-Net meeting in Magdeburg, Sachsen-Anhalt, Germany, on 18-20 June 2007. The paper was written by Tobias Gross and Dr Sara Davies.

This paper is the product of desk research and fieldwork visits to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium) and to the European Commission's DG Regional Policy in spring 2007. The field research team comprised:

- Tobias Gross (Austria, European Commission)
- Prof. Henrik Halkier (Denmark)
- Dr. Sara Davies (Germany)
- Carlos Méndez (Portugal, Spain)
- Dr. Martin Ferry (Poland)
- Frederike Gross (Belgium, France, European Commission)
- Rona Michie (United Kingdom)
- Laura Polverari (Italy)
- Heidi Vironen (Finland, Sweden)
- Maria-Amalia Vergoula (Greece)

This paper is a draft version and will be revised following the Magdeburg meeting in line with the comments of partners and the substance of discussions at the meeting.

EPRC thanks all those who participated in the research, and also gratefully acknowledges the financial support provided by participating Member States and regions, which is co-financed by technical assistance from the European Structural Funds. The report is, however, the responsibility of the authors alone. The partners in the IQ-Net network are as follows:

Austria
- State Government of Niederösterreich, Economic and Tourism Department
- State Government of Steiermark, Economic Policy Department

Belgium
- Agency for the Economy of Vlaanderen, Europe Economy

Denmark
- Nordjylland County Council, Industrial Policy Division
- National Authority for Enterprise and Construction

Finland
- Keski-Suomi Alliance
- Ministry of the Interior

France
- Délégation interministérielle à l'amenagement et à la compétitivité des territories (DIACT)

Germany

- Nordrhein-Westfalen, Ministry of Economy, SMEs and Energy, EU Affairs Unit
- Sachsen-Anhalt, Ministry of Finances

Greece

- CSF Management Organisation Unit, Ministry of Economy and Finance

Italy

- Lombardia Region, Presidency, Central Directorate for Integrated Programming
- Ministry of Economic Development and Institute for Industrial Promotion (IPI)

Poland

- Śląskie Voivodeship (Marshal's Office)

Portugal

- Ministry for Environment, Spatial Planning and Regional Development, Financial Institute for Regional Development

Spain

- País Vasco, Provincial Council of Bizkaia, Department of Economy and Finance

Sweden

- NUTEK, Swedish Agency for Economic and Regional Growth

UK

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

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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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EXECUTIVE SUMMARY

The past six months have seen a shift in emphasis from the 2000-2006 to the 2007-2013 programmes. Programme managers and other implementing organisations have not only been negotiating draft programmes for 2007-2013 with European Commission staff, but have also been undertaking a range of tasks to prepare for implementing these programmes. A number of initiatives have also occurred at EU level, which direct policy-makers' attention forward to the EU budget review of 2008-2009 and beyond. In addition, ongoing efforts have been needed to ensure that the remaining funds under the 2000-2006 programmes are effectively absorbed, and that all technical preparations for programme closure are underway.

All Member States have submitted their National Strategic Reference Frameworks (NSRFs) to the Commission, but not all have yet been approved. Most Operational Programmes (OPs) have also been submitted, although a significant number had not been handed in by early June 2007. The first OPs have received Commission approval, and many more should follow in the coming months. However, it is likely that many OPs will not be able to start allocating funding until late 2007 or even early 2008. The main issues raised by Commission staff negotiating the OPs relate to: the socio-economic and SWOT analyses; the interventions planned; the Lisbon earmarking process; urban development; and programme implementation and indicator systems.

At the same time, programme managers and implementing agencies are also engaged in a range of issues relating to the financial management, control and closure of the 2000-2006 programmes. These challenges range from ensuring prompt payment claims by final beneficiaries to undertaking financial control and audit tasks at programme level. The workload relating to the 2000-2006 programmes will continue in the coming years, so that programme managers need to plan for the dual workload generated by the two sets of programmes.

At a political level, the attention of EU policy-makers is already shifting to the future. The publication of the Fourth Cohesion Report in May 2007 will be followed by the fourth Cohesion Forum in September 2007. Both will contribute to EU-level debates leading up to the 2008-2009 review of the EU budget and, in a longer-term context, also in relation to the future of Cohesion policy and other budgetary instruments after 2013.

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1. INTRODUCTION

The past six months have been marked by a process of transition in Structural Fund programming. On the one hand, nearly all funds have been committed under the 2000-2006 programmes, although payments will continue in most cases until 2009. At the same time, the scope for strategic modifications to the 2000-2006 programmes is now limited for legal reasons, and the focus in many cases has shifted towards ensuring that closure procedures are implemented effectively. On the other hand, the NSRFs for the 2007-2013 period and new OPs have in most cases been formally submitted to the European Commission for approval. This means that programming authorities are confronted with a double workload since they have to prepare for the new programmes, while at the same time continuing to implement the 2000-2006 programmes. In addition to negotiating the content of the new programmes with the Commission, domestic authorities have to set up or adjust existing implementation, management and control systems. A full description of domestic structures and systems must be presented to the Commission within 12 months of the OPs' adoption.

Moreover, various issues have emerged at the Community level in recent months. First, the Commission has launched the *Regions for Economic Change* and the *RegioStars* initiatives which aim to support cooperation and to celebrate new approaches to regional development. Second, a new methodological working paper on evaluation in 2007-2013 has been published. Third, the publication of the Fourth Cohesion Report in late May 2007 provides the latest assessment of the state of economic and social cohesion in the EU, and of the effect of EU and national policies on cohesion. The Fourth Cohesion Report also identifies a series of questions for the future, and thus contributes to the broader debate on the future of EU Cohesion Policy. On 27-28 September 2007, the Fourth Cohesion Forum will meet in Brussels to discuss the challenges for EU Cohesion policy in the coming years. The outcomes of these discussions will feed into the EU budget review which is due in 2008-2009. Thus, although the current focus of programme managers is on the implementation of the 2000-2006 and 2007-2013 programmes, there is a shift of focus at the political level to the longer term future post 2013.

The objective of this paper is to review recent developments relating to both programming periods. Section two provides an update on the new programmes, including the timetables for adoption and the overall funding priorities of different programmes. It starts by looking more generally at the EU-27, and then outlines the experiences of IQ-Net partners with respect to the NSRF exercise. This section also looks at the feedback which partners have received from the Commission on the NSRFs and OPs, and discusses the consequences of these recommendations. Lastly, it outlines the most recent changes to the new programmes.

Section three reviews the latest developments of the 2000-2006 programmes. In line with past papers, it begins with an overview of the performance of programmes throughout the EU-25, and than examines in more detail the recent experiences of IQ-Net partner programmes in relation to themes such as financial absorption, automatic de-commitment and programme closure. Section four highlights the interactions between the old and the new programmes and the most important challenges facing the managing authorities. Section five concludes and raises points for discussion.

2. PREPARING FOR THE 2007-2013 PERIOD

Although the 2007-2013 programming period officially began on 1 January 2007, decisions on the allocation of resources for the new period have not yet been reached for most programmes. All National Strategic Reference Frameworks were submitted to the European Commission by March 2007, but some Member States have not yet formally presented the programme documents to the Commission. Only about two percent of the Operational Programmes have so far been adopted by the Commission, and in many cases spending is unlikely to begin until late in 2007 or even early 2008.

Recent months have seen extensive discussions between Commission staff and national/regional programming authorities. Under the framework of 'shared management', Member States are required to prepare their NSRF "in dialogue with the Commission" which can "make such observations as it considers appropriate within three months from the date of receipt of the framework" in order to ensure a common approach.[1] Further, the Commission is required to appraise each Operational Programme to ensure that it meets the goals of the NSRF and Community Strategic Guidelines on Cohesion and, if deemed necessary, to ask for the OP to be revised before it is adopted.[2]

The following section reviews progress with programming. It begins with a brief assessment of the current state-of-play with respect to the NSRF approval process, focusing particularly on IQ-Net partner Member States and regions. It then provides an update of partner views on the NSRF exercise. The subsequent sections look in more detail at the submission and approval of the Operational Programmes and the main issues that have emerged during the negotiations with the Commission.

2.1 Programming state-of-play in the EU-27

According to DG Regional Policy's scoreboard (state-of-play: 31 May 2007), all NSRFs have been submitted via the SFC2007 data exchange system to the Commission (see Table 1). Submission dates ranged from October 2006 (Austria) to early March 2007 (Czech Republic, Ireland, Italy and Luxembourg). Ten of the NSRFs are recorded as having now been agreed, beginning with Malta in December 2006 and most recently, Cyprus, Hungary, Poland and Spain in May 2007. The completion of these framework documents was marked by a German Presidency Conference ('Strong Regions – Bridgeheads for Europe') in the city of Hof on 9 May 2007. According to DG Regional Policy, the ten NSRFs represent approximately 46 percent of total EU Cohesion policy funding (€347 billion).

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[1] Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, Article 28.

[2] *Ibid.* Article 32.

Table 1: The state-of-play of the new NSRFs and programmes, 31.05.2007

Status NSRF	**Country**	**Date of receipt of NSRF by COM**	**Date of decision of NSRF**	**Number of OPs presented to the COM / Number of OPs expected**		**Number of OPs approved**		**Total allocation by State in € million**
				ERDF and CF	ESF	ERDF and CF	ESF	
approved	Austria	31/10/2006	04/04/2007	9/9	2/2	8	0	1461
	Belgium	07/02/2007		4/4	6/6	0	0	2258
	Bulgaria	16/01/2007		5/5	2/2	0	0	6853
approved	Cyprus	21/12/2006	07/05/2007	1/1	1/1	0	0	640
	Czech Republic	05/03/2007		14/14	3/3	0	0	26692
approved	Denmark	29/11/2006	16/04/2007	1/1	1/1	0	1	613
	Estonia	05/02/2007		2/2	1/1	0	0	3456
	Finland	02/02/2007		5/5	2/2	0	0	1716
	France	21/12/2006		23/31	02-May	0	0	14319
approved	Germany	23/01/2007	02/05/2007	18/18	18/18	0	0	26340
approved	Greece	26/01/2007	28/03/2007	10-Oct	03-Apr	0	0	20420
approved	Hungary	24/11/2006	07/05/2007	13/13	2/2	0	0	25307
	Ireland	05/03/2007		2/2	1/1	0	0	901
	Italy	02/03/2007		20/28	21/24	0	0	28812
	Latvia	03/11/2006		2/2	1/1	0	0	4620
approved	Lithuania	12/12/2006	26/04/2007	2/2	2/2	0	0	6885
	Luxembourg	05/03/2007		1/1	1/1	0	0	65
approved	Malta	21/11/2006	20/12/2006	1/1	1/1	0	0	855
	Netherlands	18/12/2006		4/4	1/1	0	0	1907
approved	Poland	07/12/2006	07/05/2007	20/20	1/1	0	0	67284
	Portugal	01/02/2007		10/10	4/4	0	0	21511
	Romania	31/01/2007		5/5	2/2	0	0	19668
	Slovak Republic	21/12/2007		9/9	2/2	0	0	11588
	Slovenia	16/02/2007		2/2	1/1	0	0	4205
approved	Spain	08/02/2007	07/05/2007	23/23	22/22	0	0	35517
	Sweden	05/02/2007		8/8	1/1	0	0	1891
	United Kingdom	11/12/2006		11/16	6/6	0	0	10613
	EU Territorial Cooperation			33/69				
	IPA-CBC			0/12				
	Total			**258/327**	**110/117**	**8**	**1**	**347410**

Source: European Commission, DG Regional Policy
http://ec.europa.eu/regional_policy/newsroom/pdf/scoreboard110507.pdf (accessed: 5 June 2007)

Although the focus for many Member States in late 2006 and early 2007 was on finalising the technical aspects of the NSRFs, changes of government in Italy and Sweden in 2006 led to the amendment of the NSRFs to reflect new political priorities.

- In Italy, a key issue was that the NSRF needed to reflect both the new government's policy and also the main policy content which had previously been agreed with the regional authorities (resulting in the April 2006 technical draft). After informal discussions with the Commission, the final version of the Italian NSRF was submitted on 2 March 2007.

- In Sweden, the new government decided to place more focus on entrepreneurship and businesses within the two priorities 'Innovation and renewal' and 'Skills supply and improved labour supply'. The revised version was submitted to the Commission on 5 February 2007.

With respect to the Operational Programmes, 71 percent of the ERDF OPs and 92 percent of the ESF OPs had been submitted to the Commission by 31 May 2007. These account for over 90 percent of the total Structural Funds' budget. However, only eight of the ERDF programmes (all in Austria) and one ESF programme (for Denmark) had been formally approved. It is anticipated that most of the OPs will be adopted between June and August 2007. Some Member States have not yet submitted all programmes: for example, the UK has only submitted two-thirds of its ERDF OPs, while France and Italy also still have to submit a considerable number of ERDF programmes.

2.2 Commission observations on the NSRFs

As noted in previous IQ-Net papers,[3] the Commission made extensive comments on all aspects of the Member States' drafts of the NSRF documents. These comments were communicated to the Member States via letters, Commission position papers, informal contacts and bilateral meetings. Information collected from IQ-Net partners and Commission staff suggests that a key concern for the Commission has been the need for each NSRF to set out clear and coherent policy messages on how EU funding would contribute to Community objectives. There was thus a strong focus on ensuring that the NSRFs were consistent with the National Reform Programmes which were agreed under the Lisbon process, and also with the Community Strategic Guidelines for Cohesion. The Commission also emphasised that each NSRF's strategic priorities and objectives should be built on a coherent socio-economic analysis. The key issues raised by the Commission have tended to follow a standard structure, along the following lines:

- *Preparation of the NSRF*: respect for the partnership principle during the NRSF development process;

- *Analysis of the socio-economic structure*: adequate data coverage; consistency with National Reform Programmes;

- *Strategy*: clarity and coherence; rationale; consistency between analysis/SWOT and strategic objectives; hierarchy of clearly defined indicators;

[3] Bachtler, J. *et al*. (2007), The 2007-13 Operational Programmes: A preliminary assessment, *IQ-Net Thematic Paper No. 19(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

- *OPs and financial tables:* list of OPs and breakdown by Objective and Funds; limited use of multi-Objective programmes; information on contingency reserve; clear articulation of differences between national and regional OPs; increase of strategic projects;

- *Additionality:* in the Convergence regions, average annual level of eligible public expenditure (net of Structural Funds receipts) shall be at least equal to the amount of equivalent expenditure in real terms in the previous programming period;

- *Key elements of implementation:* need for management and implementation structures to be able to deliver the programmes efficiently; flexibility in the reallocation of resources.

Given that all countries had intensive informal negotiations with Commission staff over the previous two years, the formal comments from the Commission to the national authorities on the NSRFs were relatively limited. For instance, in the Spanish case Commission staff stressed the cooperative nature of discussions with the Spanish authorities and pointed out that overall a good compromise between Community and domestic priorities had been reached, allowing for rapid agreement on the NSRF.

More generally, many IQ-Net partners have described the process of obtaining Commission approval for the NSRFs as involving technical amendments rather than strategic changes. This may be partly because the NSRFs focus on general policy statements, rather than on detailed issues relating to the allocation of funds to specific kinds of interventions, or to the way in which funding is administered and its effects are monitored.

However, some IQ-Net partner authorities have received specific comments on their NSRFs from the Commission in the past six months. These are examined in more detail in the following sub-sections and relate to:

- the content of interventions including financial allocations to OPs; and

- the proposed management and implementation systems.

2.2.1 Financial allocations and the content of the interventions

In some cases, the Commission has asked for additional clarifications and amendments to sections of the NSRFs relating to the content of interventions. Some of the most important issues concern the thematic and geographical allocation of funds (e.g. Poland, Italy), the earmarking targets (UK), and additionality (Germany). Other issues are more specific and rather technical.

A number of issues relating to the *thematic distribution of funding* have been raised in discussions between Commission staff and Polish programming authorities. First, the Commission is concerned that the budget allocation for Poland’s Environment and Infrastructure OP is over €28 billion. The most recent version of this OP includes priority axes on higher education infrastructure and regional competitiveness which were not previously discussed with the Commission and which may duplicate investments in other

OPs, notably the Regional Operational Programmes (ROPs). The Commission proposed taking the regional competitiveness priority out of the Environment and Infrastructure OP and allocating these funds to environmental and infrastructure investment in the ROPs of those regions which are seen as disadvantaged by the Polish government. A compromise on this issue has been reached whereby the Polish government will reserve a sum of €142.5 million within the OP Environment and Infrastructure for certain regions.

Second, the Commission argues that the Polish Innovative Economy OP should demonstrate more clearly how it will encourage R&D activity and cooperation between businesses, public bodies and the research sector. The Commission also emphasises the need to ensure complementarity between the ROPs and the sectoral OPs. Third, the Commission expressed some concern over Poland's proposal that there should be one ESF OP, with 40 percent of resources to be implemented by national bodies and 60 percent by regional bodies. The Commission instead argued that there should be two separate ESF programmes: one national OP, dealing with macro-level institutional issues (with 30 percent of ESF funding); and one inter-regional OP, complementing the ROPs' human resource activities (70 percent of ESF funding).

In Italy, the Commission has raised issues relating to the *geographical coverage of regional policy support*. The Italian NSRF outlines a strategy for southern Italy which is based on a domestic definition of the *Mezzogiorno* i.e. including eight regions, even though only four of these regions are eligible for Convergence Objective funding. Italy's NSRF proposes that domestic resources be used to finance Convergence-type investments in the four non-Convergence *Mezzogiorno* regions. The Commission does not agree with this approach.

On the issue of *Lisbon earmarking*, the Commission has asked various authorities for further information on how the OPs will ensure that they meet earmarking targets, as well as explanations as to why certain interventions are seen as Lisbon-relevant. For example, the UK provided additional information in response to Commission requests in January 2007, and took on board some comments. However, the UK position on Lisbon earmarking is that these issues are for the individual OPs to address. Moreover, although the UK NSRF guarantees that earmarking targets will be met at a Member State level, there is reluctance to guarantee that each and every OP will meet these targets.

One methodological issue relating to the *additionality principle* has arisen in Germany. The NSRF's additionality table foresees that the level of eligible domestic public expenditure (net of Structural Funds receipts) in the new *Länder* will be lower in 2007-13 than in 2000-2006. The Commission has noted that this is contrary to the additionality principle. However, the German federal authorities argue that the reduction in net eligible public spending over time is justifiable due to the particularly high levels of spending which followed reunification.

Finally, the Commission has raised various *technical issues*. For instance, a clearer demarcation between the EAFRD and the ERDF was seen to be needed in the Austrian NSRF. As a consequence, the relevant section of the NSRF was extended, and it was agreed to include a separate table in each Operational Programme which distinguishes more clearly between the Funds. Moreover, at the request of DG Employment, the ESF section of the Austrian NSRF has been broadened slightly. In Portugal, further information has been requested on the interaction between Structural Fund support for human resource development and national programmes relating to vocational training, employment, social inclusion plan and equal opportunities. In Finland, the Commission noted the need for clearer definitions of growing businesses, and for a clarification of the value added of Structural Funds and the role of the Lisbon strategy at the national level. Moreover, in Germany, the Commission insisted on the insertion of a statement in the NSRF that there would be no priority or measure on building administrative capacities in the public administration. This was mainly a reaction to demands from certain German *Länder* which wanted to leave the door open for such interventions in their Operational Programmes.

2.2.2 Management and implementation systems

A key aspect of the NSRFs relates to management and implementation mechanisms.[4] As the Commission should in principle play a less interventionist role in 2007-2013, it is important that Member States' own structures and systems are sufficiently prepared for implementing Structural Fund programmes. Particularly where major changes are planned in management and implementation structures (e.g. in Sweden, Portugal), IQ-Net partners have received specific comments from the Commission, either seeking further explanations or recommending restructuring at the level of the Operational Programmes.

In the case of Sweden, the Commission asked for a detailed explanation of the restructured implementation system for the 2007-2013 period and also argued for a reduction in the number of Operational Programmes. The main changes relate to the creation of two managing and certifying authorities (with NUTEK being responsible for the ERDF, and the Swedish ESF Council for the ESF), as opposed to the six County Administrative Boards which carried out these tasks in the past. The Ministry for Enterprise, Energy and Communications (which is in charge of regional policy in Sweden) argues that a more centralised authority will be able to ensure more standardised results across all programme areas. The Ministry further notes that the new structure replicates the 2000-2006 ESF structure, and also that the best aspects of the current structure will be retained, namely the regional representation of NUTEK and the Swedish ESF Council in each programme area. In response to Commission comments on the number of OPs, the Ministry of Enterprise, Energy and Communications stated that the decision to have eight OPs was the wish of the regions, and that all OPs met the Commission's regulations.

In other cases, such as Poland, the Commission has requested greater clarity and consistency in the definition of the tasks of the different actors involved in management, implementation and control, including the intermediary bodies. The Commission has asked for further guarantees from the Polish Ministry for Regional Development that the Certifying Authority will be independent of the Managing Authorities. Moreover the Commission has requested more detail on the structures for implementing the Environment and

[4] Ferry, M., Gross, F. Bachtler, J. and McMaster, I. (2007), Turning Ideas into Actions: Implementation of the 2007-2013 Structural Fund programmes, *IQ-Net Thematic Paper No.20(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

Infrastructure OP and the Human Capital OP, not least because these two OPs account for a significant percentage of total EU funding.

Portugal has decided to reduce the number of national sectoral programmes from thirteen to three in the new period, with various ministries involved in implementing each of these programmes. Commission staff have noted concerns that this approach could lead to political tensions between actors and have emphasised the need to establish efficient co-ordination mechanisms.

2.3 Content of the NSRFs and OPs

The content of the NSRFs and Operational Programmes has been extensively discussed in previous IQ-Net reports, which have examined the overall trends of spending in the new period.[5]

- In the **new Member States** (EU-12), developmental challenges remain significant, so that a substantial amount of EU funding will be channelled through national programmes for infrastructure, environmental improvements, human resources and business support. As elsewhere in the EU-25, however, expenditure on innovation, research and development and ICT is expected to increase significantly over the 2007-2013 programming period. Some of the EU-12 will be allocating significant funding to regional OPs for the first time, notably Poland, Hungary, the Czech Republic and Slovakia.

- **Germany, Greece, Italy, Portugal and Spain** all receive substantial funding under both the Convergence and Regional Competitiveness & Employment objectives. All are affected by changes in eligibility of different regions for EU funding. The three Cohesion countries and Italy show an increase in funding for policy areas such as R&D, technology and innovation, although this focus was already strong in the past in Germany. Due to the continued need to address infrastructure deficits, significant amounts of funding will be allocated to transport and other physical infrastructure, as well as to environmental interventions. In the three Cohesion countries, there is evidence of greater involvement by regional authorities or a larger percentage of funding for regional (rather than national) programmes. However, in Germany (and to a lesser extent Italy), sub-national authorities already played a strong role in Structural Fund programmes in past programming periods.

- In many **other EU-15 Member States**, Cohesion policy funding is allocated mainly under the Regional Competitiveness & Employment Objectives. The OPs (as foreshadowed by the NSRFs) are characterized by several broad trends. The structure of some programmes is being rationalised, with fewer priorities. The endeavour to align Structural Funds programmes with the Lisbon agenda has

[5] Bachtler, J. et al. (2007), *op cit*.; Polverari, L. et al. (2006), Strategic Planning for Structural Funds in 2007-2013, *IQ-Net Thematic Paper No. 18(2)*, European Policies Research Centre, University of Strathclyde, Glasgow, September 2006.

reinforced the trend in past programming periods to focus fudning on support for enterprise, innovation, human capital and social inclusion.

Evidence from IQ-Net research suggests that the Community Strategic Guidelines have had influenced on the format and content of some, though not all, programmes. For some programmes, the earmarking requirement has led to a shift in expenditure priorities between the 2000-2006 and 2007-2013 periods. The most obvious impact of the Guidelines is the importance accorded to innovation, knowledge and entrepreneurship in virtually all programmes. Innovation is among the main themes for 2007-2013, particularly in the Regional Competitiveness programmes. There appears to be less consistency in the way that Member States are responding to the guidelines relating to increasing locations' attractiveness to private investment and employment. Several of the interventions under this heading were already an important feature of programmes in the past, notably measures to strengthen the economic environment through investment in infrastructure and environmental improvements. There is a greater focus on funding interventions such as logistics hubs and traffic management systems. Support is also planned to strengthen complementarities between environmental protection and economic growth. New types of policy instrument may also be employed, notably through the JEREMIE financial engineering initiative. According to DG Regional Policy, some 21 Member States have shown a positive interest in JERMIE although at time of writing only three Member States (Slovakia, Greece and Romania) and four regions have signed memoranda of understanding.

Recent Commission figures on the proposed allocation of funds between priorities (see Figure 1) indicate that the majority of support will be devoted to upgrading transport systems (approximately €80 billion), followed closely by support for developing the labour force and improving human capital (approximately €70 billion). The themes of R&D, innovation and entrepreneurship are likely to receive about €60 billion. The Commission states that, compared to the previous programming period, this represents an increase of more than €50 billion, with €47.9 billion going to R&D and innovation.[6] In addition, investments are being planned for environmental protection and risk prevention (€46.0 billion), education and health (€16.5 billion), rural and urban regeneration (€8.0 billion), reinforcement of administrative and institutional capacity (€3.7 billion). With respect to the earmarking targets that were agreed in 2005 by the EU Member States the Commission estimates that "64% of the Funds under the Convergence objective and 80.8% under the Regional competitiveness and employment objective will be allocated to earmarked investments"[7] in the EU-27. The corresponding figures for the EU-15 are 72.1 percent and 83.0 percent.[8]

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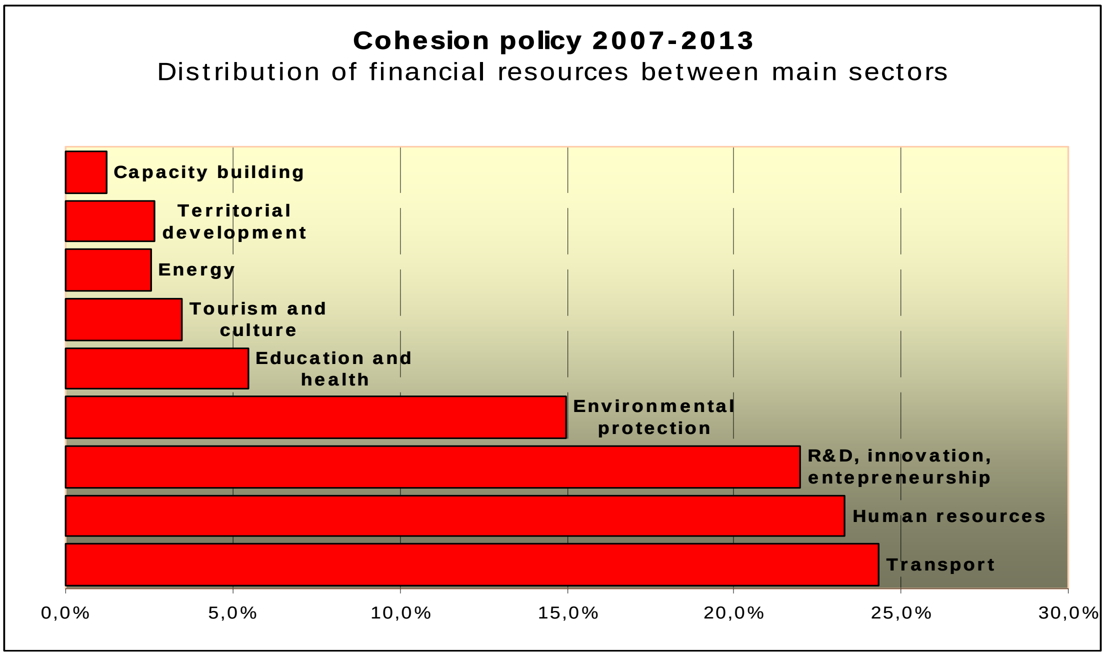
[6] European Commission Press Conference, 2 April 2007, '*Making it happen Delivering Cohesion Policy 2007-2013'*, Brussels

[7] Communication from the Commission (2007), *Growing Regions, growing Europe, fourth Report on Economic and Social Cohesion*, provisional version, May 2007, p. 132.

[8] *Ibid*, p. 133.

Figure 1: Distribution of financial resources between sectors in 2007-2013, in percent



Source: European Commission Press Conference, 2 April 2007, '*Making it happen Delivering Cohesion Policy 2007-2013'*, Brussels.

Although Structural Fund resources have been allocated to R&D and innovation since at least the mid 1990s, there is a stronger political emphasis in the new period on ensuring "that all regions, including the less developed, can reap the benefits of the European Research Area and contribute to the achievement of the Lisbon goals"[9]. This endeavour is also being being pursued via efforts to improve links between the Structural Funds and other EU funding sources, notably the Framework Programme for Research and Technological Development. A Working Group aimed at improving coordination between the Framework Programme and the Structural Funds was set up by the EU's Scientific and Technical Research Committee (CREST) in November 2006. The Group recently published a set of 14 guidelines (set out in Annex 1) on enhancing coordination between Cohesion policy and the Seventh Framework Programme for Research, Technological Development and Demonstration Activities (FP7).[10] Like the Structural Funds, the FP7 programme runs from 2007 to 2013 and has a budget of €54 billion that is dedicated mainly to transnational collaborative research projects.

2.4 Assessment of the programming exercise

While the programming exercise is not yet complete, IQ-Net partners have provided initial observations on their experiences of drafting and submitting the NSRFs. Views of the NSRF process differ among the IQ-Net partners, with some finding it useful and others raising

[9] *Ibid.*, p. 162.

[10] Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013).

questions about the need for such an exercise. However, many have tried to use the EU requirement for an NSRF to generate benefits for domestic policymaking needs.

In a number of cases, the NSRF exercise is seen to have provided opportunities to improve coordination between actors and programmes. In Austria, for example, although coordination mechanisms were already well-established, there is consensus that the NSRF process allowed for further improvements in coordination between the OPs. The Austrian authorities aim to continue the NSRF process in order to increase policy learning and to improve the programme performance. For example, NSRF implementation will be monitored by a federal-*Land* sub-committee for regional economic affairs, and a single Austria-wide monitoring committee meeting is being planned for the new Competitiveness and Employment programmes. Similarly, in Sweden the NSRF process is seen to have facilitated negotiations with regional actors, and also to provide formal guidance for regional policy. In Denmark too, the main benefits of the NSRF process are seen in terms of the development of a common frame of reference for the regional bodies involved in implementation, and in an increased focus on strategic priorities.

Other partners report more mixed results with regard to NSRF preparation. In some cases co-operation between different actors has proven laborious. For instance in Finland at the central level, the NSRF exercise is principally seen as a useful way to link the OPs into a national strategy. However, this process has been rather difficult, as the different sectoral ministries tend to focus on their own policies.

Finally, authorities in Member States such as Germany and France are more sceptical about the usefulness of a national framework document. In Germany, the NSRF was seen as potentially interfering with domestic regional policy frameworks, notably the constitutional agreement on the allocation of primary responsibility for regional development policy to the *Länder*. In addition, the very diverse developmental challenges faced by different German regions are seen to mean that any 'national' regional development strategy remains very generic, for example pointing to the need to support economic growth and employment creation, rather than at more concrete interventions. France observed critically that the Commission asked for so many details that the document's strategic value has been strongly reduced over time.

2.5 The Operational Programmes of IQ-Net partners

2.5.1 Progress on submission and approval

Council regulation 1083/2006 (Article 32 paragraph 3) states that the Member States shall submit the OPs to the Commission no later than five months after the Council's adoption of the Community Strategic Guidelines. The Guidelines were adopted on 6 October 2006,[11] and thus the deadline for the official submission of the OPs was 6 March 2006.

[11] Council Decision of 6 October 2006 on Community strategic guidelines on cohesion (2006/702/EC), in: *Official Journal of the European Union, L 291/11, 21 October 2006.*

Table 2: The submission and approval of IQ-Net partner programmes

	Number of OPs presented to the COM / Number of OPs expected		submission	expected approval
	ERDF	**ESF**		
Austria	9/9	2/2		
Niederösterreich	1/1	-	31-Oct-06	approved May-07
Steiermark	1/1	-	31-Oct-06	approved May-07
Belgium	4/4	6/6		
Vlaanderen	1/1	-	May-07	na
Denmark	1/1	1/1	Nov-06	1 ESF approved
Finland	5/5	2/2	Feb-07	na
France	23/31	2/5	Feb-07 to Jun-07	na
Germany	18/18	18/18		
Sachsen-Anhalt	1/1	1/1	Jan-07	Sep-07
Nordrhein-Westfalen	1/1	1/1	Dec-06	Jun-07
Greece	10/10	3/4	Mar-07	Aug-07
Italy	20/28	21/24		
Lombardia	1/1	1/1	Mar-07	July-07
Italy's OP Research & Competitiveness	1/1	-	15-June-07	na
Poland	20/20	1/1		
Śląskie	1/1	-	Mar-07	Jul-07
Portugal	10/10	4/4	Mar-07	Jul-07
Spain	23/23	22/22		
País Vasco	1/1	1/1	Feb-07	Jul-07
Sweden	8/8	1/1	5-Feb-07	na
UK	11/16	6/6		
North East England	1/1	-	Apr-07	autumn 07
Wales	2/2	2/2	Jan-07	autumn 07
Scotland	2/2	2/2	Mar-07	autumn 07

Source: European Commission; EPRC.

In most cases, the programmes have been extensively discussed with the Commission on an informal basis prior to formal submission. Once the OPs have been forwarded via the SFC2007 data exchange system, Commission staff check their formal admissibility and proceed to consult all relevant DGs. Formal negotiations between the Commission and the managing authorities follow, and may be interrupted in order to allow for programme amendments based on the Commission's recommendations. Once the Commission considers that the programmes satisfy Community requirements, formal approval takes place.

Although the March deadline was not met in all cases (see Table 2), the IQ-Net partners report broadly satisfactory progress with the OPs. Some partners finalised the internal drafting processes by late autumn 2006 and forwarded their programmes to the Commission at the same time as the NSRF.

The specific experiences of some individual partners are as follows.

- *Austria*: Niederösterreich and Steiermark submitted their programmes on 31 October 2006 via the SFC2007 data system, together with the Austrian NSRF.

Following consultations with the Commission in December 2006, the *Land* authorities received interruption letters, and subsequently submitted amended versions of the OPs in February 2007. A second interruption letter was sent to Niederösterreich in March 2007, leading to further changes and the renewed submission of the OP. Eight of the nine regional OPs, including Steiermark and Niederösterreich, were the first programmes to be formally approved by the Commission (on 8 May 2007).

- *Denmark*: The Danish OP was submitted alongside the NSRF in November 2006. Minor technical points were raised by the Commission relating to indicators and to the environmental assessment, and these issues have been addressed by the Danish authorities.

- *Finland*: The four OPs were approved by the Finnish Government on 1 February 2007 and were submitted to the Commission on 2 February 2007. However, some of the OPs were not structured correctly and therefore were not officially admissible until 20 February 2007. The Commission's first written comments were received on 16 March 2007.

- *Germany*: The ERDF OP of Nordrhein-Westfalen was submitted to the Commission in December 2006. The Commission's inter-service consultations were completed at the end of March and official negotiations took place on the 20 April 2007 in Brussels. All major issues were agreed satisfactorily at this meeting, leading to a re-working of the OP by the *Land* authorities, and expected approval in June 2007.

- *Italy*: Experiences vary between programmes. On the one hand, delays are occurring in the preparation of the Research and Competitiveness OP for the Convergence regions because, for the first time, two different national Ministries are involved in the programme (the Ministry for Economic Development and the Ministry for University and Research). There has also been a need to ensure that this OP is effectively coordinated with the regional programmes, which also finance interventions in the field of RTDI. On the other hand, the region of Lombardia reports satisfactory progress, and formal negotiations with the Commission were expected to begin in May 2007.

- *Portugal*: All OPs were put out for public consultation on 16 January 2007. Various events were held on 7-12 February throughout the country, involving both national authorities and the mainland regional coordination commissions. After these consultations, the 14 OPs were formally submitted to the Commission on 3-5 March 2007 and were confirmed as admissible on 13-16 March 2007.

- *UK*: Wales was the first part of the UK to submit a programme, followed by the national English ESF programme managed by the central State's Department for Work and Pensions. In Scotland the two ERDF and ESF programmes were submitted in March and approval is expected for autumn 2007. The Welsh ERDF Convergence Programme is very close to approval, and is waiting for the adoption of the UK's NSRF. With respect to the March deadline, the late submission of some other UK programmes led to a Commission letter to the UK Minister for Industry and the Regions, warning that, if programmes were not approved by the end of 2007, the Commission might impose financial penalties.

2.5.2 Recent changes in Operational Programmes for domestic reasons

Following internal consultations, a number of partners have decided to introduce changes to their Operational Programmes in the period since the last IQ-Net conference, and before the OPs were officially submitted to the Commission. However, in most cases, such changes were limited to technical issues, rather than being strategic in character. Thus the content and objectives of the OPs (outlined in the last IQ-Net thematic paper) remain largely unchanged.

In Poland, some minor changes have been made to the Śląskie ROP in recent months as a consequence of internal debates. These include amendments to the financial tables in response to the recommendations of the ex-ante evaluation. The ROP also underwent a process of inter-Ministerial review at central government level, and this led to some minor revisions. For instance, the Ministry of Transport argued for a stronger emphasis on regional airports, and the Ministry of Agriculture sought more emphasis on rural issues. A more substantial change has been the decision to split Priority 3 on Tourism into private and public categories with the aim of increasing scope for private co-financing.

In the case of the new Italian Convergence Research and Competitiveness OP, it was recently decided to divide the programme into two priorities rather than to have only one priority, as originally envisaged. The rationale for the split was that there were concerns that the Commission would not accept a programme which allocated €6 billion through a single priority.

More substantial changes to partner programmes resulted from responses to Commission observations. These are described in greater detail in the following section.

2.5.3 Negotiation issues with the European Commission on the Operational Programmes

At the time research was undertaken, a number of partners had received formal responses from the Commission on their Operational Programmes, interrupting the approval process until the programmes were amended and resubmitted to the Commission. The comments and recommendations can be grouped into five broad themes: socio-economic and SWOT analyses, interventions planned, earmarking of funds, urban development, and implementation systems and indicators.

(i) Socio-economic and SWOT analyses

Structural Fund rules have traditionally emphasised the need for domestic authorities to ensure that an OP's planned interventions are based on analyses of the situation in the relevant region or sector, as well as an assessment of the main strengths, obstacles, opportunities and potential threats. The analysis also needs to take account of the objectives of EU Cohesion and Employment policy, as well as relevant domestic policies.[12]

In general, IQ-Net partners received only limited comments on this component although, in some cases, the Commission suggested focussing on fewer key aspects and trying to avoid duplication. In the case of Niederösterreich, the Commission argued that there was a need to clarify the connection between the analytical section and the strategic section, leading to various textual amendments and explanations. The French region of Aquitaine received comments that the analytical section should not be limited to the fields directly linked to the ERDF but should also cover related sectors and regional strategies. The Commission also argued that Aquitaine needed to improve links between the analysis and the strategy, and to provide further information on the lessons learnt from the 2000-2006 period.

Both regional authorities were surprised by the fact that such remarks were made at this late drafting stage. In their view, such issues should have been raised earlier during informal discussions. Niederösterreich pointed out that certain overlaps had been included deliberately in order to stress the main challenges facing the region, and they did not agree with the Commission on the need to revise the text.

(ii) Interventions planned

Given that the OPs no longer include information at measure level, some partners were initially concerned that the Commission might push for an increase in the number of priorities. However, these fears do not seem to be justified, although the Commission argued in certain cases for the restructuring of the proposed priorities.

For the ERDF programme of Sachsen-Anhalt, DG Regional Policy has requested that the Infrastructure Priority should be divided into three separate priorities, namely business-oriented infrastructure; sustainable urban development and education infrastructure; and environmental protection and risk prevention. The rationale for these proposed changes was to increase the visibility of the interventions for urban development and the environment. Although these changes imply the need to revise the programme's text and financial tables, they do not involve the re-allocation of funding between different types of infrastructure.

In relation to Sachsen-Anhalt's ESF OP, DG Employment has argued that a specific measure should be funded for pilot projects run by the socio-economic partners, with the aim of helping to raise their capacity to engage more effectively in the programme. The rationale for this is that, in the new German *Länder*, membership of socio-economic organisations and non-governmental organisations is weaker than in the old *Länder*.

Prior to the official submission of the programmes, Lombardia had a number of informal meetings which led to programme amendments. For the ERDF OP, the Commission asked for a new priority on the energy sector to replace the original priority for the environment, and

[12] European Commission (2006), *Programming Period 2007-2013: Aide-Memoire for the Desk Officers*.

also for a new priority on territorial development and the development of the least developed parts of the regional territory.

In Niederösterreich, the Commission argued that operations planned for the tourism sector should be moved to Priority 2 'Strengthening the regions and locations', which means that support can now only be granted to structurally weaker regions. The Commission also made a similar recommendation for the Steiermark OP.

Moreover, the Commission argued for the exclusion of certain forms of intervention, such as water management projects (*Diputación Foral de Bizkaia*), as well as basic funding for regional management offices and new business parks (Niederösterreich). In the cases of Steiermark and Aquitaine, the Commission argued that ESF funding for training employed people needed to be linked more closely to ERDF interventions, notably support for business innovation. With respect to the national OP for territorial development in Portugal, the Commission advised against the inclusion of certain major projects which it did not consider to bring important economic or social benefits.

One issue regarding direct business aid has emerged in Finland where the Commission would like aid to be granted only to SMEs with fewer than 50 employees. Negotiations continue on whether Finland could extend business aid to SMEs of up to 250 employees, which the Finnish authorities argue would not distort competition in the remote regions of Finland.

Finally, in some cases, the Commission has argued that funds should be concentrated more strongly than in the past in order to increase both visibility and added value. For instance, in the case of Poland, the Commission has stressed that the Operational Programme of Eastern Poland should focus on 'flagship projects' that are seen as crucial to the economic development of these regions. The Commission has also advised all French OPs to increase the programmes' strategic focus. For instance, DG Regional Policy has argued that Aquitaine's ERDF OP should define and prioritise zones and guarantee the concentration of funding on effective actions in territories facing economic change.

(iii) Lisbon earmarking

In recent years, the Commission has stressed that all available tools, including Cohesion policy, should contribute to the Lisbon strategy for growth and employment. Article 9 of Council Regulation 1083/2006 defines the percentage of funding which the new programmes are supposed to contribute to the Lisbon priorities.[13] This introduces a new set of constraints on the type of operations that can be co-financed by Cohesion policy, in addition to the existing constraints based on the list of eligible categories of expenditure. Hence, in some cases, the negotiations have been rather controversial on this issue. For instance, Commission staff have argued that the Lisbon earmarking should be met for each individual programme in the UK, whereas the UK authorities wish to apply these targets at Member State level.

[13] Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

Although Lisbon-relevant interventions are defined in Annex IV of Regulation 1083/2006, some questions of interpretation have arisen. This has happened, for instance, in Nordrhein-Westfalen where the authorities had applied the intervention codes 69 to 74 (relating to access to employment, social inclusion, and human capital) of Annex IV to interventions in the ERDF funded OP. However, the Commission argued that these codes are relevant only to the ESF but not to the ERDF.

Further clarifications also became necessary in the ERDF OP of Sachsen-Anhalt where DG Regional Policy staff argued the need to improve the justification for spending on education infrastructure and higher education infrastructure. The Commission view is that these interventions must be linked more closely to the Lisbon strategy so that such funding is clearly used to support RTDI rather than education in general.

Finally, some technical issues on calculating the earmarking targets have emerged in the case of France where there is uncertainty whether calculations should refer to EU funding or to total programme costs.

(iv) Urban development

The Community Strategic Guidelines on Cohesion state that cities are motors for regional development, and the site of activities relevant to the Lisbon agenda, both in terms of potential for generating economic growth and in terms of a concentration of social problems. The Commission has thus advocated a focusing of Structural Fund support on the projects in urban areas. Steiermark, for example, reported that Commission staff argued for an increase of funds for intervention planned for the city of Graz. However, the Steiermark authorities rejected this proposal as an unjustifiable interference in financial allocations at the sub-priority level. Nevertheless, the Commission insisted that ERDF interventions should be based on an integrated urban development plan for the city of Graz, and this now needs to be prepared and approved by domestic authorities.

France also received comments relating to the field of urban development, where the Commission is concerned that the Operational Programmes do not sufficiently concentrate funding on selected urban centres. The Commission suggested achieving this through the development of integrated projects drawing on both ERDF and ESF funding, and in the case of Aquitaine also argued that funds should be earmarked for urban regeneration projects.

(v) Programme implementation and indicator systems

In addition to the Commission's general comments on management and implementation systems in relation to the NSRF (see Section 2.2.2), a number of partners have received more detailed Commission feedback on these structures and systems at the level of individual programmes.

Some issues relate to structures and the allocation of responsibilities. In Sachsen-Anhalt, for example, DG Employment has argued that the Managing Authority should be responsible for evaluation, rather than the *Land's* State Chancellery, which is the lead Ministry on programme preparation and strategic issues in 2007-2013. Other questions have concerned co-ordination between different Funds (Finland), as well as between regional and national ESF programmes (Nordrhein-Westfalen).

Another key concern of the Commission relates to the effectiveness and visibility of EU funding in the new period. In order to assess the impact and added value of EU funding, the Commission has argued for improvements in targets and indicator systems. The Swedish authorities stated that Commission feedback mainly related to the definition of indicators, particularly result indicators. The Finnish Ministry of the Interior noted that too much focus is placed on indicators, which it perceives as more suited for the Convergence Objective rather than for the Competitiveness and Employment Objective. Similar arguments have been put forward by authorities in Nordrhein-Westfalen which had mainly included output indicators in the original ERDF OP. The Commission argued that more result and impact indicators should be included, and the *Land* authorities agreed to expand the range of result indicators but not impact indicators. Instead, the managing authority will undertake thematic evaluations which will examine more closely the impact of interventions. Lastly, in Portugal, the Commission has requested more information on the specific objectives of each priority axis and on the related indicators, including baseline indicators.

2.6 Recent developments at the Community level

Over the review period a number of other developments have taken place at the EU level that will have a significant influence on the new programming period.

- *Regions for Economic Change*: On 8 November 2006, the European Commission adopted a new initiative for the 2007-2013 programming period under the Territorial Cooperation objective called 'Regions for Economic Change'. It introduces new ways to make regional and urban networks more dynamic and to help them work closely with the Commission. It further aims to have innovative ideas tested and disseminated into the Convergence, Regional Competitiveness and Employment, and European Territorial cooperation programmes. Financing for projects linked to the initiative is possible under the 2007-2013 interregional cooperation programme and Urbact, the cooperation programme for cities.[14]

- *RegioStars*: By creating annual innovation awards for best projects in the area of selected themes linked to regional economic modernisation, the RegioStars-initiative aims to identify good practice in regional development. The goal is to highlight original and innovative projects which could be attractive and inspiring to other regions under the following themes and sub-themes: Regional Economies based on Knowledge and Technological Innovation (supporting clusters and business networks; technology transfer from research institutes to SMEs) and Sustainable

[14] Cf. http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm (accessed: 5 June 2007)

Economic Development (energy efficiency and renewable energies; environmental technologies).[15]

- *Indicative guidelines on evaluation methods*: As part of a series of guidance documents for the programme authorities, in April 2007, the Commission published Working Document No. 5, '*Evaluation during the Programming Period*'. In addition, a website (http://www.evalsed.com) has been set up to provide complementary advice and good practice examples, especially as regards evaluation methods and quality standards.[16]

- *Fourth report on economic and social cohesion*: Every three years the European Commission is required by Article 159 of the EC Treaty to provide an update on the progress made towards achieving economic and social cohesion. The current report, published on the 31 May 2007, gives an overview of the situation and presents an outlook with regard to economic, social and territorial cohesion. It also analyses the impact of policy at national and Community level on cohesion in the European Union. Particular emphasis is given to: first, the preliminary assessment of the impact of EU Cohesion Policy in the 2000-2006 programming period and second, to a first assessment of preparations for the new period 2007-2013, based on the NSRFs and Operational Programmes submitted to the Commission by Member States up to the end of April 2007. It furthermore lays the foundations for a broader debate on the future of the EU Cohesion Policy which will be discussed on the 27 and 28 September at the fourth Cohesion Forum in Brussels.[17]

[15] http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/regiostars_en.cfm?nmenu=4 (accessed: 5 June 2007)

[16] http://ec.europa.eu/regional_policy/sources/docoffic/2007/working/wd5_ongoing_en.pdf (accessed: 5 June 2007)

[17] http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion4/index_en.htm (accessed: 5 June 2007)

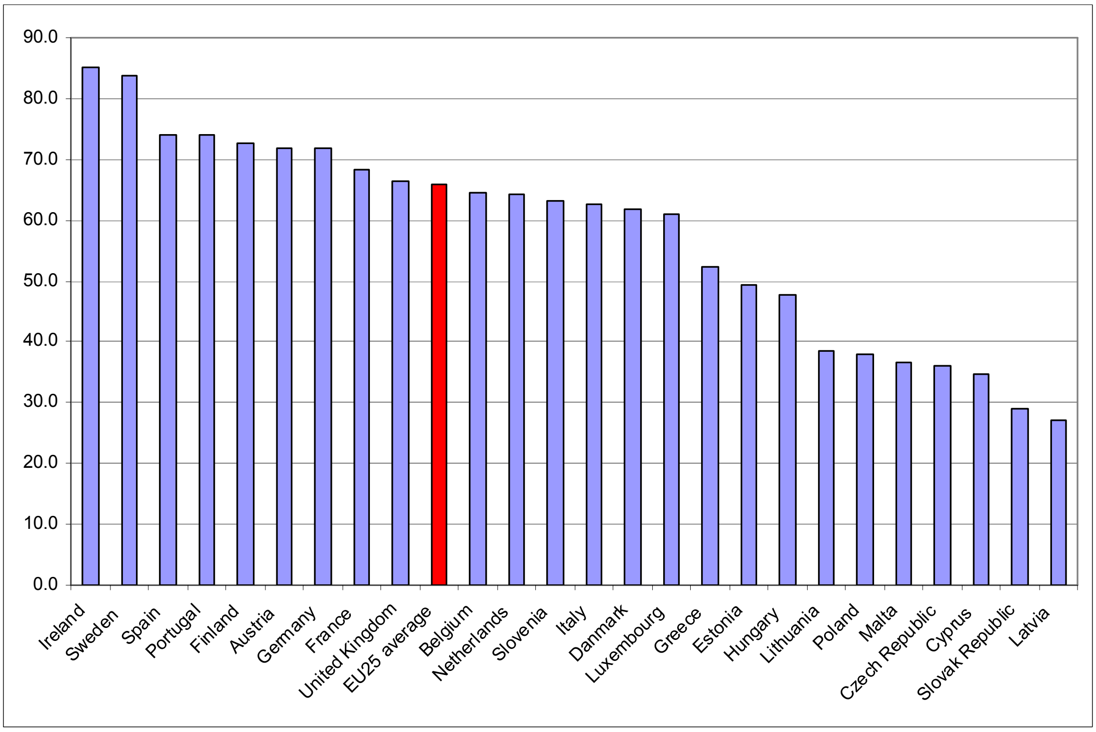
3. PROGRESS WITH THE 2000-2006 PROGRAMMES

Although many programme managers are now focusing mainly on the new programmes, the challenge also remains of managing the closure of the 2000-2006 programmes in the EU-15 and the 2004-2006 programmes in the EU-10. These programmes will not be closed until 2009 and spending is still ongoing. The following sections outline the overall performance of the 2000-2006 programmes in the EU-25, and then review the challenges facing IQ-Net partners and the solutions they have developed, in relation to financial management and control, as well as programme closure.

3.1 Programme performance in the EU-25 for the 2000-2006 period

Commitment rates are close to 100 percent in the EU-15, although lower in the EU-10. Payment rates are more variable, as indicated by Figure 2, which provides information on payments as a percentage of commitments for the ERDF Objective 1 and 2 programmes.

Figure 2: Commitment-payment ratio for the ERDF, in percent, 27 April 2007



Source: European Commission, DG Regional Policy; own calculations.

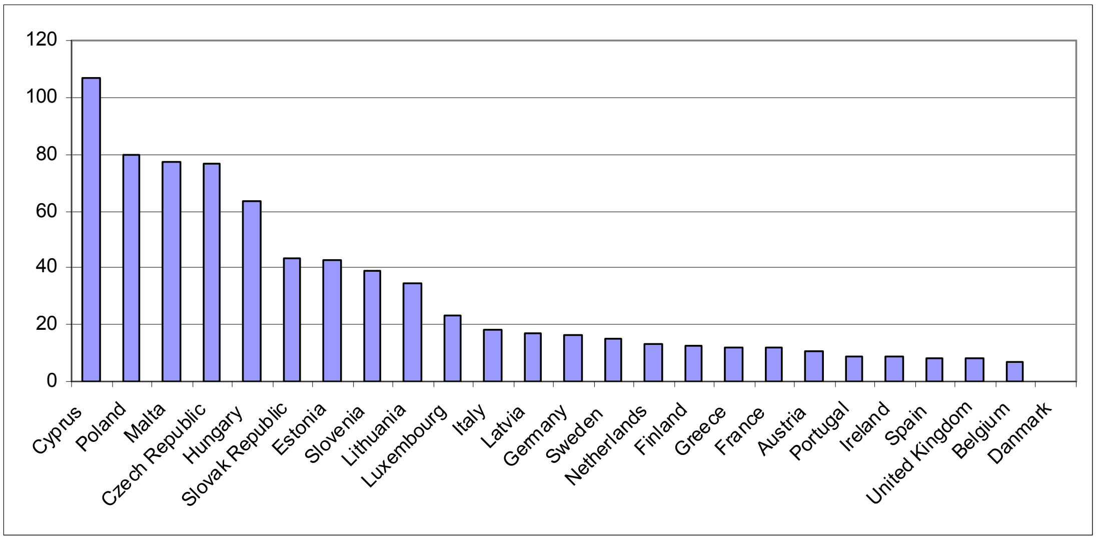
Ireland and Sweden have the highest rates (over 80 percent), while the next two Member States (with rates of over 70 percent) are two Cohesion countries, Spain and Portugal. Most countries are around the EU average, with expenditure rates of between 60 percent (Luxembourg) and 70 percent (France). As observed in previous IQ-Net review papers, the new Member States generally have lower payment rates, mainly due to the fact that the programmes only started in mid 2004. These States show payment/commitment ratios of between just below 30 percent in Latvia and the Slovak Republic, to almost 50 percent in Estonia. Only Slovenia shows a stronger rate of absorption for the ERDF and is close to the

EU-25 average. These countries will need to make significant efforts in order to be able to absorb the funds on time.

Figure 3 highlights changes in payment rates between June 2006 and April 2007. Clearly, the new Member States made significant progress with respect to absorption. For instance, Poland was able to increase spending by roughly 80 percent over this period. However, further strong increases in payment rates will be needed in 2007 and 2008 if funding is to be absorbed completely. The spending performance in some Member States, such as Latvia, will need to increase particularly rapidly if resources are to be successfully absorbed.

In the EU-15, increases in payment rates are generally much lower. However, as already noted, payment/commitment ratios are in most cases significantly higher than in the EU-10. As reported in the last IQ-Net review paper,[18] Greece has faced specific domestic spending challenges in recent months, and these help to explain the relatively low rates of absorption for the ERDF.

Figure 3: Changes to the payment rate for the ERDF between 1 June 2006 and 27 April 2007 (in percent)



Source: European Commission, DG Regional Policy; own calculations.

3.2 Final stages of the 2000-2006 IQ-Net partner programmes

3.2.1 Commitments and payments

Most partners are relatively satisfied with the programmes' performance in terms of financial absorption, with strong commitment rates, although payment rates differ significantly. For most partner programmes, the commitment rate is close to 100 percent (Aquitaine; Denmark; France Objectives 1 and 2; Kentriki Makedonia; Länsi-Suomi; North East England, Poland's IROP; Sachsen-Anhalt; Śląskie; Steiermark; Vlaanderen) or above 100

[18] Davies, S. and Gross, T. (2007), The End of the Formal Programming Period for 2000-2006, *IQ-Net Review Paper No. 19(1)*, European Policies Research Centre, University of Strathclyde, Glasgow, January 2007.

percent (Italy's OP LED; Norra; Niederösterreich; Portugal; Nordrhein-Westfalen; Western Scotland).

Payment rates are more variable between programmes, with some of the highest levels seen in Bizkaia (97.8 percent), Italy's OP LED (89.4 percent), Norra (83.1 percent), Sachsen-Anhalt (80.3 percent), Portugal (76.6 percent), Niederösterreich (75.9 percent), and Länsi-Suomi (72.2 percent). Lower levels of payments are seen in Poland's IROP (42.6 percent), including in the Śląskie region (39.2 percent), where the programme only started in mid 2004. For some programmes, figures vary considerably, depending on whether payment rates apply to EU funding only or to total programme costs. In France Objective 2, for example, payments stood at 66.4 percent for EU funds but at 81.6 percent for total costs (March 2007). There are significant differences in commitment and payment rates between programmes within Community Support Frameworks (Greece; Poland; Portugal), as well as between priorities and measures within individual programmes, and, where relevant, also between Funds and sub-measures.

In a number of programmes, commitments will continue to be made in 2007 and 2008 under a small number of measures (Länsi-Suomi; Niederösterreich; Nordrhein-Westfalen, Steiermark) or even under a relatively large range of measures (Sachsen-Anhalt). Given that commitment rates are already close to or above 100 percent, new commitments will in most cases only be made if funds are returned by project sponsors or are clawed back from projects which show irregularities (Norra; North East England). For some programmes (Vlaanderen; Western Scotland), funding re-allocations will partly or largely occur via increases in the level of funding for existing projects.

3.2.2 The n+2 rule in 2006, 2007 and 2008

Most programmes saw no automatic de-commitment under the n+2 rule in 2006 (Italy Objectives 2 and 3; Kentriki Makedonia; Länsi-Suomi; Niederösterreich; Norra; North East England; Sachsen-Anhalt; Śląskie; Steiermark; Vlaanderen; Western Scotland). In a number of other programmes, no ERDF funds were de-committed but a small amount of ESF funds was lost (Aquitaine, Denmark, Nordrhein-Westfalen, Italy's OP LED). In the Portuguese CSF, the n+2 rule was met for the ERDF, ESF and FIFG but €9 million was de-committed under the EAGGF in two regional programmes (representing 0.4 percent of the total EAGGF allocation). At the level of the Portuguese CSF, only 0.14 percent of funding has been de-committed over the 2000-06 period across all Funds.

As regards the outlook for the future, some partners expect no difficulties in meeting the n+2 rule in either 2007 or 2008 (Bizkaia; Niederösterreich; Norra; Steiermark). Others (France, Nordrhein-Westfalen) foresee no problems for the ERDF in 2007 or 2008, although the situation is less certain as regards the ESF. Other partners are optimistic but perceive some degree of risk in both years. In Vlaanderen, for example, only limited amounts of funding remain to be paid out, and even projects which had previously been slow to submit invoices (e.g. in the field of infrastructure) are now doing so. In Länsi-Suomi, partners see some limited risk of automatic de-commitment, particularly in relation to ESF spending.

In other programmes, partners do not anticipate difficulties in 2007 but note that problems could potentially arise in 2008 (Denmark, North East England), for example if projects fail to spend the funds allocated, or if resources are clawed back from project sponsors due to irregularities. In Kentriki Makedonia, for example, some possible difficulties are anticipated in 2008 because a significant percentage of expenditure has been loaded towards the end of the period. In Sachsen-Anhalt, concerns for 2008 relate both to the risk that some projects may not be completed on time and to the recognition that current projections for the *Land* budget show that some intermediary bodies will not have enough resources in 2008 to cover the payments needed under the Objective 1 programme.

Concerns are stronger for other programmes. In Western Scotland, difficulties are foreseen due to the potential loss of staff (as responsibility for the new programme has been allocated to a different organisation). In addition, the Scottish programmes face a domestic deadline of 31 July 2008 for the submission of all final audited claims from project sponsors (with all claims to be submitted by the implementing bodies to the managing authority by 31 August 2008). Partners from the Śląskie region also have some concerns, as a number of large projects have started towards the end of the 2004-06 programming period. At the level of Greece's Community Support Framework as a whole, some challenges are expected in both 2007 and 2008 in relation to the sectoral programmes for roads (ERDF), railways (ERDF) and education (ESF).

The Portuguese partners see a number of potential challenges in meeting targets in 2007 and 2008, not least budgetary constraints in the public sector, as well as the work associated with introducing the 2007-13 OPs. In addition, Portugal's public administration is undergoing a radical programme of restructuring, which includes the creation of new public entities, the merging of existing entities, changes in the distribution of administrative tasks, and a reduction in the number of public sector employees. A key issue is therefore the need to provide stability to the staff working in the managing authorities, certifying authorities and intermediary bodies.

Some partners (Länsi-Suomi; Nordrhein-Westfalen, Sachsen-Anhalt) note that the n+2 rule becomes more challenging later in the period because of the reduction in scope to shift funds between measures and especially priorities. This is due to rules on not moving funds retrospectively, and also because the strongest measures have already absorbed a high percentage of the funds awarded to them. In Norra, however, it was initially anticipated that it would become more difficult to meet the n+2 target towards the end of the period but this has not turned out to be the case as commitment and payment levels have been strong throughout the programme.

3.3 Changes to the financial tables

For the most part, changes to the financial tables are limited and have not affected all programmes. Some IQ-Net partners have shifted funds *between priorities* in recent months (Länsi-Suomi; Niederösterreich; Nordrhein-Westfalen), mainly in order to improve the prospects for financial absorption.

- In Länsi-Suomi, the monitoring committee decided in November 2006 to move €2.8 million (or around 2.8 percent of funding) from Priority 2 (Developing an expert workforce and technology) to Priority 1 (Developing business activity and renewing industrial structure) and Priority 3 (Developing the area structure and living environment).

- In Nordrhein-Westfalen, funds were also re-allocated in November 2006; although the revision involved all priorities, there was a clear shift of funds towards Priority 2 (Innovation and cluster development).

- In Niederösterreich, €3.6 million was moved in December 2006 from Measure 1.6 (Small transport infrastructure) to Measure 2.8 (Environmental investment in businesses) and Measure 3.2 (Tourism software and cooperation).

In other programmes, funding was shifted *between measures within priorities* in the period from December 2006 to February 2007 (North East England; Sachsen-Anhalt; Steiermark). In all cases, the sole aim was to facilitate financial absorption.

- In North East England, a decision was taken in December 2006 to move funding between the ERDF and ESF measures within Priority 2 (SME Growth and Competitiveness).

- In Steiermark, funding was re-allocated in February 2007 from Measure 2.5 (Preparing for the information society) to Measure 2.1 (Creation and extension of local innovation centres).

For the Portuguese programmes, the Commission has yet to approve the adjustments submitted in December 2006. The main proposed modifications include: a financial reallocation from slow performing measures/actions to others with more rapid absorption potential; provisions concerning public procurement rules; adjustments to average co-financing rates; modifications to the content of measures; and an adjustment in the FIFG's co-financing rates (in the Madeira regional OP). The proposed changes will affect six of the twelve sectoral programmes and three of the seven regional programmes. The underlying goal of these revisions is to adjust the allocation of funds to the actual spending dynamics of the programmes in order to ensure the full absorption of financial resources.

Looking to the future, a number of partners are planning to undertake further re-allocations of funding in 2007, from measures showing under-commitments to those which have over-committed funds (Kentriki Makedonia; Niederösterreich; Nordrhein-Westfalen; Sachsen-Anhalt).

- In Vlaanderen, the authorities intend to pool remaining funding under a range of different measures and to transfer these resources to measures which are performing well.

- In North East England, partners anticipate that the steps currently being taken to improve the quality of project-level monitoring will mean that more irregularities are likely to be found at the level of individual projects. If significant amounts of funds are clawed back from such projects and re-allocated to other projects, there could be a need for further changes in the financial tables.

- In Greece, there is a possibility that more significant changes may be introduced in the case of some of the 189 'project bridges', which were agreed with the Commission in 2006. These are projects, which were originally planned for the 2000-06 period, but where a percentage of funding will now instead be undertaken in 2007-13. Any changes would depend on agreement with the Commission but could mean that, in the case of individual project bridges, there could be a revision of the division of funding between the two programming periods.

Some partners expect to make no further changes to the financial tables (Steiermark). In Länsi-Suomi, no more re-allocations are expected on the ERDF side but some concerns remain with regard to the ESF, in relation to funding allocated through the Ministry of Education and the Ministry of Labour. In Western Scotland, changes will only be made if projects fail to spend the resources already committed, so that funds become available once more.

3.4 Other challenges to financial absorption

Although few partners face major challenges in relation to financial absorption, many continue to experience a number of technical difficulties over relatively small amounts of funding (e.g. in ensuring that project sponsors submit timely claims). In other programmes, although the broad picture is satisfactory, some serious issues remain outstanding. Moreover, Greece and Poland face more important challenges in ensuring absorption.

A key issue which concerns a number of programmes is the situation of larger projects, which account for a significant percentage of total funding but where absorption is sometimes delayed for planning, legal or administrative reasons (Nordrhein-Westfalen; Steiermark). In Aquitaine's phasing-out budget, €0.9 million has unexpectedly become available because a large project has been reduced in scale, due to delays; it is challenging to re-allocate these resources as this situation had not been anticipated.

Most partners have not experienced difficulties due to the shift from the 2000-06 regional State aid regime to the 2007-13 regime (Denmark; Greece; Nordrhein-Westfalen; Norra; North East England; Portugal; Sachsen-Anhalt; Vlaanderen). However, in Aquitaine, this change is seen to have caused some minor delays in financial absorption. In Niederösterreich, partners have decided not to make any new commitments under measures affected by EU competition rules because aid schemes expired in 2006 and, if new commitments were to be made, a change would be needed in the programming documents which would require Commission approval.

More significant difficulties are seen in Greece and Poland. In Greece, the most important problems relate to the national programmes that finance the construction of major road and rail networks. First, these programmes have been subject to delays following the introduction of procedural changes in project planning and preparation, at the Commission's request. The original rules allowed the domestic authorities discretion to introduce significant changes to major projects (e.g. to shift funds between project components), potentially leading to clear changes in a project's character. These rules have now been altered, leading to the revision of contracts and spending plans, and thus to delays. In addition, some construction firms have taken legal action to dispute the award of contracts for major infrastructure projects, leading to further delays. Moreover, the 2006 agreement with the Commission to transfer significant funding to the 2007-2013 period (via the 'project-bridges', mainly under the road and railways programmes) means that these programmes now need to allocate surplus funding to other projects. Delays have also been experienced in relation to ESF funding for education, mainly because the final beneficiaries (universities and technical institutes) have slow internal decision-making procedures. However, spending is starting to accelerate in the ESF programmes, as well as in the national programme for the Information Society, where problems were noted in the last IQ-Net review paper.

In Poland, some components of the national regional programme (IROP) are managed at national level, and other components by authorities within individual regions. In terms of the national components, spending has been stronger on infrastructure (Priority 1) and local development (Priority 3) than on the development of human resources (Priority 2). Spending on infrastructure is seen to be relatively straightforward, involving regional and local public sector bodies with experience of public procedures and with existing resources for domestic co-financing. In terms of the regional component, Śląskie region has experienced a number of problems. First, it has proven difficult to identify and develop projects on a regional scale, both because the regional government has limited resources to co-finance projects, and because the complex public procurement law has complicated coordination efforts, thus delaying larger projects involving numerous municipalities. Second, although many ESF projects have been approved (e.g. providing grants for students and pupils; Regional Innovation Strategy; supporting small businesses), spending is low because beneficiaries (e.g. universities and businesses) have had difficulties with the administration associated with claiming and processing payments.

The Polish authorities in general also face a number of structural difficulties which affect financial absorption and programming in general. First, there are weaknesses in the coordination of national and regional strategies and interventions. Second, coordination within individual regions is hindered by overlaps in the roles of the Marshal's Office (as the main programming unit) and the *Voivod*'s Office (which is responsible for contracting in the region). Third, despite increases in staff numbers at national and regional levels, there is still a lack of human capacities for assessing and implementing projects, not least due to the high turnover in staff, which is seen to be rooted in relatively low wages. Capacities are particularly weak in organisations outside the main public administration. Fourth, there are persistent delays and difficulties with the electronic data monitoring system. Finally, procedures for payment claims are long and complex, due to organisational weaknesses at programme and beneficiary levels.

3.4.1 Steps taken to ensure financial absorption

Apart from further revisions to the financial tables, partners are taking a number of steps to ensure financial absorption. In many cases, this includes the introduction of more systematic methods for monitoring the financial performance of projects, so that targeted action can be taken (Denmark; Kentriki Makedonia; Poland; Vlaanderen; Western Scotland).

In programmes where funds remain to be committed, partners are endeavouring to accelerate project approval (Denmark). Authorities have also identified reserve projects to be funded in case resources from existing projects are returned to the programme (Norra; North East England; Steiermark). Norra has decided on a reserve list of around €2.7 million (24.7 million Swedish Kronas). In some programmes, funding has unexpectedly become available and is being rapidly re-allocated. In Śląskie, for example, a large project costing €10 million will now not go ahead due to delays in tendering and procurement procedures, so that resources have instead been diverted to six smaller projects from the region's IROP reserve list. In Italy's OP LED, firms already receiving direct State aid are being contacted to see if they would be interested in receiving support under two traineeship programmes. These finance training placements for people from southern Italy in firms in the Centre-North, as well as assistance in subsequently finding employment in the South.

In Poland, a number of structural steps have been taken by the central government with a view to easing absorption difficulties. First, the procedures for submitting claims for payment, as well as for verifying invoices, have been simplified, while the processes for certifying payments have been accelerated. Second, various changes have been introduced to the legal framework, particularly with the aim of simplifying public procurement rules, and of ending the requirement for ministerial regulations to be introduced for all programme documents. In addition, legal appeals against the award of funding are now allowed only for contracts over €60,000.

3.5 The closure of the 2000-06 programmes

3.5.1 Challenges faced in the closure process

Mixed results have been reported with respect to programme closure. Some partners perceive only limited challenges in relation to closure. In Steiermark, for example, existing processes for communicating with the intermediary bodies are seen to work well, and all actors are seen as well-informed about the closing procedures. In addition, sufficient reserve projects are already in place in case any difficulties arise in relation to existing projects. In Poland – where programmes started only in mid 2004 - closure is not regarded as an immediate priority because projects are still in the implementation phase. In Bizkaia, the partners are not undertaking specific preparations because formal responsibility for closure lies with the Basque government, rather than at provincial level, and also because financial absorption is seen as good.

Others, however, cite a number of issues, not least tasks relating to final commitments and payments (Länsi-Suomi). For example, the work of ensuring that all projects are effectively closed can be challenging, particularly in larger programmes with many final beneficiaries and intermediary bodies (Kentriki Makedonia; Sachsen-Anhalt). Moreover, in the case of large infrastructure projects, the closure procedures are more complex, involving additional checks on the project before the final payment can be made.

EU rules also continue to pose difficulties, not least the obligation to ensure that EU co-financing rates must be met precisely even at measure level, and the refusal to allow authorities to substitute domestic private co-financing for domestic public co-financing (Niederösterreich). EU rules on monitoring and audit, and the Commission's approach to these, are also seen as challenging in some programmes (Italy's OP LED; Länsi-Suomi; UK). In Italy's OP LED, for example, it was noted that the sheer number of monitoring visits to be undertaken can cause difficulties, even though procedures and systems are seen to work well. In other programmes, however, monitoring difficulties are instead rooted in domestic issues. In Greece, for example, one problem at central State level is that the managing authorities of the Operational Programmes provide information on commitments and payments via the central electronic data system at different times, so that the central State authorities do not always have full access to up-to-date information on financial absorption.

Further challenges relate to human resources (see also Section 4.2). In Vlaanderen, some provinces did not earmark technical assistance funding after 2006, and are now having to work with reduced staff numbers. In Nordrhein-Westfalen, the contract for the technical secretariat tasks for the 2000-06 programme lasts until the end of 2008; although this is not seen to cause any direct difficulties, the managing authority is keen to ensure that programme closure tasks are completed as fully as possible by that date. Other staffing changes can also cause potential discontinuities. In Lombardia, for example, the senior civil servant in charge of the 2000-06 programme has moved on to another post.

Authorities in the UK are facing a further challenge, as the Commission has found fault with the approach being taken to Article 4 project monitoring and auditing,[19] and has requested that procedures be tightened and that the number of project visits be increased significantly. Similar difficulties are also currently seen in Sweden in relation to the ESF. Payments to six English regions were suspended in May 2007. All programmes in England and Scotland are taking significant steps to revise procedures and to increase the level of monitoring in terms of the volume of expenditure being checked and the percentage of expenditure verified by original documentation. In addition to the work directly created by the need to improve project monitoring, there are also indirect effects, notably an increase in the number of project-level irregularities being uncovered. This means that additional funds need to be clawed back from these projects and re-allocated to others, possibly leading to future changes in financial tables.

3.5.2 Issues relating to the Commission guidelines

Although generally limited, some partners raised specific criticisms with respect to the Commission's closure guidelines. In Finland, for example, it was felt that the guidelines could have been made available earlier, and that the rules relating to closure were less flexible than might have been anticipated, in particular as concerns the two percent limit on transfers between priorities.

[19] European Commission (2001) Commission regulation (EC) No 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds, Article 4.

Some partners still have questions in relation to the procedures and definitions set out in the Commission's guidelines. Nordrhein-Westfalen has asked the Commission to clarify whether the end of 2008 deadline for financial payments is set at project or at programme level. The authorities in Niederösterreich are still waiting for clarification as to whether the national co-financing rate must be met at the level of the programme or at the level of each priority.

3.5.3 Steps towards closure

Apart from tasks relating to the re-allocation of funds at project level (Länsi-Suomi), partners are taking a number of steps to deal with the challenges of programme closure. These include efforts to inform all relevant partners about the closure tasks to be undertaken, as well as additional work in relation to the finalisation of projects, and also preparations for programme level audits.

A number of central State or regional authorities have sent guidelines and information documents to other partners (whether programme managing authorities or intermediary bodies) in order to inform them about the work to be undertaken in the run-up to closure (Austria; England; France; Greece; Portugal; Sachsen-Anhalt; Scotland; Sweden; Vlaanderen). In addition, some have set up informal helpdesks for managing authorities or intermediary bodies (Austria; Greece). Internet sites are also being used to update partners about steps towards closure (Western Scotland). Many authorities have set timetables for the next eighteen months (Portugal, Sweden), with deadlines for claims from project sponsors generally being set in summer or early autumn 2008, so that managing authorities have time to deal with the remaining issues at programme level at the end of 2008 (Nordrhein-Westfalen; Scotland). Some authorities have also organised seminars or training sessions to inform partners about the requirements relating to project and programme closure (Austria; England; France; Portugal).

Many authorities continue to undertake coordinating work via existing inter-ministerial or inter-agency working groups (Sachsen-Anhalt) but some have set up additional groups specifically to address issues relating to programme closure. A UK-wide group for all Funds has been set up, with two sub-groups – one focused on Article 15 procedures (Declaration at winding-up of the assistance) and the other on a range of implementation issues relating to programme closure. A programme closure team has also been set up within the North East England region to try to anticipate all practical tasks up until 2009. In Scotland, the Scottish Executive organised a forward planning group which in summer 2007 will be replaced by a Programme Compliance and Closure Group. In Finland, two national working groups have been set up, one for the ERDF and one for the ESF, and these will continue to operate until the end of 2009. The groups focus mainly on financial issues relating to closure, and support the work of the regional secretariats which are responsible for programme implementation. The ERDF working group is chaired by the Ministry of the Interior, with other participants from relevant national Ministries as well as the Regional Councils. In Sweden, although much of the programme closure work is undertaken by the County Administration Boards, there is also a central level working group, composed of Article 15 bodies, managing/paying authorities and auditors.

Closure tasks are clearly generating additional work for managing authorities, paying authorities, secretariats and intermediary bodies. In Sachsen-Anhalt, technical assistance funding has been used to recruit additional staff in the main implementing bodies. These staff are contacting the sponsors of existing projects and providing them with hands-on support in closing projects.

A number of partners are taking a more systematic and intensive approach to monitoring the financial performance of projects, in order to ensure that sponsors submit timely payment claims (Denmark; Finland; Lombardia; Niederösterreich; Vlaanderen; Western Scotland). In Greece, there is a particular focus on the 'project bridges' which account for €6.5 billion or 20 percent of the Community Support Framework's budget in 2000-2006. For some programmes, managing authorities or implementing bodies are contacting project sponsors directly, in order to check on progress and to emphasise the need for timely project completion (Italy's OP LED; Kentriki Makedonia; Sachsen-Anhalt; Western Scotland).

Finally, partners are taking steps to prepare for the end-of-programme external audits by the Commission and by independent auditors (Finland). Tasks include checking the files kept for each project in order to ensure that all details are in order (North East England). In some States, central authorities are undertaking informal domestic audits or checks of programmes. In France, the Inter-ministerial Commission for the Coordination of Financial Controls is undertaking a domestic audit of programmes. In Austria, the ERP Fund (which is responsible for the centralised financial monitoring of all programmes) has offered to check the financial details of programmes in mid 2007, as part of the preparations for closure. Finally, in Greece, a central database has been set up to monitor programme closure, for example the procedures used by managing authorities for managing budgets and monitoring spending targets.

4. TRANSITIONS FROM THE OLD TO THE NEW PROGRAMMES

The transition from the old to the new programmes represents a significant double workload for the managing authorities and other organisations involved in implementation. As outlined above, partners are engaged in preparing for the 2007-2013 programmes and also need to ensure that the 2000-2006 programmes are being closed effectively. In addition, particular challenges can emerge where management and implementation structures or systems are changing, not least due to the need for more effective coordination mechanisms. This section examines these challenges in more detail by focussing on management and implementation issues, human resources, and approaches to funding allocations.

4.1 Managing the implementation of two sets of programmes

In a number of Member States and regions, changes are being made to management and implementation structures for the 2007-13 period, with new organisations taking on key tasks in the new programmes (Denmark; England; Greece; Scotland; Sweden; Vlaanderen). In most of these cases, the organisations responsible for the 2000-2006 programmes will continue to be responsible for closing them.

In Sweden, the six County Administration Boards have been the managing authorities for the ERDF programmes in 2000-2006 and will also be responsible for their closure. The Boards also developed six of the eight new ERDF OPs (with the other two being generated by the regional autonomous bodies of Malmö and Göteborg). However, all the new ERDF programmes will be implemented by the National Agency for Economic and Regional Growth (NUTEK). In Scotland, the number of implementing bodies (programme management executives) is being reduced from five to two. These bodies will also have less wide-ranging responsibilities in 2007-2013 than in 2000-2006 as some funding will be channelled through other intermediary bodies which are responsible for domestic economic development programmes. Similarly, in Greece, the regional managing authorities for the 2000-2006 programmes will be intermediate managing bodies in the current period.

In Denmark, the managing authority tasks will remain in the National Agency for Enterprise and Construction (NAEC) but implementation tasks at regional level will shift from the old counties (*Amter*) to the Regional Growth Fora. The *Amter* have already completed their project-level work for 2000-2006, and the NAEC will undertake the closure tasks at programme level. Thus the main pressures are currently at the national level, with NAEC responsible both for administering the old programme and also for taking the lead in developing national rules and procedures for the new programme.

In Vlaanderen, the five existing provincial Programme Secretariats (to which many management and implementation tasks were devolved in 2000-06) will continue to be responsible for the closure of the 2000-06 programmes. For the new period, however, the Secretariats will be re-named ‘Provincial Contact Points’ and will focus primarily on project development and monitoring, while the remaining management and implementation tasks will be undertaken by a general secretariat at the level of Flanders. This division of labour is seen to assist in the simultaneous management of the two programming periods.

In Greece, changes are being made to the management structure of the regional programmes. In 2000-2006, there was a managing authority for each regional programme, but in 2007-2013 some management tasks will be undertaken by a national managing authority for all the new regional programmes, while the remaining tasks will be undertaken by intermediate managing bodies. In addition, the number of regional programmes is being reduced from thirteen to five. The existing thirteen regional managing authorities will continue to be responsible for the closure of the 2000-2006 programmes.

In Italy there will not be a new OP for Local Entrepreneurial Development for the period 2007-2013, but a new programme for Research and Competitiveness will be launched under the shared responsibility of the Ministry for Economic Development and the Ministry for Universities and Research. While the latter will act as managing authority, the Ministry for Economic Development has been appointed as intermediary body with full responsibility for the management and implementation of the Competitiveness part of the new OP. In cooperation with the Institute for Industrial Promotion (IPI) the same units will remain responsible for the new programme and are also in charge of closing the 2000-2006 OP for Local Entrepreneurial Development.

Where there will be changes in administrative structures between the two programming periods, *ad hoc* coordination mechanisms have sometimes been set up (England), although in some cases coordination is instead occurring via existing committees and communication channels (Portugal; Vlaanderen). In England, a series of coordination committees has been established to manage the shift in responsibility from the regional Government Offices to the Regional Development Agencies. The central State Department for Communities and Local Government has created a Transition Group with thematic sub-groups (e.g. on human resources, training, communication), while further coordination takes place via the Structural Funds Steering Group of Regional Development Agencies. In North East England, there is also a regional Transition Board, which brings together senior staff from the regional Government Office and the Regional Development Agency to coordinate work on specific themes such as IT systems and personnel.

In other Member States and regions, the core management and implementation structures will remain largely unchanged (e.g. the allocation of managing authority and secretariat tasks), although there may be some limited changes, for example in the range of intermediary bodies (Aquitaine; Bizkaia; Finland; Niederösterreich; Nordrhein-Westfalen; Sachsen-Anhalt; Śląskie; Steiermark; Sweden; Wales). In Nordrhein-Westfalen, the contract for the technical secretariat functions for the 2007-13 ERDF programme will be awarded via a competitive call for tender. If the organisation which holds the secretariat contract in 2000-2006 also wins the contract for 2007-13, it will operate as two distinct organisational entities in 2007-2008, for the old and new programmes respectively.

4.2 Ensuring sufficient human and other resources

Whether or not changes are being introduced in the management and implementation of programmes in 2007-2013, difficulties can arise in terms of the availability and allocation of human and organisational resources.

Where some tasks are being shifted to different organisations, some staff are already being transferred to those bodies (England; Sweden) or have the opportunity to apply for jobs in those bodies (Vlaanderen; Western Scotland). However, some partners are also seeing a reduction in staff numbers (North East England; Western Scotland), although others are recruiting new staff, either because new skills are seen to be needed or because existing staff are leaving (Sweden). In England, managing authority tasks are being shifted from the regional Government Offices to the Regional Development Agencies. On the one hand, the Government Office North East will see a reduction in human resources in 2007-2008 and, on the other, there is ongoing uncertainty for staff, making it difficult to retain expertise. In Portugal, changes in management and implementation structures in 2007-2013 (due to a reduction in the number of programmes) mean that a key challenge is the need to retain managing authority and audit authority staff in order to close the 2000-2006 programmes effectively, while also implementing the 2007-2013 programmes. In Greece, the number of regional OPs will be reduced from thirteen to five, and a new law has been adopted that allows human resources to be shifted between central state ministries, regional authorities and other public bodies in order to meeting changing resource needs.

Where tasks are broadly remaining with the same organisations as in 2000-2006, staff are generally facing a heavy workload at present due to the need to manage programmes for both periods simultaneously (Austria; Italy's OP LED; Nordrhein-Westfalen). In some cases, the relatively slow start of the new programmes is seen as helping to make the workload manageable (Länsi-Suomi; Sachsen-Anhalt). Some authorities are recruiting new staff, for example due to the loss of existing staff (Aquitaine; Länsi-Suomi). Although there is not seen to be a need for additional staff at present in Bizkaia, some could be seconded from elsewhere in the provincial council if this proves necessary.

The nature of the workload varies somewhat between programmes, although there are clearly many commonalities. In Sachsen-Anhalt, there is a strong focus on extending the monitoring system, partly to allow it to be used to meet the operational requirements of both the 2000-2006 period and the 2007-2013 period simultaneously, and partly to allow intermediary bodies to enter project-based data directly into the electronic monitoring system. In Austria, one of the most demanding tasks is seen as the creation and documentation of a new management and control system.[20] This system needs to be in place within 12 months of the programmes' approval by the Commission, and its requirements are seen as more detailed and complex than in 2000-2006.

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[20] European Commission (2006) Commission regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, Annex Xii.

For some partners, part of the additional workload relates to domestic decisions to introduce structural changes to programmes. In Nordrhein-Westfalen, for example, a significant percentage of expenditure in 2007-2013 will be allocated via calls for tender, and this change in approach is generating additional preparatory work. In addition, the *Land* government has decided that the new ERDF programme will cover the entire *Land* territory, rather than focusing on selected areas as in 2000-2006. This means that the managing authority and secretariat face additional work in informing new potential project applicants about Structural Fund requirements.

4.3 Starting to spend funds under the 2007-13 programmes

Managing authorities are taking different approaches to the option to allocate funding to projects at their own risk before programmes are finally agreed with the Commission. Some are waiting until the Commission formally approves the programmes, or at least until agreement has been reached on the financial tables in formal negotiation meetings. Others are already allocating funding to projects, with the proviso that, if the projects do not finally prove to be eligible under the Structural Fund programmes, domestic authorities will award full public funding. Finally, a number of programmes have domestic constraints on the allocation of funding, relating for example to the readiness of organisational structures or procedural issues.

Many partners are waiting until the new programmes receive formal Commission approval, or at least until the financial tables are finally agreed (Aquitaine; Bizkaia; Denmark; Greece; Italy; Poland; Steiermark; Sweden; Vlaanderen). As few programmes have yet been approved, draft timetables suggest that the first date for applications would be in around late summer 2007 (Sweden) or early autumn (Italy; Poland). Funding allocations to projects might therefore not take place until the end of 2007 or early 2008 (Portugal). In Nordrhein-Westfalen, the authorities waited for the outcome of the formal negotiation meeting with the Commission on 20 April 2007 before deciding how to proceed. As the meeting had a satisfactory outcome, the *Land* intends to launch calls for tender in mid May and thus before the programme receives formal Commission approval. This should allow funding to be allocated to the first projects in June 2007. This approach is being adopted due to concerns that the programme could see the automatic de-commitment of funds if the first projects do not start until autumn 2007.

Where partners are already allocating funding, this sometimes occurs via formal Structural Fund ‘shadow rounds’. In Scotland, the Scottish Executive formally announced a round of funding in November 2006, with €14.7 million (£10 million) for Lowlands & Uplands Scotland, and €2.9 million (£2 million) for the Highlands & Islands. Funding was only available for projects over €294,000 (£200,000) under Priority 1 in the two new ESF programmes. The project application window was narrow (between 22 January 2007 and 16 February 2007) and projects must be completed by 31 March 2008. Projects were initially assessed by informal Advisory Groups and the Scottish Executive, and then evaluated by a temporary Advisory Group. In April 2007, 58 applications were approved with a total value of €15.3 million (£10.4 million). In France, the central State authorities have set provisions which allow a managing authority to avoid an interruption in funding for beneficiaries by using domestic resources, with a view to obtaining reimbursement from the Structural Fund programmes once these are approved. However, the region of Aquitaine is not pursuing this option.

Alternatively, particularly where EU funding is subsumed into domestic budget lines, implementing bodies may simply continue to allocate funding under domestic schemes, with the intention of classifying them as Structural Fund projects once Commission approval has been obtained for the Structural Fund programmes. In Finland, each financing authority must be prepared to use national resources to fund any projects approved, if the projects are not in the end considered eligible for the Structural Fund programmes. Each project decision includes the following clause: “This project will be funded from national funds if it is not eligible under the Structural Funds”. The risk is therefore carried by the financing authority, not the project applicant.

For some programmes, in addition to the need for Commission approval before EU funding can start flowing, there are also domestic reasons for not proceeding to allocate funds in early 2007. In Sweden, for example, Structural Fund partnerships in each programme area play a key role in project appraisal and evaluation, yet these partnerships will not be in place until around mid July 2007. While the managing authority is responsible for checking the eligibility of project applications, as well as for taking formal decisions on funding allocations, the main work of project appraisal and selection is undertaken by the partnerships.

In Sachsen-Anhalt, the authorities are to date only allocating domestic funding to projects. One reason is that, until the financial plans are agreed with the Commission, no information on projects can be entered into the Structural Fund electronic data monitoring system – and EU funding cannot be released until data on a project have been entered into the system. In addition, EU funding is not released to an intermediary body until it has obtained the managing authority’s approval for all the operational procedures and criteria associated with the instruments funded. The details needed include: project selection criteria; categories of eligible expenditure; the level and type of funding available; domestic and other funding sources; monitoring indicators; application and decision-making procedures; mechanisms relating to financial commitments, payments and the recall of payments; processes concerning project-level monitoring, control, checks and closure; and storage of project-related documentation. The managing authority expects to receive around 350 applications for different instruments and approved the first ones at the end of April 2007.

4.4 Balancing the use of funding from both sets of programmes

Pressure to start spending money under the new programmes varies, but is often higher where funding opportunities under the 2000-2006 programmes have been exhausted (some Finnish and Swedish regions). However, some programme managers face similar pressure for specific measures, even when funding remains under the 2000-2006 programmes; this is often due to concerns to ensure good financial absorption under the new programmes (Aquitaine). In Portugal, there is no particular pressure to begin spending under the ERDF or the Cohesion Fund, but the launch of a new domestic labour market programme (the ‘New Opportunities’ initiative) means that there is a certain degree of pressure to spend ESF resources.

In general, priority is given to completing spending under the 2000-2006 programmes (Austria; Portugal; Sachsen-Anhalt) with the aim of ensuring full financial absorption. In some programmes, however, it is the implementing bodies (rather than the managing authority) which decide on the source of funding for a project, depending on the selection criteria used for different instruments in the two programming periods (Austria; Sachsen-Anhalt).

In some cases, overlaps are seen as unlikely, either because the implementing bodies are different in the two programming periods (Vlaanderen) or because the 2000-2006 and 2007-2013 programmes focus on different types of interventions (Aquitaine; Italy's OP LED; Lombardia). Where demand for financial allocations remains strong (e.g. Greece; Portugal), the two programmes are more likely to be seen to run sequentially, so that, once funding is completed under the old programmes, projects will be financed under the new ones.

5. CONCLUSIONS AND ISSUES FOR DISCUSSION

This paper has highlighted a number of issues facing managing authorities and other actors involved in implementation. A range of tasks need to be undertaken in relation to the preparation and start-up of the new programmes, and a significant workload also remains in terms of ensuring financial absorption and effective closure of the 2000-2006 programmes. The management and implementation of the two sets of programmes may thus prove demanding in this transitional period.

Almost half of the NSRF documents had received Commission approval by the beginning of June 2007, and almost all Operational Programmes had been submitted to the Commission. However, only a few OPs had been approved by the Commission by the end of May 2007. Negotiation issues on the new programmes have emerged mainly in relation to funding priorities, especially with respect to the thematic and geographical allocation and concentration of funding. More limited observations have been made on implementation structures and in some cases on the analytical sections of the OPs. Most IQ-Net partners expect the OPs to be approved between summer and early autumn 2007. In a number of cases, new commitments have already begun in order to allow payments to be made as soon as the OPs have been adopted.

Regarding the 2000-2006 period, almost all funding has been committed, although payment rates vary more widely. In general, IQ-Net partners report that progress on financial absorption is satisfactory. Although partners saw little if any de-commitment of funds under the n+2 rule in 2006, many programme managers expect that 2007 and 2008 could prove more challenging as scope for modifications is more limited and in some cases large projects remain to be completed. Other partners have reported domestic challenges in relation to the provision of co-financing and meeting EU audit requirements. Preparations for programme closure include ongoing detailed monitoring, audit and control as well as speeding up payment claims. In certain cases, difficulties are caused by the loss of experienced staff, often related to changes in implementation structures.

Finally, a number of new developments, such as the publication of the fourth Cohesion Report, have emerged at the Community level which are contributing to debates on the future of Cohesion Policy. In the medium-term, EU-level political discussions are likely to focus mainly on the 2008-2009 review of the EU budget but, in a longer-term context, key issues relate to the future of Cohesion policy and other budgetary instruments after 2013.

This paper raises a number of issues for discussion:

- What is your view of the process of submitting and gaining approval for the 2007-2013 programmes?
- When do you plan to start allocating funding to projects under the 2007-2013 programmes?

- Are you experiencing any major challenges in relation to the closure of the 2000-2006 programmes e.g. in terms of project-level financial absorption, or programme-level financial controls and audits?
- Should IQ-Net continue to monitor the 2000-2006 programmes in 2007-2008?

ANNEX 1 – CREST WORKING GROUP RECOMMENDATIONS

Fourteen recommendations provided by the CREST Working group for better coordinating the Framework Programme for Research and Technological Development and the Structural Funds to support R&D

Develop Research, Technological Development and Innovation (RTDI) strategies and strengthen the governance

1. Develop a specific strategy for coordinated use of FP and SF as part of your RTDI strategy. Consider using FP and SF together for research and innovation strategy development.
2. Focus your RTDI strategy on selected themes building on the strengths and weaknesses of the territory, bearing in mind development trends indicated by FP and its thematic approach.
3. Organise the strategic development of your RTDI system as a learning process: use FP and SF exchange and networking opportunities both at the regional, national and European level.

Strengthen and develop the RTDI basis

4. Use FP and SF for the development of human resources in research and development, by supporting education and training schemes and by improving the education system to better meet the needs of the economy and society.
5. Use both FP and SF to build or upgrade research infrastructures and to connect them at European level.

Develop RTDI Excellence

6. Exploit the impetus provided by FP to cultivate and boost R&D: use FP and SF to promote research excellence.
7. Use FP and SF to improve networking between research institutes, universities, enterprises and other relevant actors and to foster the development of clusters and poles. 8. Use SF to promote the scientific, technological, entrepreneurial and managerial capacity of regional actors and thereby increase their capacity to participate in the FP.

Develop R&D cooperation at European and international level

8. Use the potential of FP and SF in terms of transnational and international networking and R&D cooperation to connect the regional or national research system to international networks and trends in Europe and beyond.

Strengthen the exploitation and economic and social valorisation of R&D results

9. Use FP and SF for valorising research results, achieving an easy and open access to knowledge and transferring the knowledge produced under FP into economic or societal use.
10. Use FP and SF to strengthen the role of SMEs in research and development and their capacities to exploit knowledge.
11. Use FP and SF to get researchers more involved in development activities and business creation: promoting transfer of personnel from academia to companies and vice versa, IPR exploitation and the setting up of new research and knowledge-based enterprises.

Improve communication and information

12. Make sure that actors involved in delivering FP and SF know about the opportunities offered by the other instrument. Support communication and create interfaces between the two communities.
13. Make sure that information on FP and SF is available and easily accessible for the potential applicants of both instruments. Be aware of different needs depending on the type of the possible beneficiaries i.e. research institutes, SME, large enterprises, etc.

Source: CREST Working Group on “How to make better coordinated use of Framework Programme and Structural Funds to support R&D", Guidelines on coordinating the Research Framework Programme and the Structural Funds to support Research and Development, April 2007.

ANNEX 2 – PROGRAMME FICHES OF IQ-NET PARTNERS

The following fiches provide and updated summary information on the Operational Programmes of IQ-Net partners. They are intended as a source of reference for partners. In some cases they represent work in progress.

Austria - Niederösterreich ERDF

Overall aim/mission	The overall aim is to strengthen the competitiveness of the regional economy in all parts of the Land according to the principles of sustainability and equal opportunities in order to safeguard the quality of life, income and employment in NÖ.	
Strategic objectives	Increase of competitiveness by strengthening innovation and knowledge. Make all NÖ regions more attractive for businesses and start-ups.	
No. of priorities	2 plus TA	
No. of measures	6 Action Fields with a variety of 'sub-actions' (see table 1)	
Priorities	Title	(% of EU funding)
1.	Increase Competitiveness	85.4
2.	Strengthen the regions and business locations	13.7
3.	TA	0.9
Funding	(€ mill)	(% of total)
• ERDF	145,646,798	50%
• National	145,646,798	50%
• Other		
• Total	291,293,596	100%
Managing Authority	*Land* NÖ, Department for spatial planning and regional policy *Geschäftsstelle für Regionalpolitik*	
Certification Authority	Federal Chancellery (BKA), department IV/4	
Audit Authority	Federal Chancellery (BKA), department IV/3	
Intermediate bodies	Various. The largest is EcoPlus.	
Other management bodies e.g. secretariats	None	
Management/implementation committees (other than the Monitoring Committee)	None	

Austria – Steiermark ERDF

Overall aim/mission	Increase of competitiveness in order to safeguard growth and employment in the long run by while adhering to the basic principle of sustainable development.	
Strategic objectives	1. Specialisation: put emphasis on regional strength and on core industrial areas. 2. Development of new growth areas. 3. Widen innovation. 4. Balanced regional development: increase the innovation potential of regions. 5. Secure anticipatory policy and policy learning	
No. of priorities	2 plus TA and Governance	
No. of measures	11 Action Fields and some 'sub-action fields'	
Priorities	Title	(% of EU funding)
1.	Strengthening of innovation and the knowledge based economy	89.09%
2.	Increase attractiveness of regions and locations	9.13%
3.	Governance and TA	1.78%
Funding	(€ mill)	(% of total)
• ERDF	155,061,854	50%
• National	155,061,854	50%
• Other		
• Total	310,123,708	100%
Managing Authority	*Land* ST, Department 14 – economy and innovation	
Certification Authority	Federal Chancellery (BKA), department IV/4	
Audit Authority	Federal Chancellery (BKA), department IV/3	
Intermediate bodies	Various. The largest is the SFG.	
Other management bodies e.g. secretariats	None	
Management/implementation committees (other than the Monitoring Committee)	Governance Group (MA + all implementing bodies)	

Belgium – Vlaanderen ERDF

Overall aim/mission	Strengthening the development of Flanders towards one of the most competitive regions, resulting in sustainable economic growth, the creation of more and better jobs and the protection and improvement of the environment	
Strategic objectives	- Enhancing the transfer and valorisation of knowledge in economic activities and society - Enhancing Flemish entrepreneurship - Improving the economic attractiveness of cities and regions in Flanders - Supporting urban development projects	
No. of priorities	5, technical assistance included	
No. of measures	15 (excluding TA)	
Priorities	Title	(% of EU funding)
1.	Knowledge economy and innovation	24
2.	Entrepreneurship	24
3.	Economic environment	24
4.	Urban development	24
5.	Technical assistance	4
Funding	(€ mill)	(% of total)
• ERDF	200,946,241	40
• National	219,433,296 (public)	43.68
• Other	81,986,067 (private)	16.32
• Total	502,365,605	100
Managing Authority	Agency for Economy, Entity Europe Economy	
Certification Authority	Agency for Economy, Directorate-general	
Audit Authority	Inspectorate for finance	
Intermediate bodies		
Other management bodies e.g. secretariats	5 Provincial Contact Points, 2 City Contact Points in Antwerp and Gent	
Management/implementation committees (other than the Monitoring Committee)	*Project development and appraisal:* Project Orientation Groups organised jointly by Provincial and City Contact Points and the Programme Secretariat Flemish level: Appraisal Workgroup, Technical Workgroup *Decision-making*: Managing Committee	

Denmark ERDF

Overall aim/mission	Human resource development through development of competences and new employment possibilities	
Strategic objectives	Remove barriers for growth in firms by • increasing the qualifications of the workforce • increasing the number of persons available for recruitment	
No. of priorities	2 (plus technical assistance)	
No. of measures	0	
Priorities 1. 2.	Title A qualified workforce (better jobs) A larger workforce (more jobs)	(% of EU funding) 73 27
Funding • ERDF • National • Other • Total	(€ mill) 245 160 (public) 85 (private) 490	(% of total) 50 33 17 100
Managing Authority	NAEC, Silkeborg (Centre for Regional Development)	
Certification Authority	NAEC, Silkeborg (Centre for Regional Development)	
Audit Authority	NAEC (*not* Centre for Regional Development)	
Intermediate bodies		
Other management bodies e.g. secretariats	The 6 secretariats of the regional growth fora	
Management/implementation committees (other than the Monitoring Committee)	The six regional growth fora (or more likely sub-committees of these) which recommend projects for funding to NAEC	

Finland – Länsi-Suomi ERDF

Overall aim/mission	Vsion 2015 of Länsi-Suomi: “Länsi-Suomi as nationally and internationally attractive region that is based on strong expert knowledge and innovation. It is a leading Finnish region for entrepreneurial and human growth.”	
Strategic objectives	• Objectives relating to jobs, businesses, employment and the development of value added • Knowledge objectives • Horizontal objectives (e.g. promotion of partnership and co-operation, improving the competitiveness of business environments, promotion of equality, programme coordination (ERDF – ESF), promotion of sustainable development)	
No. of priorities	5	
No. of measures	-	
Priorities	Title	(% of EU funding)
1.	Promotion of business activity	35.5%
2.	Promotion of innovation and networking, and reinforcement of knowledge structures	39.2%
3.	Improving regional accessibility and attractiveness of business environment	17.0%
4.	Development of major urban regions	4.3%
5.	Technical assistance	4.0%
Funding	(€ mill)	(% of total)
• ERDF	159 375 850	25%
• National	239 063 776	37%
• Private	239 751 700	38%
• Total	638 191 326	
Managing Authority	Ministry of the Interior (ERDF)	
Certification Authority	Ministry of the Interior (ERDF)	
Audit Authority	Situated at the controller unit within the Ministry of Finance	
Intermediate bodies	Intermediate bodies responsible for the implementation include: Regional Councils, T&E centres, Tekes, Finnvera, environmental and road administrations, as well as the state provincial office. In addition, ministries and government’s central administration bodies and other authorities or organisations that have been delegated MA or certifying duties, can be included as intermediate bodies.	
Other management bodies e.g. secretariats	• A selected Regional Council responsible for co-ordination at the NUTS II level, reporting, evaluation, communication and duties delegated by the MA concerning the preparation for the Monitoring Committee meetings. • Steering Group	
Management/imple-mentation committees (other than the Monitoring Committee)	Regional Management Committee (RMC)	

France – Aquitaine ERDF

Overall aim/mission	"Transform innovation and sustainable development into motors of regional competitiveness and employment"	
Strategic objectives	1. Develop finalised research and promote its results; 2. Transform innovation into a motor of competitiveness for firms and territories; 3. Develop ICT to support the information society; 4. Tackle the climate and energy challenges; 5. Protect and promote environmental assets of Aquitaine; 6. Support the sustainable development of the Aquitaine coast; 7. Support the sustainable development of sensitive city districts; 8. Support territories facing economic change	
No. of priorities	4	
No. of measures	22 [note: as there are no measures, I took "intervention fields"]	
Priorities 1. 2. 3. 4.	Title Promote knowledge economy and society ICT as a support of information society Promote energy and environmental potential Develop specific territories sustainably	(% of EU funding) [excl. TA: €11m] 45.9 11.8 29.9 12.3
Funding • ERDF • National • Other • Total	(€ mill) 392 [including 11m for TA] 545 [=public] 330 [=private] 1,267	(% of total) 30.96 43 26.04 100
Managing Authority	Préfecture of the Aquitaine region assisted by the "General Secretariat for Regional Affairs" (SGAR, *Secrétariat général pour des affaires régionales*) of the Aquitaine Préfecture (Mission Europe)	
Certification Authority	regional "general payment treasurer" (TPG, *trésorier payeur général*)	
Audit Authority	"Interministerial Commission of Controls Coordination" (CICC, *Commission interministérielle de coordination des contrôles*)	
Intermediate bodies	Regional Council (delegated management of global grant)	
Other management bodies e.g. secretariats		
Management/implementation committees (other than the Monitoring Committee)	Joint Programming Committee for all funds; Thematic Committees for OP priorities; Steering and Orientation Committees for innovation	

Germany – Nordrhein-Westfalen Regional Competitiveness ERDF

Overall aim/mission	To support the competitiveness and adaptability of NRW's economy and the creation of employment.	
Strategic objectives	To promote competitiveness by supporting innovation and the specific strengths of the whole Land; and To enhance the competitiveness of structurally disadvantaged regions and thus to support their convergence.	
No. of priorities	Four (including one for Technical Assistance)	
No. of measures	Nine (including one for Technical Assistance)	
Priorities	Title	(% of EU funding)
1.	Strengthening the entrepreneurial base;	19.8%
2.	Innovation and knowledge-based economy;	49.5%
3.	Sustainable urban & regional development;	29.7%
4.	Technical assistance.	1.0%
Funding	(€ mill)	(% of total)
• ERDF	1,283	50%
• National	1,283	50%
• Other	0	0
• Total	2,567	100%
Managing Authority	NRW Land's Ministry for the Economy, SMEs and Energy, Unit 'European Economic and Structural Policy, EU Structural Funds'	
Certification Authority	NRW.BANK, Department 'Business support, Services, Aid support'	
Audit Authority	NRW Land's Finance Ministry, Unit 'Certification Office / Independent Office – Financial Control for EU Financial Resources'	
Intermediate bodies	Units in 8 different Land Ministries; 5 area authorities (*Bezirksregierungen*); NRW.BANK; 4 autonomous agencies / research centres; NRW's Craft Chamber and Chamber of Industry and Commerce	
Other management bodies e.g. secretariats	Technical Secretariat, based in NRW Land's Ministry for the Economy, SMEs and Energy	
Management/ implementation committees (other than the Monitoring Committee)	a) A Land committee at State Secretary level, coordinating all EU programmes (ERDF, ESF, rural development, and Interreg); b) A technical sub-committee of the Monitoring Committee and possibly technical coordinating committees for each priority; c) An equal opportunities advisory committee; e) Sub-Land regional committees for project generation, implementation & coordination.	

Germany - Sachsen-Anhalt Convergence ERDF

Overall aim/mission	Convergence through sustainable development, especially support for growth and the improvement of employment prospects	
Strategic objectives	a) To improve the Land's economic performance; and b) To improve the employment and the labour market situation.	
No. of priorities	Three (excluding Technical assistance)	
No. of measures	38	
Priorities	Title	(% of EU funding)
1.	Education, R&D, innovation;	26.0%
2.	Increase of business competitiveness;	33.1%
3.	Business-oriented infrastructure;	13.4%
4.	Sustainable urban development including education infrastructure;	13.2%
5.	Environmental protection & risk prevention;	10.3%
6.	Technical assistance.	4.0%
Funding	(€ mill)	(% of total)
• ERDF	1,932	72.8%
• National	724	27.2%
• Other	0	0
• Total	2,655	100%

Managing Authority	Land Sachsen-Anhalt's Ministry of Finance, Unit 'Land Government Office for Managing the EU Structural Funds'
Certification Authority	Land Sachsen-Anhalt's Ministry of Finance, department 'Certification Authority'
Audit Authority	Land Sachsen-Anhalt's Senior Financial Department
Intermediate bodies	Units in 5 different Land Ministries, which can delegate delivery tasks to other units / agencies external to the Land Ministries
Other management bodies e.g. secretariats	None
Management/implementation committees (other than the Monitoring Committee)	1. Committee composed of the lead Land Ministry for each EU Fund, the Managing Authority and the Land's State Chancellery; 2. Technical inter-ministerial working group which coordinates the ERDF, ESF and EU rural development programmes; 3. Evaluation working group.

Germany - Sachsen-Anhalt ESF

Overall aim/mission	Convergence through sustainable development, especially support for growth and the improvement of employment prospects	
Strategic objectives	a) To improve the Land's economic performance; and b) To improve the employment and the labour market situation.	
No. of priorities	Three (excluding Technical assistance)	
No. of measures	40	
Priorities	Title	(% of EU funding)
1.	Increase the adaptability & competitiveness of businesses and employees;	33.2%
2.	Improvement of human capital;	44.2%
3.	Improvement of labour market opportunities & integration for disadvantaged individuals;	18.6%
4.	Technical assistance.	4.0%
Funding	(€ mill)	(% of total)
• ESF	643.9	74.8%
• National	217.4	25.2%
• Other	0	0
• Total	861.3	100%
Managing Authority	Land Sachsen-Anhalt's Ministry of Finance, Unit 'Land Government Office for Managing the EU Structural Funds'	
Certification Authority	Land Sachsen-Anhalt's Ministry of Finance, department 'Certification Authority'	
Audit Authority	Land Sachsen-Anhalt's Senior Financial Department	
Intermediate bodies	Units in 5 different Land Ministries, which can delegate delivery tasks to other units / agencies external to the Land Ministries	
Other management bodies e.g. secretariats	None	
Management/implementation committees (other than the Monitoring Committee)	1. Committee composed of the lead Land Ministry for each EU Fund, the Managing Authority and the Land's State Chancellery; 2. Technical inter-ministerial working group which coordinates the ERDF, ESF and EU rural development programmes; 3. Evaluation working group.	

Greece NSRF

Overall aim/mission	Broaden the development abilities of the country, accelerate rhythm of economic growth, increase productivity at the EU levels to achieve real convergence and improve quality of life of all citizens without exclusions. Greece aims in 2007-2013 to make the country extroverted with strong international presence, as a competitive, productive, and quality and innovation driven.	
Strategic objectives	Promoting innovation, research and entrepreneurship, Investing in viable infrastructure and human capital. Developing an equal development and polycentric urban system. Sustainable development and wise administration and protection of the natural and cultural heritage.	
No. of priorities	5 thematic priorities and 5 territorial, expressed through the OPs	
No. of measures	Thematic priorities further specified by 18 targets. Further detail of measures not provided at this stage.	
Priorities 1. 2. 3. 4. 5. 6. 7. 8. 9-13 14-25	Title Environment-Sustainable development, Supporting Accessibility, Competitiveness and Entrepreneurship, Digital Convergence, Administrative Abilities of Public Administration Development of Human Resources, Education and Life Long Learning Technical Support ROP s Territorial Cooperation OPs	(% of EU funding) Indicative % of E.U. support to transitional regions: CM 38.7% WM 8.1% Attica 53.2% Sterea Greece 78% S. Aegean 22%
Funding ERDF ESF CF National Total	(€ mill) 12,358,825,757 4,363,800,403 3,697,160,864 Not provided 20,419,777,024	(% of total) Not provided at this stage
Managing Authority	Ministry of Economics and Finance, other Ministries, Special Service for Management of the Regional Operational Programs	
Certification Authority	Authority of Audit and Payment (of MEF) [possibly create regional units]	
Audit Authority	Authority of Audit and Payment (of MEF)	
Intermediate bodies	Managing authorities of ROPs, Ministries relevant with thematic OPs	
Other management bodies, secretariats	National Coordination Authority, Inter-ministerial Committee of European Community Programs	
Management/implementation committees (other than the Monitoring Committee)	Special Unit of Coordination and Monitoring ESF actions (of Ministry of Employment and Social Protection), Annual Conference of Presidents of the Monitoring Committees, Special Services for the actions of Health, of Environment and other	

Italy – Lombardia ERDF

Overall aim/mission (Global objective)	The strengthening of the competitiveness and dynamism of the socio-economic regional system	
Strategic objectives (Specific objectives, as they are called in the programme)	1. to promote and support research and innovation for the competitiveness of SMEs, through the full exploitation of the Lombard knowledge system (P1) 2. to strengthen the governance capacity so as to improve the competitiveness of the Lombard knowledge system. To intensify, simplify and innovate the relations between the actors of the system (P1) 3. to increase the autonomy and the sustainability of energy (P2) 4. development of the sustainable mobility of persons and services (P3) 5. support sustainable tourism and the cure and protection of the natural and cultural heritage (P4) 6. strengthening of the administrative capacity for the OP (P5 – TA)	
No. of priorities	5 (4 + TA)	
No. of measures	The number of measures is not specified in the OP (as this is not a requirement). However, under each priority axis, some examples of "lines of action" are outlined (which would be the measures). For the four main priorities, the OP lists 15 indicative "lines of action".	
Priorities		(% of EU funding)
1.	Innovation and knowledge economy	49.4
2.	Energy (new)	9.4
3.	Sustainable mobility	26.1
4.	Protection and full exploitation of the natural and cultural heritage (new)	11.3
5.	Technical Assistance	3.8
Funding (euro)		(% of total)
• ERDF	210,887,281.00	39.64
• National	321,112,719.00	60.36
• Other	0.00	-
• Total	532,000,000.00	100

Managing Authority	Organisation Unit for the Competitiveness of Firms of the D.G. Industry, SME and Cooperation
Certification Authority	Central Structure of the Certification Authority for the ESF and ERDF Funds
Audit Authority	Central Structure Internal Audit
Paying Authority	Central Accounting Organisation Unit (*Ragioneria*) and OPR Directorate
Intermediate bodies	Organisations and companies that are part of the so-called "enlarged regional system" (as defined by regional law 30/2006), like Finlombarda
Other management bodies e.g. secretariats	The Central Authority for Coordination and Programming (new!) The Environmental Authority (D.G. for Environmental Quality)
Management/implementation committees (other than the Monitoring Committee)	The Comitato Interassessorile (Inter-ministerial Committee) (new!)

Italy – Lombardia ESF

Overall aim/mission	To serve the regional strategy for the development of human capital	
Strategic objectives (Specific objectives, as they are called in the OP)	1. to develop life-long training forms and support the adaptability of workers (P1); 2. to favour innovation and productivity through a better organisation and quality of work (P1); 3. to develop policies and services to anticipate and manage change, promote competitiveness and entrepreneurialism (P1); 4. to increase the efficiency, effectiveness, quality and inclusion of the institutions of the labour market (P2); 5. to implement active and preventive labour policies, with particular attention to the integration of labour market migrants, to active ageing, to self-employment and to enterprise start-ups (P2); 6. to improve the access of women in to employment and to reduce gender disparities (P2); 7. to develop integration itineraries and improve the (re)insertion into work of disadvantaged actors to fight any form of discrimination in the labour market (P3); 8. elaboration and introduction of reforms of the education, training and labour systems to improve their integration and develop employability, with particular attention to "orientation" (P4); 9. to improve the participation to training activities throughout life and increase the learning and knowledge levels (P4): 10. to create networks between universities, research and technological centres, productive and institutional world, with particular attention to the promotion of research and innovation (P4); 11. to promote the development and implementation of inter-regional and trans-national initiatives and of networks, with particular attention to the exchange of good practice (P5); 12. to improve the efficiency and effectiveness of interventions through supporting actions and instruments	
No. of priorities	6 (5 + TA)	
No. of measures	The number of measures is not specified in the OP (as this is not a requirement). However, under each priority axis, some examples of possible "lines of action" are outlined (which would be the possible measures). For the five main priorities, the OP lists 67 indicative/possible "lines of action".	
Priorities	Title	(% of EU funding)
1.	Adaptability	25
2.	Employability	25
3.	Social Inclusion	10
4.	Human Capital	32
5.	Trans-nationality and inter-regionality	4
6.	TA	4
Funding	(€ mill)	(% of total)
• ESF	338,017,613.00	42.4
• National	459,982,387.00	57.6
• Other	-	-
• Total	798,000,000	100
Managing Authority	Managing Authority Organisation Unit in the DG Education, Training and Employment	
Certification Authority	Central Structure of the Certification Authority for the ESF and ERDF Funds	
Audit Authority	Central Structure Internal Audit	
Paying Authority	Central Accounting Organisation Unit (*Ragioneria*) and OPR Directorate	
Intermediate bodies	Provincial Authorities, bodies of the regional authority (as defined by regional law 30/2006) and Organisations and companies that are part of the so-called "enlarged regional system"	
Other management bodies e.g. secretariats	The Central Authority for Coordination and Programming (new!)	
Management/implementation committees (other than the Monitoring Committee)	The Comitato Interassessorile (Inter-ministerial Committee) (new!)	

Italy – Competitiveness NOP

Overall aim/mission	To increase the productivity, competitiveness and innovation in a perspective of sustainable development, with specific attention to the human factor, to the quality of life, to social inclusion, to the environmental and to equal opportunities, all essential factors of the development potential and decisive innovation factors.	
Strategic objectives	1. to strengthen the competitiveness of firms through a generalised technological up-grading 2. to increase the competitiveness of the system and the modification of the productive structure through mission-oriented research, focussed industrial innovation and the enlargement of the productive basis 3. to create a favourable environment for the development of a knowledge-based economy, favouring network-based interventions.	
No. of priorities	(Possibly) 2+TA	
No. of measures	The number of measures is not specified in the OP. However, the programme provides a list of intervention lines and actions. There are 8 intervention lines and 26 listed actions.	
Priorities 1. 2. 3.	Title Research Competitiveness TA	(% of EU funding) Na Na
Funding • ERDF • National • Other • Total	(€ mill) 3,102,696,821.00 3,102,696,821.00 - 6,205,393,642.00	(% of total) 50 50 - 100
Managing Authority	Ministry of University and Research, D.G. for Coordination and Development of Research	
Certification Authority	Probably Ministry of University and Research	
Audit Authority	To be decided (but Ministry of Economic Development hopes to cover this role)	
Intermediate bodies	Ministry of Economic Development (total delegation on the Competitiveness part of the programme)	
Other management bodies e.g. secretariats	IPI as TA/Secretariat as at present (for the Competitiveness part of the programme)	
Management/implementation committees (other than the Monitoring Committee)	A new Committee of Direction and Implementation has been created to coordinate the implementation of competitiveness and research policy in the Mezzogiorno region (the Convergence regions plus 3 other RCE regions – for more detail see thematic paper)	

Note: Based on OP draft available at 30 April 2007. It should be noted that this draft is not final and the strategy is currently being re-defined. This version of the fiche, therefore, might not be in line with the final version of the OP.

Poland - Śląskie ROP

Overall aim/mission	*"To stimulate dynamic growth and strengthen the social, economic and spatial cohesion of the region"*	
Strategic objectives	• **economic**: economic growth and increased employment, technological development and innovation, restructuring and diversification of economic activities • **social:** improving quality of life, enriching cultural identity and integration processes, development of services and social resources, i zasobów increasing professional and social mobility. • **environmental**: decrease the strain and improve the quality of the natural environment, environmentally responsible practices. • **infra-technical**: improving the quality, extending and rationally managing technological infrastructure resources.	
No. of priorities	10	
No. of measures	-	
Priorities	Title	(% of EU funding)
	Priority 1: RTD, innovation and entrepreneurship	23%
	Priority 2: Information society	10%
	Priority 3: Tourism	7%
	Priority 4: Culture	3%
	Priority 5: Environment	12%
	Priority 6: Sustainable urban development	13%
	Priority 7: Transport	20%
	Priority 8: Educational infrastructure	5%
	Priority 9: Health	4%
	Priority 10: Technical assistance	2%
Funding	(€ mill)	(% of total)
• ERDF	1 570.4	72%
• National	609.9 (277.1 public, 332.8 private)	28%
• Other		
• Total	2 180.3	
Managing Authority	Regional Board of Silesia (Marshal's Office)	
Certification Authority	Ministry of Regional Development	
Audit Authority	General Fiscal Control Inspector	
Intermediate bodies	Still to be decided	
Other management bodies e.g. secretariats		
Management/implementation committees (other than the Monitoring Committee)		

Portugal – NSRF

Overall aim/mission	To raise the qualification of the Portuguese, developing knowledge, science, technology and innovation, as well as the promotion of high and sustainable levels of socio-economic, cultural and territorial development, within a framework of developing equal opportunities and increasing the efficiency and quality of public institutions.		
Strategic objectives	Qualification of the Portuguese; sustainable growth; social cohesion; qualification of cities and territories; governance efficiency		
No. of priorities	5		
No. of measures			
Priorities	Title (of OPs)		(% of EU funding)
	National Thematic OPs		
	OP Competitiveness Factors	3104	14.4
	OP Human Potential	6147	28.6
	OP Territorial Development	4659	21.7
	Mainland Regional OPs		
	OP Norte	2712	12.6
	OP Centro	1702	7.9
	OP Lisboa	307	1.4
	OP Alentejo	869	4.0
	OP Agarve	175	0.8
	Autonomous Island OPs		
	OP Azores ERDF	966	4.5
	OP Azores ESF	190	0.9
	OP Azores ERDF	321	1.5
	OP Azores ESF	125	0.6
	Technical Assistance OPs		
	OP TA ERDF	86	0.4
	OP TA ESF	51	0.2
	Terriorial Cooperation OPs		
	OP Cooperation	99	0.5
Funding	(€ mill)		(% of total)
• ERDF	11,938		27
• ESF	6,513		14.7
• CF	3,059		6.9
• National	22, 709		51.4
• Total	44,219		100
Managing Authority	MAs for ROP located in 5 mainland regional CDCRs and 2 autonomous island regional governments.		
Certification Authority	Financial Institute for Regional Development (IFDR) for ERDF and Cohesion Fund and the Management Institutre for the European Social Fund (IGFSE) for the ESF		
Audit Authority	Inspectorate General of Finance		
Intermediate bodies			
Other management bodies, secretariats	Ministerial Unit for the Coordination of the NSRF; 1 Technical Unit for Strategic Coordination and Monitoring; 2 Technical Units for Financial Coordination and Monitoring;		
Management/ implementation committees (other than the Monitoring Committee)			

Spain – País Vasco ERDF

Overall aim/mission	Two objectives drawn from the domestic strategy underpinning the ERDF/ESF programmes: 1)Technological convergence with the EU 2) Social convergence with the EU	
Strategic objectives	1) Creation of wealth, innovation and sustainable growth 2) Social cohesion and equality	
No. of priorities	5, including technical assistance	
No. of measures	Programming information provided on the basis of 20 categories of expenditure	
Priorities	Title	(% of EU funding)
1.	Knowledge-society, innovation and business development	74.7
2.	Environment and risk prevention.	3.5
3.	Transport and telecommunications networks and services	16
4.	Local and urban sustainable development.	4.8
5.	Technical assistance.	1
Funding	(€ mill)	(% of total)
• ERDF	240.582	50
• National	240.582	50
• Other		
• Total	481.164	
Managing Authority	Directorate General for EU Funds (Ministry of Economy and Finance) shared with the Department of Finance and Public Administration of the País Vasco	
Certification Authority	Directorate General for EU Funds (Ministry of Economy and Finance)	
Audit Authority	General State Controller (shared with the General Controller of the País Vasco)	
Intermediate bodies		
Other management bodies e.g. secretariats		
Management/implementation committees (other than the Monitoring Committee)	Monitoring and Evaluation Advisory Committee	

Sweden - Norra Mellansverige ERDF (previously Objective 2 Norra)

Overall aim/mission	To develop innovative environments, to promote dynamic industry, and to increase accessibility for the region's industry and inhabitants.	
Strategic objectives	The aim of the priority 'development of industry' is to increase competitiveness, dynamism and employment in industry. The aim of the priority 'accessibility' is a more competent structure for mobility and accessibility taking into account new technology which reduces and overcomes distance.	
No. of priorities	3	
No. of measures	-	
Priorities 1. 2. 3.	Title Development of industry Accessibility Technical assistance	(% of EU funding) 67.8% 28.2% 4.0%
Funding • ERDF • National • Other • Total	(€ mill) 194 987 837 194 987 837 - 389 975 674	(% of total) 50% 50%
Managing Authority	NUTEK (ERDF) and Swedish ESF Council (ESF)	
Certification Authority	NUTEK (ERDF) and Swedish ESF Council (ESF)	
Audit Authority	Swedish national financial management authority (ERDF and ESF)	
Intermediate bodies	-	
Other management bodies e.g. secretariats	-	
Management/implementation committees (other than the Monitoring Committee)	A joint structural funds partnership for ERDF programme and the regional plan of the ESF programme.	

Sweden - Mellersta Norrland

Overall aim/mission	Sustainable competitiveness, renewal and attractiveness for: more jobs, more businesses, more dynamic labour market regions.	
Strategic objectives	To take into account natural conditions; to increase knowledge in production of goods and services; to strengthen the climate for entrepreneurship (attitudes towards and possibilities for businesses); to overcome long distances with new technology and communication solutions, and make the region attractive for businesses, visitors and the inhabitants.	
No. of priorities	3	
No. of measures	-	
Priorities	Title	(% of EU funding)
1.	Renewal of industry, energy and environmental development	73.9%
2.	Accessibility and attractiveness	22.1%
3.	Technical assistance	4.0%
Funding	(€ mill)	(% of total)
• ERDF	176 617 833	50%
• National	176 617 833	50%
• Other	-	
• Total	353 235 666	
Managing Authority	NUTEK (ERDF) and Swedish ESF Council (ESF)	
Certification Authority	NUTEK (ERDF) and Swedish ESF Council (ESF)	
Audit Authority	Swedish national financial management authority (ERDF and ESF)	
Intermediate bodies	-	
Other management bodies e.g. secretariats	-	
Management/implementation committees (other than the Monitoring Committee)	A joint structural funds partnership for ERDF programme and the regional plan of the ESF programme.	

UK - North East England Competitiveness ERDF (Draft)

Overall aim/mission	By 2015, to increase GVA per capita in the North East towards 90 percent of the UK average in a sustainable manner through actions leading to: • Increased business density as a result of the creation of xx new businesses • Increased productivity among the region's businesses through the generation of £xxm in gross GVA in assisted businesses • Improved environmental management and energy efficiency in xx assisted businesses • Enhanced participation by residents of disadvantaged areas in enterprise and in the science and innovation agendas.	
Strategic objectives	NA.	
No. of priorities	3 (including TA)	
No. of measures	Two 'fields of action' under each priority.	
Priorities 1. 2. 3. 4. etc	Title Enhancing and exploiting innovation Business Growth and Enterprise Technical Assistance	(% of EU funding) 53 43 4
Funding • ERDF • National • Other • Total	(€ mill) 375.699	(% of total)

Managing Authority	CLG - Some tasks delegated to RDAs.
Certification Authority	CLG- Some tasks delegated to GOs.
Audit Authority	CLG
Intermediate bodies	RDAs
Other management bodies e.g. secretariats	GOs
Management/imple-mentation committees (other than the Monitoring Committee)	

UK - Lowlands and Uplands Scotland ERDF (Draft)

Overall aim/mission	To encourage the growth of the region's economy within a sustainable development framework and thereby enable all parts of the region to contribute to achieving the Lisbon Agenda goals.	
Strategic objectives	• to improve the competitiveness of the Lowlands and Uplands Scotland enterprise base through increased innovation and a fuller use of its RTD base • to improve enterprise formation and growth rates by enhancing the enterprise support environment, particularly with regards to access to finance, entrepreneurship, e-commerce and resource efficiency • to increase the contributions of the most disadvantaged urban communities to Lisbon goals by supporting their regeneration • to maximise the contributing of rural areas to achieving Lisbon goals with a view to developing sustainable economic growth	
No. of priorities	4 plus TA	
No. of measures	N/A	
Priorities	Title	(% of EU funding)
1.	Research and Innovation	25
2.	Enterprise Growth	33
3.	Urban Regeneration	27
4.	Rural Development	14
5.	Technical Assistance	2
Funding	(€ mill)	(% of total)
• ERDF	375.958	39
• National Public	472.746	49
• National Private	122.186	12
• Total	970.890	100
Managing Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	
Certification Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	
Audit Authority	Scottish Executive, through Finance and Central Services Department	
Intermediate bodies	Two specified Intermediate Delivery Bodies (IDBs): Scottish Enterprise (Priority 1) South of Scotland Alliance (Priority 4) In addition, a number of Community Planning Partnerships to operate in Priority 3	
Other management bodies e.g. secretariats	Intermediate Administration Body (IAB) is ESEP Ltd (formerly PME for East of Scotland Programme)	
Management/implementation committees (other than the Monitoring Committee)	Advisory Groups (one for each priority)	

UK - Lowlands and Uplands Scotland ESF (Draft)

Overall aim/mission	To contribute towards sustainable growth in the size and skills of the Scottish workforce in line with the Lisbon Jobs and Growth agenda, in a climate which offers equality of opportunities to individuals to achieve their full potential	
Strategic objectives	1. to assist the coordinated progress of unemployed and inactive people of all ages towards sustainable employment 2. to improve the skills of the workforce to enhance employability, productivity, adaptability, inclusion and entrepreneurial expertise 3. to widen access to post-school life-long learning, particularly for key client groups	
No. of priorities	3 plus TA	
No. of measures	None	
Priorities	Title	(% of EU funding)
1.	Progressing into employment	45
2.	Progressing through employment	37
3.	Improving access to life-long learning	16
4.	Technical assistance	2
etc		
Funding	(€ mill)	(% of total)
• ESF	269.921	45
• National	328.464	55
• Other		
• Total	598.385	100
Managing Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	
Certification Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	
Audit Authority	Scottish Executive, through Finance and Central Services Department	
Intermediate bodies	Community Planning Partnerships (P1)	
Other management bodies e.g. secretariats	Intermediate Administration Body (IAB) is ESEP Ltd. (formerly PME for East of Scotland Programme)	
Management/implementation committees (other than the Monitoring Committee)	Advisory Groups (one for each priority)	

UK - Highlands and Islands Scotland ERDF (Draft)

Overall aim/mission	The vision for the Highlands and Islands is of prosperous, inclusive and self-sustaining communities, where the unique cultures, traditions and environments are enhanced and the region makes a distinctive contribution to Scotland, the UK and the EU competitiveness through supporting people, place and prosperity	
Strategic objectives	1. To increase the sustainable growth of the H&I economy through expanding the number, diversity and value of output of its enterprises, focusing on key sectors 2. To enhance the sustainable value of the key drivers of the regional economy, particularly the research infrastructure and the use of the region's natural, historic and cultural assets 3. To support sustainable growth in fragile and peripheral communities of the region in order to contribute to Lisbon goals	
No. of priorities	3 plus TA	
No. of measures	None.	
Priorities	Title	(% of EU funding)
1.	Business competitiveness, commercialisation and innovation	39
2.	Key drivers of sustainable growth	34
3.	Peripheral and fragile communities	24
4.	Technical Assistance	3
Funding	(€ mill)	(% of total)
• ERDF	121.862	42
• National	169.456	58
• Other		
• Total	291.319	100
Managing Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	
Certification Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	
Audit Authority	Scottish Executive, through Finance and Central Services Department	
Intermediate bodies	Highlands and Islands Enterprise (P1) UHI (P2) Community Planning Partnerships (P3)	
Other management bodies e.g. secretariats	Intermediate Administration Body (IAB) is Highlands and Islands Structural Funds Partnership Ltd	
Management/implementation committees (other than the Monitoring Committee)	Advisory Groups (one for each priority)	

UK - Highlands and Islands Scotland ESF (Draft)

Overall aim/mission	To contribute towards sustainable growth in the size and skills of the Scottish workforce within the Lisbon Jobs and Growth framework, through developing the knowledge-based economy of the region	
Strategic objectives	1. To broaden and increase sustainable participation in the H&I workforce, particularly for groups which face severe and multiple disadvantages 2. to increase skills and earnings levels within the H&I workforce in all sectors of the regional economy, with particular reference to priorities identified in the ERDF programme, fostering the growth of enterprises and entrepreneurship 3. to widen access to lifelong learning, increasing the range of quality education and training provision available and participation rates	
No. of priorities	3 (plus TA)	
No. of measures	None.	
Priorities 1. 2. 3. 4.	Title Increasing the workforce Investing in the Workforce Improving access to life-long learning Technical assistance	(% of EU funding) 29 39 29 3
Funding • ERDF • National • Other • Total	(€ mill) 52.150 52.150 104.300	(% of total) 50 50 100
Managing Authority Certification Authority	Scottish Executive, through Enterprise and Lifelong Learning Division Scottish Executive, through Enterprise and Lifelong Learning Division	
Audit Authority	Scottish Executive, through Finance and Central Services Department	
Intermediate bodies	UHI (P3) Community Planning Partnerships (P1)	
Other management bodies e.g. secretariats	Intermediate Administration Body (IAB) is Highlands and Islands Structural Funds Partnership Ltd	
Management/implementation committees (other than the Monitoring Committee)	Advisory Groups (one for each priority)	
Managing Authority	Scottish Executive, through Enterprise and Lifelong Learning Division	

UK - Wales Convergence Programme ERDF (Draft December 2006)

Overall aim/mission	To make West Wales and the Valleys a vibrant, entrepreneurial region at the cutting edge of sustainable development.	
Strategic objectives	promote a high value-added economy by improving knowledge and innovation for growth by fostering Research and development, innovation and technology and its commercial exploitation and increasing access to and take of ICT; strengthen the economy by increasing the size and widening the range of the business stock and tackling market failures in relation to business advice, information and finance; Equip the region with the physical infrastructure necessary for the development of a modern and competitive economy; create an attractive business environment; build sustainable communities, and ensure the efficient and effective management of the Programme.	
No. of priorities	5 (plus TA)	
No. of measures	11 themes	
Priorities	Title	(% of EU funding)
1.	Building the knowledge based economy (ERDF)	€314m
2.	Improving business competitiveness (ERDF)	€193m
3.	Developing the strategic infrastructure for a modern economy (ERDF)	€331m
4.	Attractive sustainable business environment to invest (ERDF)	€230m
5.	Building sustainable communities (ERDF)	€158m
Funding • ERDF • National • Other • Total	(€ mill)	(% of total)
Managing Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Certification Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Audit Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Internal Audit Service (IAS). IAS is functionally independent of WEFO.	
Intermediate bodies	None.	
Other management bodies e.g. secretariats	Strategic Frameworks Coordinators develop the operational strategies delivering on the OP themes, which help guide the MA in the selection of projects. The Coordinators are based in WAG departments or Spatial Plan Area Groups (SPAGs). Dedicated Spatial European Teams (SETs) support the work of the SPAGs in coordinating those Strategic Frameworks which are spatially driven, and assist thematic Strategic Framework Coordinators with partnership engagement at local and sub-regional level.	
Management/implementation committees (other than the Monitoring Committee)	None.	

UK - Wales Convergence Programme ESF (Draft)

Overall aim/mission	To create a thriving, vibrant and competitive region that has a highly skilled, innovative workforce that can compete internationally	
Strategic objectives	To: increase employment and tackle economic inactivity; improve skill levels; and modernise and improve the quality of public services.	
No. of priorities	3 (plus TA)	
No. of measures	A number of 'themes' are outlined under each Priority	
Priorities	Title	(% of EU funding)
1	Increasing employment and tackling economic inactivity	
2	Improving skill levels and improving the adaptability of the	
3	Making the Connections – modernising and improving the quality of our public services	
4	Technical assistance	
Funding • ERDF • National • Other • Total	(€ mill)	(% of total)
Managing Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Certification Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Audit Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Internal Audit Service (IAS). IAS is functionally independent of WEFO.	
Intermediate bodies	None.	
Other management bodies e.g. secretariats	Strategic Frameworks Coordinators develop the operational strategies delivering on the OP themes, which help guide the MA in the selection of projects. The Coordinators are based in WAG departments or Spatial Plan Area Groups (SPAGs). Dedicated Spatial European Teams (SETs) support the work of the SPAGs in coordinating those Strategic Frameworks which are spatially driven, and assist thematic Strategic Framework Coordinators with partnership engagement at local and sub-regional level.	
Management/implementation committees (other than the Monitoring Committee)	None.	

UK - Wales Competitiveness Programme ERDF (Draft)

Overall aim/mission	To create a thriving, vibrant and competitive region that has a highly skilled, innovative workforce that can compete internationally	
Strategic objectives	To: (a) promote a high value-added economy by improving knowledge and innovation for growth; (b) promote business competitiveness and growth; (c) create the right environment for growth; and (d) encourage regeneration for growth.	
No. of priorities	4 (plus TA)	
No. of measures	None	
Priorities	Title	(% of EU funding)
1	Knowledge and innovation for growth	
2	Business competitiveness and growth	
3	Environment for growth	
4	Integrated regeneration for growth	
Funding • ERDF • National • Other • Total	(€ mill) 72.452	(% of total)
Managing Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Certification Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Audit Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Internal Audit Service (IAS). IAS is functionally independent of WEFO.	
Intermediate bodies	None.	
Other management bodies e.g. secretariats	Strategic Frameworks Coordinators develop the operational strategies delivering on the OP themes, which help guide the MA in the selection of projects. The Coordinators are based in WAG departments or Spatial Plan Area Groups (SPAGs). Dedicated Spatial European Teams (SETs) support the work of the SPAGs in coordinating those Strategic Frameworks which are spatially driven, and assist thematic Strategic Framework Coordinators with partnership engagement at local and sub-regional level.	
Management/implementation committees (other than the Monitoring Committee)	None.	

UK - Wales Competitiveness Programme ESF (Draft)

Overall aim/mission	"To make East Wales a thriving, vibrant, entrepreneurial region at the cutting edge of sustainable development".	
Strategic objectives	To: • increase employment and tackle economic inactivity • improve skill levels and improve the adaptability of the workforce	
No. of priorities	2 plus TA	
No. of measures	None	
Priorities	Title	(% of EU funding)
1.	Increasing employment and tackling economic inactivity	
2.	Improving skills levels and improving the adaptability of the workforce	
3.	Technical Assistance	
Funding	(€ mill)	(% of total)
• ERDF	63.597	
• National		
• Other		
• Total		
Managing Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Certification Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Welsh European Funding Office (WEFO).	
Audit Authority	National Assembly for Wales, acting through functions delegated to the Welsh Assembly Government (WAG), in turn delegated to the WAG division known as the Internal Audit Service (IAS). IAS is functionally independent of WEFO.	
Intermediate bodies	None.	
Other management bodies e.g. secretariats	Strategic Frameworks Coordinators develop the operational strategies delivering on the OP themes, which help guide the MA in the selection of projects. The Coordinators are based in WAG departments or Spatial Plan Area Groups (SPAGs). Dedicated Spatial European Teams (SETs) support the work of the SPAGs in coordinating those Strategic Frameworks which are spatially driven, and assist thematic Strategic Framework Coordinators with partnership engagement at local and sub-regional level.	
Management/implementation committees (other than the Monitoring Committee)	None.	

Improving the Quality of Structural Funds Programming through Exchange of Experience

IQ-Net is a network of Convergence and Regional Competitiveness programmes actively exchanging experience on practical programming issues. It involves twice-yearly meetings of members, and a programme of research and debate on topical themes relating to programme design, management and delivery. IQ-Net was established in 1996 and has successfully completed three periods of operation: 1996-99, 1999-2002 and 2002-07. A new phase will be launched on 1 July 2007 (Phase IV, 2007-10).

IQ-Net Meetings

Twenty-one partners meetings and a special 10th anniversary conference have been held in 11 years of operation of the Network, in nine European countries. Meetings are held at approximately six month intervals and are open to 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 with partners and non-partners alike (http://www.eprc.strath.ac.uk/iqnet). It comprises two sections.

Partner Intranet Pages are available exclusively to IQ-Net members. *Public Pages* of the IQ-Net website allow the download of IQ-Net Reports and bulletins, provide information on the network's activities and meetings, and have a news section on issues relevant to the Network. The partners section of the website offers exclusive services to members of the Network's, including: access to all materials prepared for the IQ-Net meetings; a constantly up-dated list of EU27 links (programmes, institutions, economics and statistics etc.); partners' contact details and others.

IQ-Net Reports

The IQ-Net reports provide the basis for discussion at each IQ-Net meeting, presenting 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, almost 30 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 has also been produced to review periodically the developments in the implementation of the Network's partner programmes.

IQ-Net Thematic Papers

- Turning ideas into action: the implementation of 2007-13 programmes
- The New Generation of Operational Programmes, 2007-2013
- National Strategic Reference Frameworks and OPs, 2007-2013
- 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. Twelve issues have been published to date over the period from 1996 to 2005 and a thirteenth issue will be printed in the summer of 2007. Bulletins have a standard format and contain summaries of the research undertaken and of the discussions occurred at IQ-Net meetings. The bulletins can be downloaded from the IQ-Net website (public pages), but are also printed and disseminated in hard copy to the IQ-Net mailing list.

Admission to the Network is open to national and regional managing authorities and programme secretariats. For further information or expressions of interest contact Professor John Bachtler (john.bachtler@strath.ac.uk) or Laura Polverari (laura.polverari@strath.ac.uk).