



**THE 2007-13 OPERATIONAL
PROGRAMMES: A PRELIMINARY
ASSESSMENT**

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John Bachtler, Martin Ferry,
Carlos Méndez and Irene McMaster



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European Policies Research Centre

University of Strathclyde
Graham Hills Building
40 George Street
Glasgow G1 1QE
United Kingdom

Tel: +44 (0) 141 548 3339

Fax: +44 (0) 141 548 4898

E-mail: john.bachtler@strath.ac.uk

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

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PREFACE

The research for this paper was undertaken in preparation for the 21st IQ-Net meeting which took place in Antwerp, Flanders, Belgium, from 15-17 January 2007. The paper has been written by Professor John Bachtler, Dr Martin Ferry, Carlos Méndez and Dr Irene McMaster.

This paper is the product of desk research and fieldwork visits among national and regional authorities in Member States (notably among partners in the IQ-Net Consortium) and in DG REGIO during autumn 2006. The field research team comprised:

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

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A current list of IQ-Net Partners and their relevant organisations is 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 Agency for Enterprise and Housing

Finland

- Western Finland Alliance
- Ministry of the Interior

France

- Délégation interministérielle à l'aménagement et à la compétitivité des territoires (DIACT)

Germany

- Ministry of Economics and Labour (EU Affairs Unit), Nordrhein Westfalen
- Ministry of Economics, Sachsen-Anhalt

Greece

- Ministry of Economy and Finance (General Secretariat for Investment and Development, through the CSF Management Organisation Unit)

Italy

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

Poland

- Śląskie Voivodeship (Marshal's Office)

Portugal

- Regional Ministry for Environment, Spatial Planning and Regional Development, Department of Regional Development

Spain

- Department of Economics and Finance (País Vasco)

Sweden

- County Administrative Board for Gävle
- County Administrative Board for Norrbotten

UK

- Government Office North East England
- Department for Communities and Local Government
- Strathclyde European Partnership Ltd
- Welsh European Funding Office

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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

INTRODUCTION

Over the latter half of 2006, the legal framework for the preparation and delivery of EU Cohesion policy programmes over the 2007-13 period was finalised. In the Member States, national and regional authorities have been finalising their National Strategic Reference Frameworks (NSRFs), drafting the Operational Programmes (OPs) and in some cases submitting both of these - at least in draft form - to the European Commission. On the basis of the information available in late autumn 2006, the aim of this paper is to undertake a preliminary assessment of the preparation and content of the OPs.

NATIONAL STRATEGIC REFERENCE FRAMEWORKS

The formulation of the NSRFs has progressed at differing speeds in different countries. The first Member States to formally submit their programming documents to the Commission were Austria and Latvia, followed by Malta, Hungary and Denmark. Most of the remaining Member States have completed the internal preparation process and anticipate formal submission by the end of December 2006. The key developments over the last six months in IQ-Net partner countries include the conclusion of formal consultations on NSRF drafts, the completion of Strategic Environmental Assessments and/or Ex-Ante Evaluations, the adoption of final decisions on the allocation of funding across Funds or OPs, particularly the regional distribution of funding, and parliamentary debate or committee scrutiny of the frameworks.

Member States are required to prepare their NSRFs in dialogue with the Commission. The dialogue process can be broken down into three chronological phases: a preparatory phase (prior to the submission of draft NSRF documents); an informal negotiating phase (once an NSRF draft is submitted); and the formal negotiations (after the final official NSRF submission).

The starting point for the preparatory phase can be traced back as far as the beginning of 2005. In the context of the development of the EU regulatory framework, the Commission held bilateral meetings with the Member States over the January-April 2005 period to discuss its proposals for the Community Strategic Guidelines (CSG). The meetings also provided an opportunity for an exchange of views on the targeting of EU priorities according to national and regional development needs in each Member State. The informal negotiation phase began with the submission of draft NSRFs by the Member States. Most of the official drafts were submitted during the first half of 2006, although some Member States had already submitted them by the end of 2005, and two Member States had yet to do so by mid-October 2006. The Commission's core objectives at this informal stage were to ensure that the Lisbon strategy was fully accounted for during the drafting process, particularly in terms of the consistency with the National Reform Programme, and that

appropriate attention was given to the Community Strategic Guidelines. It also sought to resolve key issues of concern before the formal NSRF submission.

The last stage of the dialogue between the Member States and the Commission is the formal negotiations. This begins once the final official NSRF has been electronically submitted through the so-called SFC2007 computerised data exchange system. The Commission has made detailed comments and observations on all aspects of the Member States' successive draft NSRFs. These have been transmitted through letters, position papers, regular informal contacts and bilateral meetings. The Commission's assessments have followed a standard structure covering: the preparation of the NSRF; analysis of the socio-economic situation; the strategy; operational programmes and financial tables; additionality and administrative efficiency; implementation; and an overall assessment.

THE PREPARATION OF THE OPERATIONAL PROGRAMMES

Current estimates suggest that the OPs will be finalised and agreed over the January-September 2007 period, with the majority decided before the end of June 2007. Among IQ-Net partner countries and regions, there is considerable variation in the timing and organisation of the OP development process. As a result, only a limited number of IQ-Net partners have entered into formal negotiations with the Commission, although informal dialogue is widespread.

The process of formulating OPs is generally complex and interactive involving a wide array of actors at different vertical and horizontal levels. The degree of influence and control exercised by national and regional authorities in the formulation of the OPs varies between, and within, countries. As with the development of the previous round of OPs and the current NSRFs, three organisational approaches to programme development can be identified: regionalised (with high regional autonomous policy development capacity in the formulation of OPs); regional drafting with central coordination (involving varying degrees of regional involvement, but with central coordination of the process); and a top-down model (with a far greater role for central government in both general coordination and the development of OPs).

The degree of interaction with the Commission on the OPs varies across countries, reflecting the differing levels of progress and approaches adopted for developing the programmes. Some IQ-Net partners have already had detailed discussions on the content of their OPs, and others have had ongoing informal contacts with the Commission on the future OPs. However, in the majority of IQ-Net partner countries/regions, the level of contact with the Commission has been very limited and general, or non-existent.

OVERVIEW OF THE NEW OPERATIONAL PROGRAMMES

In the EU10 (new Member States), OPs are being designed to facilitate the spending of a massive inflow of funds. Much of the funding is being allocated to national programmes for infrastructure, environmental improvement, human resources and business support. As elsewhere in the EU25, however, expenditure on innovation, research and development and ICT is expected to increase significantly over the 2007-13 programming period. Some of the

EU10 will be delivering substantial funding through regional OPs for the first time, notably Poland, Hungary, the Czech Republic and Slovakia. The smaller EU10 Member States face a particular challenge in preparing a larger number of OPs than in the past, when only a Single Programming Document had to be adopted. A number of countries also have to prepare Regional Competitiveness & Employment OPs for capital cities.

Italy, Greece, Portugal and Spain are all Member States receiving substantial funding under both the Convergence and Regional Competitiveness & Employment objectives and facing major challenges in dealing with the transition in eligibility affecting regions. The content of their OPs shows a marked shift towards Lisbon-type policy areas such as knowledge, science, technology and innovation. However, reflecting the continued need to address infrastructure deficits, investment in transport and other physical infrastructure and environmental improvement will continue to receive substantial allocations of funding. Further, the strategic approach to funding in these four countries is driven by the recognition that some challenges are national and nationwide and require strong central government intervention. Notwithstanding the continued need for national EU programmes, a feature of these four Member States is the reorganization of OPs. Another factor driving expenditure shifts is domestic policy.

In many other EU15 Member States, Cohesion policy funding is being derived mainly under the Regional Competitiveness & Employment objective. The OPs (as foreshadowed by the NSRFs) are characterized by several broad trends. First, the structure of some programmes is being rationalised. Several of the draft programmes have been drawn up with a simplified structure, often with only two priorities. Second, there is a strong focus on Lisbon objectives and interventions; indeed, in some cases the OPs have been designed around the main Lisbon priorities. Third, notwithstanding the overall Lisbon focus, there are clearly tensions between the growth-oriented requirements of the CSG and the traditional equity objective of some Structural Funds programmes. Fourth, in some programmes, resources are being targeted on 'strategic priorities'. Lastly, there is a stronger alignment of Structural Funds programmes with domestic regional policy goals and strategies, which themselves have become more focused on growth and competitiveness issues over the past decade.

THE INFLUENCE OF THE COMMUNITY STRATEGIC GUIDELINES

The evidence from the fieldwork is that the CSG have had a powerful influence on the format and content of some, though not all, programmes. First, with respect to earmarking, for many of the EU15 Member States receiving funding under the Regional Competitiveness & Employment objective, the obligation to earmark at least 75 percent of expenditure has not been a problem (several IQ-Net partner programmes will substantially exceed the target). For some programmes, the earmarking requirement involves a significant shift in expenditure priorities from the 2000-06 to the 2007-13 period. In many cases, trade-offs between Funds and expenditure categories have had to be made. For the new Member States, earmarking is not obligatory, but many of the EU10 countries (plus Bulgaria and Romania) anticipate voluntary compliance with the 60 percent target. Lastly, in many programme areas it is as yet unclear how the earmarking monitoring will be operationalised.

A second question is how the programmes have responded to the specific priorities set out in the CSG. The most obvious impact of the CSG is the importance accorded to innovation, knowledge and entrepreneurship in virtually all programmes. Innovation is universally represented among the main themes set out for the next period and, in the case of Regional Competitiveness strategies, innovation is generally the first priority. Insofar as the OP documents are a reliable guide to planned interventions, the programmes plan to provide support across the range of interventions anticipated by the CSG - better targeted RTD investment, support for innovation and entrepreneurship, access to finance, information society, and human capital - and broadly substantiate the Commission's assessment of the NSRFs. There are clearly differences in approach to innovation, notably between Convergence and Regional Competitiveness programmes, the latter placing more emphasis on 'softer' and systemic interventions.

There appears to be less consistency in the way that Member States are responding to the guideline relating to regional attractiveness. Several of the interventions under this heading were already an important feature of programmes, notably measures to strengthen the economic environment through investment in infrastructure and environmental improvement. In the NSRFs and draft OPs for 2007-13, the key distinction is between the Convergence or Phasing-out programmes, where investment in major and strategic infrastructure is still eligible and affordable, and the Regional Competitiveness programmes where this is largely ineligible and too costly for programme resources. In the latter case, there is a shift to transport investment in logistics hubs and platforms, travel centres, traffic management systems and transport chains. In the field of ICT, standard interventions are designed to improve broadband connectivity, improve the quality and reduce cost of connections and accessibility, as well as the use of electronic services (e-government, e-commerce, e-learning). Support is also planned to strengthen synergies between environmental protection and growth. A distinctive characteristic of some draft OPs is the greater emphasis placed on investment in environmental technologies and renewable energy sources.

Under the mono-Fund approach to programming for 2007-13, many IQ-Net partners - most of which are responsible for ERDF - are providing little direct support under the guideline to create more and better jobs. Where partners are responsible for ESF, the Convergence programmes are making (to varying degrees) major investment in educational, healthcare and cultural infrastructure, as well as interventions to promote the adaptability of workforce and businesses, investing in human capital, improving labour market opportunities, and integrating disadvantaged people. In a few of the RCE regions, support is being provided for counselling services for potential entrepreneurs and minor training and qualification measures.

With respect to the territorial dimension of programmes, the most wide-ranging responses feature in the larger programmes, particularly those receiving Convergence funding, where the new period will see a restructuring of the territorial basis for implementing some or all of the funding. At a different scale, several regions have structured their programmes to incorporate a territorial priority. Some programmes have also ring-fenced funding or specified expenditure targets for certain types of territories. Special support for urban areas is included in many programmes, notably interventions for community development;

there is also an explicit or implicit urban dimension to programme strategies for innovation, entrepreneurship and the knowledge economy. The support for urban areas is sometimes part of a broader strategic approach to territorial development. Some investment is also being made in territorial governance and capacity-building. While the focus on urban areas has been emphasised in the preparation of programme documents, other types of areas are also targeted - peripheral areas, islands and rural areas - and there are broader commitments to the reduction of regional disparities. Lastly, interregional cooperation will be strengthened by the Commission's plans to strengthen exchange of best practices in innovation and boost partnership among European regional and urban networks through the initiative *Regions for Economic Change*.

MANAGEMENT AND IMPLEMENTATION OF THE OPs

Member States are reviewing management and implementation systems in preparation for the new programming period, addressing their suitability in the new financial and regulatory environment and, in some cases, also taking into account changes in the domestic context. In most Member States, this process will produce some changes, in terms of formal management and implementation structures or the approach taken to different aspects of the implementation process. Regarding plans for implementation structures, Member States can be grouped under four categories. First, some Member States will retain current implementation structures based on centralised, regionalised or mixed central-regional approaches. Elsewhere, some responsibilities are moving from central to regional levels, for instance through the introduction of regional OPs or the increased involvement of sub-national tiers in the implementation of priorities or measures. In newer Member States, this is being driven by prospective increases in funding, the experience accumulated in the current programming period, and processes of domestic administrative reform. It should be noted that concerns over variation in administrative capacity and expertise at sub-national level mean that central implementation structures will continue to play dominant roles. The evolving thematic orientation of programmes, for instance towards more differentiated support to business, is prompting the regionalisation of some implementation responsibilities.

In some Member States, a rationalisation of implementation structures is underway. This may involve rationalisation at the central or regional level or some reorganisation of responsibilities between tiers. Rationalisation at the central level is taking place where the shortage of funding results in a reduced number of OPs and central or regional management and implementation bodies. However, the prospect of increased funding and expanding programmes is also necessitating coordination of ministries and departments. Rationalisation between regional and central levels is being driven by efforts to: align domestic and EU programmes; improve efficiency and flexibility in a context of reduced funding; and, improve coordination and harmonisation between different EU funds and programmes. Elsewhere, rationalisation involves a review of the range and/or functions of regional or sub-regional implementing bodies. This refers mainly to programmes under the Regional Competitiveness objective in a context of reduced funding and can involve a shift from 'differentiated' to 'subsumed' approaches.

Though still largely at the planning stage, more detail is emerging on how Member States will approach the implementation process in the new period. Arrangements for project generation and selection are seeking to concentrate funding on larger 'key' projects or integrated groups of smaller projects that could strengthen strategic impact. In several Member States, this will involve aligning projects with existing, selective domestic schemes. This is creating new demands for policy-makers and implies a close relationship between projects and implementing bodies.

The changing levels of funding available and shifts in eligibility criteria have prompted some (re)consideration of co-financing arrangements. A greater use of co-financing systems is as an option to secure better value for money, allow limited funds to be targeted on strategic priorities using existing delivery mechanisms and increase alignment with domestic strategies. Some programmes are reviewing co-financing arrangements as part of an effort to draw in more funding from other sources, notably the private sector.

Partnership remains a fundamental principle for programmes. However, changes to levels of funding available, new Commission guidelines, the territorial coverage and thematic focus of programmes and domestic administrative reforms are set to influence partnership arrangements in the new programmes. Where funding is declining, programmes are seeking more efficient ways to manage partner contributions and streamline structures. Partnerships can also play a part in maintaining the participation of sub-national actors while other aspects of the programming process are rationalised and/or centralised. Emerging challenges to partnership-working refer to coordination of different levels of public administration and to the incorporation of new partners from different sectors or territories.

Shifting levels of funds are having an impact on the anticipated range and number of beneficiaries. It may be unrealistic for some programmes to fund the range of organisations supported in the current period, prompting consideration of what support can be provided to organisations prevented from participating. Funding restrictions aside, the potential range of beneficiaries is being affected by: broadened territorial eligibility; the use of new instruments; the concentration on integrated, larger projects; and a strategic reorientation on 'stronger areas'. Some of these factors will require some rationalisation of the structure and number of beneficiaries.

THE 2007-13 OPERATIONAL PROGRAMMES: A PRELIMINARY ASSESSMENT

1. INTRODUCTION

Over the latter half of 2006, the legal framework for the preparation and delivery of EU Cohesion policy programmes over the 2007-13 period was finalised. The package of five regulations was approved by the Council on 11 July 2006,¹ following the European Parliament's approval a week earlier. Also in July, the Commission published its proposals for the Community Strategic Guidelines, subsequently approved by the Council on 6 October 2006.² A series of six decisions confirmed for each Member State the eligibility of their regions and the total and annual financial allocations for 2007-2013 at the beginning of August, while the final decision on the eligibility of regions and areas for funding from the ERDF under the cross-border and trans-national strands of the European territorial cooperation objective was adopted at the end of October.³ Lastly, the implementing regulation was adopted by the Commission on 8 December 2006, setting out detailed implementation rules for the general and ERDF regulations on a range of issues such as information and publicity, management and control systems, financial engineering instruments and eligibility of OPs for the European territorial cooperation objective.

In the Member States, national and regional authorities have been finalising their national Strategic Reference Frameworks (NSRFs), drafting the Operational Programmes (OPs) and in some cases submitting both of these - at least in draft form - to the European Commission. Through these documents, more detail is becoming available on the strategic choices being made by Member States for the use of Structural Funds in the 2007-13 period, although the requirement to produce only priority-level information in the OPs still makes it difficult to establish exactly how the funding will be spent.

On the basis of the information available in late autumn 2006, the aim of this paper is to undertake a preliminary assessment of the preparation and content of the OPs. The paper begins with an update on the finalisation of the NSRFs and the process of preparing the OPs. It then reviews the main features of the OPs under the Convergence and the Regional Competitiveness & Employment objectives, summarising the principal changes compared to the 2000-06 period. The paper also considers the influence of the Community Strategic

¹ Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999; Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999; Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC); 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; Council Regulation (EC) No 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94.

² Council Decision of 6 October 2006 on Community strategic guidelines on cohesion, 2006/702/EC, *Official Journal of the European Union* L 291/11, 21.10.2006

³ Commission Decision of 31 October 2006 drawing up the list of regions and areas eligible for funding from the European Regional Development Fund under the cross-border and transnational strands of the European territorial cooperation objective for the period 2007 to 2013, 2006/770/EC, *Official Journal of the European Union* L 312/47, 11.11.2006

Guidelines on the OPs with respect to their thematic and territorial dimensions. Lastly, it assesses how Member States foresee the management and implementation of the 2007-13 programmes, again highlighting the main differences with the previous period.

Two final points should be born in mind. First, the focus of the paper is predominantly on the IQ-Net partner countries and regions, although material relating to other countries is included where available from EPRC research. Second, the information for individual countries/regions varies according to the current state of programming, which limits the amount of comparative assessment that is possible.

2. NATIONAL STRATEGIC REFERENCE FRAMEWORKS

Previous IQ-Net papers have provided a detailed review of the NSRF development process in the Member States highlighting the varied approaches across the EU, which in turn reflected differing national institutional arrangements, previous Structural Funds programming practices, and the existence of national or regional strategies.⁴ This section provides an overview of Member States' experiences of dialogue with the European Commission in the development of the NSRFs, preceded by an update on the current state of play of the frameworks in IQ-Net partner countries.

2.1 NSRF progress update

As noted previously, the formulation of the NSRFs has progressed at differing speeds in different countries. While some Member States had already submitted draft documents to the Commission by the end of 2005 (Austria, Denmark, Slovakia), a number of Member States had yet to submit an official draft by the summer (Belgium, Greece, Cyprus, Ireland, Portugal and Spain). Since then, there has been significant progress in all Member States, with some having already formally submitted their NSRFs, and the vast majority of Member States being close to completion.

The first Member States to formally submit their programming documents to the Commission were Austria and Latvia (announced on 10 November 2006), both of which submitted their draft OPs at the same time (nine for Austria and two for Latvia).⁵ By 8 December 2006, the Commission had formally received official NSRFs from a further three Member States (Malta, Hungary and Denmark).⁶ Practically all other Member States have completed internal preparations and anticipate formal submission by the end of December 2006.

The key developments over the last six months in IQ-Net partner countries include the conclusion of formal consultations on NSRF drafts (e.g. Vlaanderen, UK), the completion of Strategic Environmental Assessments and/or Ex-Ante Evaluations (e.g. Poland), the adoption of final (often, intensely political) decisions on the allocation of funding across funds or OPs, particularly the regional distribution of funding (e.g. Belgium, Germany, Italy, Portugal, Spain and the UK) and parliamentary debate or committee scrutiny of the frameworks (e.g. Denmark, Poland, Portugal).

In some cases, national or local elections have interrupted the planning process (e.g. Italy, Slovakia, Sweden, Vlaanderen), while others have pointed to delays in the approval of the regulatory framework at the EU level as the cause for slippage in the planned timetable (e.g. Portugal); the deadline for formal NSRF submission is five months after the adoption

⁴ Polverari, L. *et al.* (2006) *Strategic Planning For Structural Funds In 2007-2013: A Review Of Strategies And Programmes* IQ-Net Thematic Paper No. 18(2), European Policies Research Centre, University of Strathclyde, Glasgow.

⁵ *New Cohesion policy on track to modernise European regions: Austria and Latvia are the first to send their plans to the Commission*, IP/06/1545, 10/11/2006

⁶ *Danuta Hübner presents implementing rules for Cohesion Policy 2007-2013 and asks Member States to push forward*, IP/06/1712, 08/12/2006

of the Community Strategic Guidelines (i.e. March 2007) which form the basis for the drafting of the programming documents. On the other hand, there may also be tactical dividends from not being within the first wave of Member State submissions, e.g. as suggested by the Secretary of State for Regional Development in Portugal, there may be an opportunity to learn from the experiences of others. The experience of negotiation with the Commission in the previous programming periods suggests that the first submissions serve as a testing ground to fine-tune the interpretation of the new regulatory principles. Nonetheless, all IQ-Net partner countries anticipate formal submission before the end of the year, as outlined in the review of recent developments in partner countries in Table 1.

2.2 Interactions with the Commission on the NSRF

2.2.1 *The process*

Member States are required to prepare their NSRFs in dialogue with the Commission. The dialogue process can be broken down into three chronological phases: a preparatory phase (prior to the submission of draft NSRF documents); an informal negotiating phase (once an NSRF draft is submitted); and formal negotiations (after official NSRF submission).

The starting point for the preparatory phase can be traced back as far as the beginning of 2005. In the context of the development of the EU regulatory framework, the Commission held bilateral meetings with the Member States over the January-April 2005 period in order to discuss its proposals for the Community Strategic Guidelines. This provided an opportunity for an exchange of views on the targeting of EU priorities according to national and regional development needs in each Member State. The future general plans for Cohesion policy in the Member States were also discussed throughout 2005 during monitoring committee meetings and annual meetings with the Commission. However, the first official round of formal bilateral meetings between the Commission and each Member State specifically dedicated to the NSRFs took place over the September-December 2005 period. The Commission's main intention at this stage was to gather information on the future plans and preparations in the Member States in order to facilitate the development of an initial Commission position and to provide a foundation for the more detailed discussions in 2006. The preparedness of the Member States varied at this stage, with a limited number of countries having reached a relatively advanced stage in the planning process.

The Commission's initial position on what each Member State's prospective NSRF should contain, in terms of strategic priorities and objectives, was outlined in a working paper by DG REGIO and DG EMPLOI submitted to each country between January and May 2006. DGs REGIO and EMPLOI also prepared an *aide-mémoire* in early 2006 to provide practical guidance to Commission desk-officers during the negotiations in order to "facilitate consistent implementation of the regulations" with a chapter specifically on the NSRF.⁷ The document was also supplied to the Member States "in the interests of transparency", as well as to ensure that the Member States were fully informed of the Commission's expectations regarding the strategic consistency of the NSRFs.

⁷ European Commission (2006) *Programming Period 2007-2013: Aide-Mémoire for the Desk Officers*.

The informal negotiation phase begins with the submission of draft NSRFs by the Member States. Most of the official drafts were sent to the Commission during the first half of 2006, although some Member States had submitted them by the end of 2005, and two Member States had yet to do so by mid-October 2006. Once a draft NSRF has been received, the Commission's internal decision-making procedure provides for the development of a position paper, prepared jointly between DG REGIO and DG EMPLOI. This assessment is then subject to an inter-service consultation with other relevant Directorates-General, complemented with comments from the 'Lisbon steering group' (including the specific country team).

Appraisals of draft NSRFs follow a standard structure, including a summary and Commission comments on: the preparation of the NSRF; the analysis of the socio-economic situation; the strategy; the OPs and financial tables; additionality and administrative efficiency; key elements of implementation; and an overall assessment. This is sent to the Member States as input to the drafting process, while ongoing discussions are held with the national authorities to clarify the Commission's appraisal and to provide input for a further Commission assessment on the basis of the latest available draft of the NSRF. If it is found that there are still missing elements, the Commission writes to the Member States to request the additional information before it adopts a final assessment.

The Commission's core objectives at this informal stage have been to ensure that the Lisbon strategy is fully accounted for during the drafting process, particularly in terms of the consistency with the National Reform Programme and that appropriate attention is given to the Community Strategic Guidelines. It also sought to resolve key issues of concern before the formal NSRF submission. However, the comments and observations made by the Commission do not pre-empt or restrict its formal appraisal of the NSRF once it has been officially submitted.

Table 1: State-of-play of NSRFs in IQ-Net partner countries

<p>Austria: The NSRF was approved on 28 September 2006 by the ÖROK, which brings together the main regional policy actors. Political approval was subsequently given on 27 October 2006. As noted, Austria was one of the first two Member States to formally submit its NSRF in November 2006.</p>
<p>Belgium (Vlaanderen): The NSRF draft was approved by the Flemish government in June 2006 and was then subject to a consultation process with key actors (notably, the Union of Flemish Provinces, the Union of Cities and Municipalities, the cities of Antwerp and Gent, the Flemish Environmental Council, the Socio-Economic Advisory Council and sub-regional socio-economic advisory committees). After a decision on budgetary allocation in October 2006, and following the Belgian municipal elections, the NSRF and OP are now in their final stages. The NSRF is planned to be approved by the Flemish government in December to allow for a Belgian submission by the end of the year.</p>
<p>Denmark: Since Spring 2006, the internal preparatory process on the Danish NSRF was completed, including consultations with regional and other partners, an <i>ex-ante</i> appraisal undertaken by consultants, and the political process within government and parliament. Formal submission of the NSRF and OPs was in November 2006.</p>
<p>Finland: The NSRF was finalised in a strategic working group which was also co-ordinating the preparations of the draft OPs. At the time of the fieldwork, the main outstanding issues related to the management system, which required approval of the new Structural Funds Act in Finland. The NSRF was submitted together with the OPs to the Government on 14 December 2006, but is still pending an approval, which is required before a formal submission to the Commission.</p>
<p>France: A final draft of the NSRF was submitted to the Commission on 31 October 2006. Formal submission is expected during December 2006.</p>
<p>Germany: During the late spring and summer of 2006 there were ongoing discussions with socio-economic partners at federal level (notably organisations representing local authorities, employers, trade unions, farmers, women's groups and environmental bodies). These made particular input into the horizontal themes of the environment, equal opportunities and sustainable urban development. The Federal and <i>Land</i> authorities reached agreement on the division of funds between OPs towards the end of September 2006 and issued a press release with the division of funds between OPs on 29 September 2006. Final submission is expected before the end of the year.</p>
<p>Greece: The last draft of the NSRF was finalised and submitted to the Commission on 25 October 2006. After further interaction with Commission services, formal submission is anticipated for mid December, along with as many OPs as possible.</p>
<p>Italy: A meeting was held on 9 November 2006 to seek feedback on the chapters on strategic priorities and implementation involving all regional governments, national Ministries and the main socio-economic partners (e.g. Confindustria, the association of Italian industrials; ANCI, the Association of Italian Municipalities; the main trade unions and other private sector interest groups). While the aim is to submit the NSRF by the end of the year, the achievement of this target will depend on the approval of the document by the 'Conference of the Presidents of the Regions.'</p>
<p>Poland: The NSRF was reviewed by the Ministry of Regional Development during the summer, based on comments on the previous draft from the Commission and further consultation with regional and sectoral partners. The current NSRF was adopted by the Council of Ministers on 1 August 2006. Details of the Strategic Environmental Assessment and <i>Ex-ante</i> Evaluation have been incorporated, and this draft is currently being put before parliament before it is submitted to the Commission.</p>
<p>Portugal: The Council of Ministers approved a deliberation on the core strategic directions for the NSRF and related budgetary allocations on 31 August 2006. Following consultations with key actors (e.g. central government ministries, regional actors, the social and economic council and the association of local authorities), a first draft was presented to the Commission in September 2006. It is anticipated that the Council of Ministers will approve a final version in mid-December and formal submission to take place before the end of the year, although the OPs are likely to be submitted in the New Year.</p>
<p>Spain: The distribution of financial allocations across regional programmes was formally announced to the regions at the end of May 2006. An unofficial draft of the NSRF was submitted to the Commission in July, followed by two official drafts in October and then November 2006, as the basis for discussions with the Commission. The formal submission is expected by the end of the year, while the OPs will follow in early 2007.</p>
<p>Sweden: The elections of September resulted in a change of government. Although the NSRF was principally approved prior to the elections, the new Government was keen to review the document and some changes are expected. The new government aims to have the NSRF and the OPs submitted at the same time during December.</p>
<p>United Kingdom: Public consultation on the UK's NSRF ran from February to May 2006. The Government response to the consultation and the final version of the NSRF itself were launched publicly in October 2006. Formal submission is expected in December 2006.</p>

The last stage of the process of dialogue between Member States and the Commission is the formal negotiations, which begin once the final official NSRF has been electronically submitted through the so-called SFC2007 computerised data exchange system. As noted, the deadline for submission is five months after the adoption of the Community Strategic Guidelines (i.e. March 2007), although five Member States had already submitted their frameworks by the first week of December 2006, and most others were planning to do so by the end of 2006. On receiving an official NSRF, the Commission undertakes an admissibility check to ensure compliance with the regulatory requirements. This covers the socio-economic situation, the strategy, earmarking, the implementing arrangements, the elements subject to a Commission decision, and, for Cohesion countries, the coordination arrangements between OPs, Funds, EIB interventions and other financial instruments. If the document is considered to be admissible, a quality check is undertaken to ensure that it follows a logical structure (e.g. with strategic priorities determined on the basis of a sound socio-economic analysis and followed through with a coherent and balanced choice of OPs). If this second check is passed, and within three months of receiving the formal submission, the Commission will proceed to take note of the strategy and the priority themes, along with a decision on the list of OPs, the corresponding indicative financial allocations by OP and year, and, for the Convergence Objective only, compliance with the additionality principle and actions for improving administrative efficiency. The Commission anticipates that most of the NSRFs will be decided before the end of March 2007.

2.2.2 Assessments of the informal discussions

IQ-Net partner assessments of the informal discussions have been mixed. Some have described the process as “laborious and political”, as in France, where the main concerns have been over the scale of Commission commentary and the level of additional detail required in the document which is felt could detract from the strategic nature of the exercise and politicise the process, particularly in the latter stages. This is especially so if the information requests require further consultation with the regions and/or introduce greater restrictions on their strategic and policy choices. Other partners have described the process as having been generally satisfactory so far (e.g. the UK, Vlaanderen), although they have not necessarily agreed with some of the Commission’s key observations.

Some countries have provided more positive overall assessments of the informal discussions. In Finland, it is generally felt that the Commission’s comments regarding focusing and strategic orientation have been beneficial as they have prompted review and further national discussion. As a result, more emphasis has been placed on the strategic direction, both at the national and regional levels. Furthermore, the discussions with the Commission have helped to resolve important issues such as questions concerning the management system. In Hungary, the exercise has been termed as “useful” by Commission officials, with both sides actively and freely engaging in the process. With respect to Slovenia, the Commission considers that many of their suggestions were taken on board and that the Member State has moved in the ‘right direction’, although the first draft proposals by the Slovenian authorities were also considered to be of high quality. In Poland, as a result of the main Commission observations, the latest version of the NSRF, published in August 2006, contains some changes, mostly clarifying linkages between the SWOT analysis and the main objectives and activities planned. In Vlaanderen, a significant amount of

additional detail, most of which had not been anticipated, was integrated into the NSRF as a result of discussions with the Commission.

Commission officials responsible for Spain have commented that the process was “highly cooperative” and that many of their suggestions have been incorporated into the two successive drafts. The Commission has expressed particular satisfaction with three important developments foreseen in the NSRF, which - although not necessarily driven by the Commission - are certainly welcomed. The first is the doubling of the financial allocation for innovation relative to the current period, mainly reflecting a domestic political priority in recent years. This represents the top end of the Commission’s initial negotiating position which recommended an allocation of between €6-8 billion. A second positive aspect, welcomed by the Commission services, is the decision to mainstream the Urban Community Initiative for cities on a nationwide basis, operating through a competitive tendering process. A third aspect supported by the Commission is the decision to set up five thematic networks for the exchange of good practice between the regions with national participation. The aim is to institutionalise an instrument that animates the strategic content of national and regional development policies in the areas of innovation, R&D, environment, urban policy and equal opportunities. Similarly, with regard to Portugal, the Commission has welcomed the inclusion in the NSRF draft of key issues that it had raised in its initial position paper, notably in terms of the focus on Lisbon, the importance of interventions targeting competitiveness, internationalisation and human resources, and the increased concentration and selectivity in the use of the Structural Funds.

Some partner countries needed to make only limited changes regarding their major strategic choices. For example, while some changes have been made on the socio-economic analysis in response to the Commission’s observations in Vlaanderen, the key aspects of policy content have not been altered. In Sweden, the Commission’s main observations regarding the justification for the changes to the number of OPs and the new management and implementation structure required very limited or no changes to be made as part of the dialogue. With regard to Hungary, Commission officials noted that there are always political “red lines” which are difficult to cross, but that this is part of the nature of any dialogue or negotiation. Similarly, in France, a number of formal requests made by the Commission were integrated into the NSRF by some redrafting and the provision of further detail in certain areas. However, a number of demands were also rejected (such as those regarding the quantification of objectives and the capping of expenditure).

2.2.3 Key NSRF discussion issues

Over the course of the last year the Commission has made very detailed comments and observations on all aspects of the Member States’ successive draft NSRFs. These have been transmitted through letters, position papers, regular informal contacts and bilateral meetings. As noted, the Commission’s assessments have followed a standard structure covering the preparation of the NSRF covering: analysis of the socio-economic situation; the strategy; Operational Programmes and financial tables; additionality and administrative efficiency; implementation; and an overall assessment.

In terms of *the preparation of the NSRF*, the Commission’s principal concern is to ensure that the partnership principle is fully respected. The main comments have been requests

for additional information on the responsibility and involvement of the different partners (France, Hungary), identification of which concrete partners were involved (Czech Republic), indications of the outcomes and feedback received from consultations (Slovenia), and how the partnership principle will be extended to the implementation phase (Estonia). In other cases, the Commission has expressed satisfaction with the significant level of detail that has been provided on the partnership process (Poland).

IQ-net partners have not reported any particular issues with the Commission over the NSRFs' *analysis of the socio-economic situation*. In Portugal, the analysis in the first NSRF draft is considered to be of good quality providing a sound basis for its inclusion in the final draft, although further comments were requested on the lessons learned in relation to the current round of interventions (as in Slovenia). Also in Slovenia, the Commission has requested a greater focus on areas where a Structural Funds' contribution can be made, and the need to disaggregate statistics by gender.

It appears that far more attention has been given to the *strategy* section of the NSRF in the dialogue with the Commission. The key issue has been to ensure consistency between the diagnosis, SWOT, challenges and description of objectives by improving the logic of the SWOT (e.g. ensuring consistency with revised versions of the socio-economic analysis in Estonia) or ensuring that it is more firmly grounded in the statistical analysis of global challenges (UK); proving further explanation or justification on the reasoning behind the choices of strategic actions (Greece); delineating more clearly the overarching regional policy strategy for the whole country (Germany, UK); clarifying the priorities and their link to the diagnosis section (Poland, France); and providing a clearer hierarchy of priorities linked to a more concrete definition of objectives and indicators (Vlaanderen).

Other key discussion issues have related to the clarity of the linkages between NSRF objectives and NRP measures (France, UK) and between the objectives of the NSRF and the Community Strategic Guidelines, as well as requesting further information on the quantification of objectives (Vlaanderen).

A further issue of debate in the dialogue with the Commission concerns *the structure of Operational Programmes and financial tables*. One of the main Commission requests has been to clarify the delimitation of the scope of interventions of different OPs and the elimination of overlaps between them, for instance seeking clearly articulated differences between national and regional OPs (Hungary), recommending a reduction in the number of OPs and the joining of priorities from separate OPs (e.g. R&D and business priorities together in Estonia), recommending the splitting of the national ESF into two OPs (Poland). For other countries, the Commission has expressed concerns over the number of OPs (Sweden, Slovakia).

The Commission has also sought clarification on the strategic articulation between different Funds (Finland, France), particularly activities funded under the ERDF and ESF (Finland, UK); greater precision in the interpretation of the cross-financing flexibility facility (Austria); raising the proportion of ESF allocations (Hungary); and ensuring allocations in line with the socio-economic analysis (Latvia);

In many cases, the Commission has been pushing for a clearer focus on regional development. Examples include: a stronger articulation between the priority axes of the regional development OP and clarification on how national OPs will contribute to regional development (Slovakia); recommendations on the split of resources between national and regional administrations for Convergence Objective OPs (Italy); a focus of urban interventions on fewer, larger cities (Latvia); more involvement of municipalities on a pilot/experimental basis (Estonia); and earmarking part of the funding for groupings of municipalities involved in Lisbon-oriented activities, in order to increase the discipline in local authorities' usage of Structural Funds (Slovenia).

With respect to types of expenditure, the Commission has argued for: caps on rail and urban development; a greater focus on public transport instead of roads (Latvia) or greater selectivity in the roads funded (Estonia); tightening the scope of funded activities in specific OPs (e.g. the heath OP in Slovakia); more strategic environmental infrastructure projects (e.g. by focussing on delivery at the local level and not just on the large primary-level networks in Portugal); a more forward-looking human resources policy (Slovenia); more support for building civil society through ESF (Estonia); and a greater emphasis on coordination between public, academic and business sectors in R&D (Portugal and Estonia). Information has also been requested on the integration of horizontal themes such as equal opportunities (e.g. Vlaanderen). Concerns have also been expressed over the level of Lisbon-oriented activities in the regional OPs and/or the excessive concentration of such activities in national OPs (Hungary, Spain). In more general terms, the Commission has been seeking more concrete information on the types of interventions and activities to be funded in most Member States (e.g. Finland, Vlaanderen, Greece, Portugal).

With respect to the financial tables, a general Commission request has been that the figures should be provided at current prices.

The issue of *additionality and administrative efficiency* has not been raised as a major concern by IQ-Net partners in their discussions with the Commission. A methodological issue that has arisen in Germany is how to make an adequate additionality comparison between the 2000-06 and 2007-13 periods given that the amount of EU receipts to the new *Länder* will fall in absolute terms in 2007-13. Similarly, in Latvia, there has been some discussion of additionality issues arising from a cut-back in funding for active labour market policies. With regard to administrative efficiency, specific comments raised include the need to address more fully capacity-building and partnership arrangements (Poland), and to provide evidence of managing the absorption capacity of structures, particularly at the sub-national level (Estonia).

Finally, discussions on the *implementation system* have centred on: clarifications to the rationale underpinning changes to the management system (e.g. Sweden); the need to provide greater operational detail of the changes; and to improve coordination at the implementation stage so that it is not too driven by ministerial sectoral interests (Estonia); and to allow flexibility in the reallocation of resources (Portugal).

3. THE PREPARATION OF OPERATIONAL PROGRAMMES

It is expected that 400 to 500 Operational Programmes will be approved for the 2007-13 period, covering 268 regions across the EU27. The Commission is required to adopt the OPs no later than four months after formal submission, and not before 1 January 2007. Current estimates suggest that the OPs will be finalised and agreed over the January-September 2007 period, with the majority decided before the end of June 2007.⁸ Among IQ-Net partner countries and regions, there is considerable variation in the timing and organisation of the OP development process. As a result, only a limited number of IQ-Net partners have entered into formal negotiations with the Commission, although informal dialogue is more widespread.

3.1 Timetables

The development of the OPs has progressed at different speeds across the Member States reflecting a range of EU and domestic institutional and policy factors. As already noted, the most advanced IQ-net partner countries are Austria and Denmark having already formally submitted all OPs alongside their respective NSRFs. In Austria, the preparations for the OPs had already begun in autumn 2004 and were finalised before the 2006 summer break, allowing for an early submission (including the OPs of the two IQ-Net partner regions Niederösterreich and Steiermark). Similarly, in Denmark, the internal process of OP preparations was completed over the summer-autumn period, including consultations with regional and other partners, an *ex-ante* appraisal undertaken by external consultants, and the political process with government and parliamentary committees. Formal submission of the documents was undertaken in late November 2006, in parallel with the NSRF, as both submissions are seen as being intimately linked.

In most other IQ-Net partner countries, the OPs have been drafted and, in some cases, opened for formal consultation (England, Scotland, Wales, Finland, Vlaanderen Portugal/Spain, for interregional cooperation only). At the time of writing, a number of these countries expected to be able to submit their OPs alongside the NSRF before the end of 2006. For example, in Finland, the OPs and the NSRF were submitted to the Government for approval on 14 December 2006, but are still pending an approval, which is required before their submission to the Commission. In Germany, it has also been planned to submit the OPs formally with the NSRF. With respect to the IQ-Net partners, Nordrhein-Westfalen has reached domestic agreement on the broad content of the OP in terms of priorities (including financial allocations), measures, spatial orientation and strategic focus, and anticipated submission before the end of 2006. In Sachsen-Anhalt, the authorities have also reached domestic agreement on the division of funding and have produced more-or-less final versions of the new ERDF and ESF programmes (i.e. apart from minor wording changes). The major outstanding issue is that the Strategic Environmental Assessment has not yet been fully completed.

⁸ Danuta Hübner presents implementing rules for Cohesion Policy 2007-2013 and asks Member States to push forward, IP/06/1712, 08/12/2006

In France, draft ERDF OPs were initially expected by the end of October 2006, while the national ESF OP was to follow in December. By the end of 2006, 14 regions will have completed consultation exercises on their ERDF regional programmes. The *ex-ante* evaluations have all begun and are proceeding well, with most regions having finished the diagnosis part and currently focussing on aspects of internal coherence. All eight ERDF-funded OPs in Sweden had been submitted to the central government by the end of October 2006. However, with the review of the new Government on the NSRF, there is a possibility that the OPs could be sent back to the regions for modification. In any case, the government expected to submit the OPs in December 2006 together with the finalised version of the NSRF.

In another group of countries and regions, the formal submission of OPs is planned for the first quarter of 2007 (e.g. Portugal, Spain, Vlaanderen, UK). In Vlaanderen, the ERDF and ESF budgetary allocations were not decided until mid-October 2006. While the content of the OPs was decided promptly afterwards, some issues on the organisational structure had still to be resolved at the time of the IQ-Net fieldwork. This has slightly delayed the consultation exercise. Informal draft OPs are likely to be submitted before the end of the year with formal submission following at the start of 2007. The first *ex-ante* and Strategic Environmental Assessment reports have been received, but further work was still required on the indicators and monitoring system. In Spain, the regional ERDF OPs were to be submitted to the national Ministry of Economy and Finance by mid-December 2006. The central government will integrate its own interventions into the programming documents before final submission with the national OPs in the New Year, following public consultations.

In Greece, it is likely that a number of OPs will be submitted in the first quarter of 2007, although those that are ready before the end of 2006 will be submitted alongside the NSRF. Progress with the Greek regional OPs varies, although the IQ-Net partner of Kentriki Makedonia was most advanced and anticipated an informal submission in November/December, followed by discussions with the Commission and final submission before the end of 2006. Progress in the development of the Italian OPs also varies significantly. At the time of the fieldwork, it was difficult to anticipate the timetable for submission for the OP LED, as uncertainty remained about the future content of the OP (for example on whether it will be a joint Competitiveness and Research OP, or whether there will be two separate OPs for these themes). For the ERDF OP of Lombardia, on the other hand, the planning is far more advanced.

In Poland, the October 2006 draft of the Śląskie regional OP was likely to be the final version. The *ex-ante* evaluation of the OP has been completed, and its conclusions will be incorporated before discussions with the central ministries. The programme was drafted in parallel to the *ex-ante* evaluation, and any final revisions will be minor. Currently, the plan is to make the formal submission at the end of January 2007. In Portugal, the OPs have been drafted in parallel with the NSRF, although they will not be submitted together as initially planned. While the plan was to formally submit the NSRF towards the end of December, it was expected that the OPs would not be sent until mid February (although no formal timetable has been set).

In the UK, the English OPs are at varying stages of preparedness. The South West and North West England OPs have just launched their consultation processes, and the majority of the rest will do so later in December. Under this timetable, it is likely that OPs will be submitted to the Commission in April/May 2007. The delay in deciding the financial allocations for Competitiveness regions has impacted on the initially planned submission timetable (March 2007). In Wales, WEFO are hoping to submit the Convergence Programme to the Commission in December 2006, while the Competitiveness Programme will not be submitted until March 2007 following public consultation.

Box 1: Launching OP consultations in the UK

In **NE England**, the draft OP was expected to be launched for consultation during late December, for a 12-week consultation process ending in late March 2007. It is not yet known to what extent the programme may need redrafting after the consultation, but any redrafting will also have implications for the *ex ante* evaluators and the Strategic Environmental Assessment. The current 'best guess' for a submission date to the Commission is April/May 2007, with approval hoped for in Autumn 2007.

In **Scotland**, consultation on the new programmes closes on 8 January 2007, and the Scottish Executive hopes to summarise the consultation responses and devise the government response, as well as to revise the OPs, by the end of January, to submit the programmes to the Commission by the end of February. Negotiations may be protracted, delaying the programme start. The Executive is planning to launch a round of 'shadow funding' for ESF, in effect making funding available before formal approval of the 2007-13 programme. Although the Executive is committed to making the first awards by Easter 2007, criteria for the shadow round cannot be announced until the consultation period for the new programmes is over.

In **Wales**, the Welsh Assembly Government launched the consultation on the Convergence programmes for West Wales and the Valleys on 28 July 2006. The 10-week consultation closed on 6 October 2006. WEFO were hoping to submit the Convergence Programme to the Commission in December, and then, depending on negotiations, are hoping to finalise the programme by March 2007. Public consultation on the Competitiveness Programme was launched on 1 December, to run for eight weeks until the end of January 2007 - with an aim of submitting it to the Commission by the 5 March deadline.

3.1.1 Organisation

The degree of influence and control exercised by national and regional authorities in the formulation of the OPs varies between and within countries. As with the development of the previous round of OPs and the current NSRFs, three organisational approaches to programme development can be identified: regionalised (with very high regional autonomous policy development capacity in the formulation of OPs); regional drafting with central coordination (involving varying degrees of regional involvement, but with central coordination of the process); and a top-down model (with a far greater role for central government in both general coordination and the development of OPs).

(i) *Regionalised*

In a number of partner countries, regional governments have a high degree of autonomy with respect to the development of their OPs, mainly reflecting the federal (Austria, Belgium and Germany), quasi-federal (Italy) or regionalised (Poland, Scotland and Wales in the UK or Açores and Madeira in Portugal) nature of the domestic institutional frameworks in these countries. In Germany, the current Managing Authority for Nordrhein-Westfalen (the unit in the *Land's* Ministry of Economics, SMEs and Energy) has led the process for its own OPs, supported by the current Technical Secretariat, with virtually no involvement from the federal level. In Sachsen-Anhalt, the process has been led by the *Land's* State Chancellery, although the current Managing Authority (a unit in the *Land's* Ministry of Finance) has been closely involved, particularly on the key operational aspects (e.g. relating to implementation, management, monitoring etc). Similarly, in Austria, the nine *Länder* have been responsible for the process of drafting the nine regional ERDF OPs with very limited federal-level influence on the process, although coordination between the *Länder* is pursued on a voluntary basis through existing coordination mechanisms (as is the case in Germany). Also reflecting its federal structure, the Flemish government's Ministry of Economy has led the OP development process independently of the Belgian government.

Other IQ-Net countries have regionalised institutional systems with variation in the level of autonomous policy-making across regions. The result in the UK is that Northern Ireland, Scotland Wales have been responsible for drafting their own respective OPs, while the English regions have been subject to a greater level of central government involvement in the process, in close cooperation with the regional Government Offices. A similar situation is evident in Portugal where, due to their devolved regional status, the two autonomous island regions of Madeira and Açores have complete autonomy in the development of their respective ERDF and ESF OPs. This contrasts with the relatively more centralised approach in mainland Portugal.

(ii) *Regional drafting with central coordination*

A more typical approach to OP development across the EU is to provide for regional input into the formulation of OPs, with central government playing the role of coordinator to ensure that an organised and structured approach is followed, with common minimum standards across the country. This approach is evident in both centralised countries (e.g. Denmark, Finland, France, Greece, Portugal's mainland, English regions) and regionalised countries (Spain, Italy under the Convergence Objective).

A good example of a pro-active approach to coordination is available in the UK, where the Department for Communities and Local Government has developed a work programme for OP development in the English regions, and also a number of thematic studies. It has also organised a Programme Implementation Group that includes all of the Government Offices (GOs) and around half of the Regional Development Agencies (RDAs). The Group has drawn up an OP Template, which is being taken forward by the Government Offices in discussion with their regional partners. Amongst other things, the template incorporates guidance on: the demarcation of ERDF/ESF funds and cross-financing; demarcation of ERDF/Agricultural funds; and earmarking guidance. The OPs are being prepared by the GOs in much closer cooperation with the RDAs, who are to take on a bigger role in managing and administering

the new Structural Funds programmes. For the ESF in England, the Department for Work and Pensions is coordinating the preparation of a national programme. The Department expects each region to produce a plan establishing a framework for regional investment priorities in the context of the national ESF programme. The plans, for which the Department for Work and Pensions has prepared a template, will be coordinated by the Regional Skills Partnerships.

The setting up of working groups to ensure a strong basis for regional input has also been the preferred organisational model in Finland. The Ministry of the Interior is currently co-ordinating the final preparations in co-operation with other ministries, Regional Councils and social partners through a strategic working group. The working group will also co-ordinate its work with the ESF, agricultural and fisheries funds. Similarly on the ESF side, the Ministry of Labour has been co-ordinating (in collaboration with other ministries and stakeholders) the final preparations of the national ESF-funded OP and the integration of the four regional chapters into the national OP. On 30 March 2006, the Ministry of Labour sent a guide to the programme areas for the planning of the new ESF regional chapters. The regional chapters were discussed at the Regional Management Committees and agreed at the Regional Councils before they were submitted to the Ministry of Labour at the end of September 2006.

Other IQ-Net partners have argued that the new NSRF requirement for 2007-13 inherently implies a more important coordinating function for the central government than has hitherto been the case (e.g. Germany). Similarly, in Greece, interviewees justified the lead role of the Ministry of Economics and Finance in coordinating the planning of the OPs in terms of the need to achieve a high degree of OP alignment and complementarity with the NSRF (also the case in Portugal), although the centralised nature of the Greek political system also, in large measure, explains the territorial division of Cohesion policy responsibilities in OP development. The so-called 'Programme Planning Teams of Ministries and Regions' constitute the key coordination mechanism between the national ministries and the Planning Unit and with the regions in the process of planning the NSRF and OPs. At the OP level, each programme has a "planning team", responsible for programme formulation. For example, the OP 'planning team' for the IQ-Net partner of Kentriki Makedonia comprises 19 members (11 from its managing authority, four from its Regional Body and four academic experts).

A similar organisational set-up can be seen in Portugal, where an NSRF Working Group leads the drafting of the NSRF, the coordination of the OP development process and the subsequent negotiation of all programming documents with the Commission. This small group comprises key public authorities involved in the programming of Cohesion policy, with representation from the Ministry of Finance, the Ministry of Environment, Spatial Planning and Regional Development and the Ministry of Labour and Social Solidarity, and with provisions for expert support if necessary. The group meets as and when necessary throughout the various planning stages and has close contact with all the government ministries and regional authorities involved in Cohesion policy programming and implementation. While the mainland regions have a significant level of autonomy in developing their own regional OPs, the national level plays an important role in coordinating their activities as well as framing the basic strategic direction of the OPs (e.g.

the Ministerial Dispatch of August 2006, declared that €2.3 billion of all regional OPs must target interventions under the competitiveness theme).

A last example is Spain, where the Ministry of Economy and Finance is responsible for coordinating the work programme for the development of all ERDF OPs. There is ongoing contact between the centre and regions with regular meetings held to facilitate the process of plan preparation and submission. For example, meetings were held at the beginning of 2006 to develop a standardised 'typology' of funded interventions for each Fund and Objective, as the basis for drafting the OPs and to provide a solid basis for monitoring and reporting at the implementation stage. Other coordinating activities include the commissioning of *ex-ante* evaluation guidance for the OPs to ensure a standardised approach and process. Apart from the central coordinating role of the Ministry of Economy and Finance, the regions have virtually full autonomy with regard to the preparation of their own components of the regional OPs, although, as in the past, the national government will continue to co-fund some of its own interventions within the regional OPs.

(iii) *Top-down*

The top-down model of OP development involves a far greater role for central government in both the general coordination and development of OPs, although this does not preclude some degree of sub-national involvement in the process. In Denmark, for instance, the national level took the lead in both the NSRF and OP development process, primarily through the National Agency of Enterprise and Construction in Silkeborg which now contains the newly-formed Centre for Regional Development responsible for both national and European initiatives in regional development. However, the regional level has been consulted through meetings and circulation of draft versions of the documents, as have other relevant central government bodies.

The top-down characterisation is also applicable to countries which are developing national multi-regional OPs, where the central government generally takes the lead on OP development. Illustrative examples in relation to the ERDF can be found in Italy (e.g. the OP LED IQ-Net partner) Portugal (the new OPs for Competitiveness and Territorial Improvement) and Spain (two new ERDF OPs for the Knowledge Society and the Technology Fund for businesses).

In most countries, the national role under the ESF tends to be even stronger, with a number of countries expecting greater centralisation of the process in the 2007-13 period. In France, for instance, the regional ESF sections are written by the ministerial services for training and employment in the regions, with the exception of the overseas departments. The process is described as being strongly steered from the national level through the definition of mandatory and optional measures as well as beneficiary types (large intermediary bodies). There is felt to be little leverage room at the regional level. Additionally, the consultation phases tend to be more restricted while the evaluation will be carried out at the national level.

3.1.2 Partnership

The process of formulating OPs is generally complex and interactive, involving a wide variety of actors at different vertical and horizontal levels. Partnership models can vary between a targeted technocratic approach involving key partners at different stages of the process, to more extensive and inclusive approaches.⁹ Across IQ-Net partners, differences can be observed in the operationalisation of the partnership principle in the development of the OPs, notably in terms: of the number of rounds and extensiveness of public consultations; the involvement of experts; the alignment with parallel domestic strategy partnerships; and the use of working groups.

(i) *Extensive consultation*

Both of the German IQ-Net partners (Nordrhein-Westfalen and Sachsen-Anhalt) have led extensive and inclusive consultations, engaging a wide range of actors in the development of their OPs throughout the course of 2006 (e.g. with representatives of local authorities, business organisations, trade unions, environmental groups, women's groups etc). Of particular importance have been actors at *Land* level, notably the other *Land* ministries (and ministers), but also the *Land* parliaments. The very large number of ministries, departments and organisations involved in implementing the OPs is also perceived to create challenges, not least in terms of reaching agreement on politically sensitive issues such as the division of funding (Sachsen-Anhalt).

Another example of extensive consultation involving a wide number of actors from regional and local levels is Sweden. Selected County Administrative Boards (CABs) in the programme area were appointed as secretariats for the work, and were advised to work in partnership with county councils, the association of local and regional authorities, universities, the Sami parliament (e.g. in the case of the partner OP Övre Norrland in northern Sweden), county labour boards and with other relevant authorities and organisations. The different draft versions of the OP have also been available on the website of the County Administration Board, providing an opportunity for public feedback.

(ii) *Seeking partner feedback on OP drafts*

The organisation of periodic meetings or workshops is a commonly used method to engage partners in the process of plan formulation and to keep them updated on progress. For instance, in Lombardia, the preparation of the future Structural Funds programmes involved periodic consultations with the local socio-economic and institutional partners, through various meetings on specific topics (see Table 2).

⁹ Polverari L, McMaster I and Gross F (2005) *A Strategic Approach to Cohesion: Developing 2007-13 Strategies*, IQ-Net Thematic Paper, 17(2), European Policies Research Centre, Glasgow.

Table 2: OP Lombardia Consultations

Date	Actors involved	Topic/s
12-13 July 2006	Regional Enlarged System	Simplification of community programming
20 September 2006	Institutional partners and <i>Sportello Donna</i> (women's office)	Illustration of the changes in the 2007-13 programming
6 October 2006	DG Environment, Institutional Partners, Partnership	Presentation of the scoping document for the Strategic Environmental Assessment and request for comments
10 October 2006	Region Lombardia, Conference of the Local Authorities (<i>Conferenza delle autonomie</i>)	Illustration of the fiche on Community programming 2007-13
17 October 2006	Region Lombardia, Pact for Development	Illustration of the financial allocations
26 October 2006	Giunta for Community Affairs	Presentation for approval of the strategic guidelines of the ERDF ROP 2007-13
31 October 2006	Region Lombardia, Pact for Development, Conference of the Local Authorities (<i>Conferenza delle autonomie</i>)	Presentation of the strategic guidelines of the ERDF ROP 2007-13

The UK has adopted different approaches to consultation. The North-East England wrote the programme first (supported by an external consultant), and then consulted on it (different to some other English regions). The process has been managed by the Government Office and the RDA on a daily basis, with periodic reporting to the 'Project Board' - an extended version of the existing Strategic Programme Management Group - which is made up of 12 programme partners. The Project Board is supplemented by representatives from the private, voluntary and environmental sector. In Scotland, the new OPs (which were predominantly drafted by the Scottish Executive) have been informed by: partner comments at stakeholder events in December 2005/January 2006; responses to the national NSRF consultation; a report by the Scottish Parliament's European & External Relations Committee and evidence submitted as part of the Committee's enquiry; bilateral meetings between ministers and key partners; workshops held on equal opportunities and environmental sustainability in April/May 2006, and equal opportunities and racial impact assessments carried out; a consultant's report on the future delivery of Structural Funds in Scotland; and an iterative *ex ante* evaluation process.

(iii) *External consultants*

A number of regions have contracted external consultants to support the drafting of the regional programmes (e.g. Niederösterreich, Steiermark, País Vasco). Although this may be considered to be inimical to a broad-based partnership approach, consultants may also be charged with engaging partners in the process, e.g. by organising workshops and focus groups which can benefit immensely from the utilisation of trained specialists with facilitation skills. In the above examples, the input of the consultants, who had been responsible for the Mid-term Evaluations and respective updates, was seen as particularly useful because of their solid grasp of the current programme and its shortcomings. A lack of time and human resources provides another explanation for seeking external support for OP preparation (e.g. various regions in Spain and the UK).

(iv) Rolling over domestic strategy partnerships

An increasing trend towards more closely aligned domestic and EU regional policy strategies in a number of countries has meant that existing partnership arrangements can easily be transferred to the parallel EU strategy development process. A good example is available in Sweden where the domestic Regional Development Programmes were used as a starting point for developing the OPs. In both IQ-Net partner programmes - Norra Mellansverige and Övre Norrland - the partnerships used for the Regional Growth Programmes, were also used for the Structural Fund OPs in order to anchor the two programmes closer together (as closer co-ordination of national and EU policy is pursued). The partnerships included representatives from public and private sectors, NGOs and industry and labour organisations.

(v) Working Groups

Some IQ-Net partners have set up working groups to provide a mechanism for ongoing and targeted partner input. A good example can be found in Wales, where WEFO worked with a Post-2006 External Stakeholders Group and five expert 'work-streams' to develop the new programmes. The External Stakeholders Group, which met quarterly, was intended to operate as a sounding board for the development of the new programmes, providing a strategic oversight to the work-stream groups which drove the preparations. Membership is at senior official level and it is chaired by the Director of Economic Development and Transport. The work-stream groups comprise a range of experts from policy divisions and external organisations (including nominations from external stakeholders) and cover five main areas: Operational Programmes; Territorial Cooperation Programme; Programme Management; Governance and Compliance; and Evaluation and Reporting.

(vi) Joint working groups with bordering areas

In some regions, the spatial coverage of the current programmes are being expanded in 2007-13 (e.g. Greece, Scotland, Sweden, Vlaanderen) necessitating cooperation between neighbouring institutional actors responsible for the joint development of OPs in the new expanded programming area. For example, in Greece, the future reduction in the number of designated regions and related regional OPs (from 13 in 2000-06 to five in 2007-13) has led to the creation of an informal body to coordinate the work of the administrative regions which are part of the new larger regional programme area. In the case of Kentriki Makedonia, the new programme area has been extended to incorporate Anatoliki Makedonia-Thraki and Dytiki Makedonia (known as the Makedonia-Thraki program). The three 'coordinators' of the Program Planning Teams are jointly responsible for development of the program, with ongoing and regular communication and discussion with the national Ministry of Economy and Finance. In the partner region of Övre Norrland (formerly Objective 1 Norra Norrland), the County Administration Board of Norrbotten was appointed to be responsible for co-ordinating the preparation of the ERDF OP. The OP has been developed in close co-operation with the county of Västerbotten (the other county in the programme area) through joint writing groups established in different parts of the programme area.

Box 2: The working group of the West Finland Alliance

In Finland, the responsibility for the programme work (based on a decision of the Regional Councils) of the partner programme of Länsi-Suomi (Western Finland) was given to the Regional Council of Pirkanmaa. The programme work was directed by the structural policy working group of the West Finland Alliance. Since autumn 2005, this working group included representatives from the Regional Councils, T&E (Employment and Economic Development) Centres, environmental administration and the state provincial office in Länsi-Suomi. Since Spring 2006, the group included representation from the major urban regions and the responsible representatives of the Länsi-Suomi's regional chapter of the ESF programme. The working group met regularly on a monthly basis with its members and different representatives contributing to the content and to the background material on a regular basis. The preparation of Priority 4 (Development of the major urban regions) was done in collaboration between the cities of Tampere and Vaasa. The process took into consideration the development strategies of the two cities and the European Commission's communication on 'Cohesion policy and cities: the urban contribution to growth and jobs in the regions'. Draft versions of the Länsi-Suomi OP were also available for public consultation on the websites of the Regional Councils and the Western Finland Alliance. The public consultation was widely advertised in all the official newsletters of the Regional Councils. The submitted programme draft and the Strategic Environmental Assessment were publicly available between 18 October and 16 November 2006.

3.2 Interaction with the Commission

The degree of interaction with the Commission on the OPs varies across countries, reflecting the differing levels of progress and approaches adopted for developing the programmes. Some IQ-net partners have already had detailed discussions on the content of their OPs. In Austria, representatives of Niederösterreich presented a first draft to the Commission on 10 March 2006, while the first official negotiations of their OP (which was submitted at the end of October 2006) were held on 4 December 2006. Formal Commission feedback on the OP was received on 7 December 2006. In Steiermark, a first draft of the OP was discussed with the Commission in September.

In a number of other IQ-net countries there have been ongoing informal contacts with the Commission on the future OPs. For instance, in Wales, WEFO have met with the Commission three times so far, to comment on the consultation document for the Convergence Programme. There have also been several meetings on the content of the programme. A further meeting is planned on implementation (there has not been much discussion of the Competitiveness Programme as yet). In North East England, discussions with the Commission so far have been informal (July 2006) as the OP is not yet ready for consultation. Similarly, in Sachsen-Anhalt, there have been two informal meetings with the Commission for the ERDF OP and two informal meetings for the ESF OP.

In the majority of IQ-Net partner countries the level of contact with the Commission has been very limited and general, or non-existent. For example, at the time of the fieldwork,

the programme manager for the País Vasco had not yet had any detailed discussion with the Commission on the content of the future OP, although a copy of the Regional Strategic Reference Framework (the Basque input into the NSRF) had been supplied to the Commission in 2005. In general terms, the focus of the Commission dialogue with Spanish authorities has been mainly on the NSRF. From the Commission's perspective, the aim is to ensure that there is a good NSRF first and not to rush the OPs, in order to provide a sound basis for subsequent OP negotiations, rather than doing both in parallel. On other hand, two regions (out of a total of 17, plus the two cities of Ceuta and Melilla) have sought a dialogue with the Commission and have supplied them with draft OPs. In the case of Sweden, the regions have not held direct discussions with the Commission, as all correspondence has been done through the Ministry of Industry, Employment and Communications. The Ministry on the other hand has not yet provided draft OPs to the Commission, nor held direct discussions regarding any aspect of the OPs. Some regions have raised issues with the central level so that further guidance could be received from the Commission, for instance in the case of Norra Mellansverige further information was requested on the JEREMIE instrument, although no feedback has yet been received.

3.2.1 Negotiation issues

The Commission has recommended that the OPs follow a clear logic including sections on analysis, strategy, priority axes, implementing provisions and financial provisions. Having said this, there is no legal requirement to follow the suggested template.¹⁰

In general terms, there have been no major issues with regards to the analysis of the OPs. The only notable comment in the case of Niederösterreich was the need for a more concise analytical section (e.g. reducing the section on transport infrastructure).

With regard to strategies, the key issue of concern from the Commission perspective is to ensure a clear strategic focus (Niederösterreich, Wales), with strong consistency between OP objectives and the NSRF, National Reform Programme and Community Strategic Guidelines. Specific comments by the Commission include the request for improvements to the programme's logical ordering, involving some re-ordering of the programme sections (Finland); improved connections between the analytical and strategic components and a more explicit account of the programme's internal and external coherence (Niederösterreich). The Commission has also sought explanations why certain *ex-ante* evaluation recommendations have not been addressed (Niederösterreich).

Most of the Commission's observations raised by the IQ-Net partners concerned the OP section on priority axes. Discussions have centred on the need to increase the focus and strategic direction of priorities. Although measure-level detail is not required in the new period, the Commission is still seeking more concrete information on the types of interventions foreseen and clearer targets (Finland), disappointing some programming authorities that have been seeking more flexible programme documents which would allow

¹⁰ European Commission (2006) *Programming Period 2007-2013: Aide-Mémoire for the Desk Officers*, p41

them more freedom during implementation. Issues have arisen over the flexibility facility and the measures which can be considered for cross-financing (Niederösterreich).

The Commission has expressed concerns over the percentage of funding allocated to specific types of expenditure, e.g. tourism (Niederösterreich) and infrastructure (Sachsen-Anhalt, Wales). With regard to interventions in the field of entrepreneurship, the Commission has been critical of 'traditional' direct business aids (Denmark) and the balance between resources for "investment in firms directly linked to research and innovation" (classified under Code 7) and "other investment in firms" (Code 8), with the Commission favouring a greater focus on the former (Niederösterreich). A more restrictive definition of innovation is also being sought (Niederösterreich).

Another issue of concern for the Commission has been the way in which territorial needs are being tackled, e.g. with regard to peripheral areas (Denmark), towns (Sachsen-Anhalt) or the appropriate NUTS level of spatial focus (Finland). In Niederösterreich, the Commission has emphasised the need for a greater focus on border regions, urban development and urban-hinterland cooperation, while in North East England, the Commission is disappointed that there is no longer a specific urban priority, as in the past, although this has been justified through research by the region.

In terms of the core strategic indicators, the Commission has requested a clearer separation between types of indicators (Niederösterreich) or, in the case of Finland, the inclusion of missing indicators, although their absence merely reflected the early stage of OP development and not difficulties of conception. In Denmark, a minor concern has related to the hierarchy of indicators used to describe the expected input of the ERDF programme, possibly because the focus on growth drivers rather than growth *per se* (in jobs etc.) deviates from well-established concerns within DG REGIO.

In some cases the Commission has been arguing for an increase in the number of priorities in a bid to enhance their strategic coherence (Niederösterreich, Steiermark), e.g. by splitting innovation and R&D (UK). There are, however, concerns that the underlying motivation is to retain control over the financial tables. In the case of Denmark, a major issue raised by the Commission has been the single-priority nature of the proposed ERDF programme. The Danish approach to the next round of Structural Funds programming has, however, been based on the Business Development Act of June 2005 which structures efforts around the four OECD growth drivers. As the programme proposal is built around the three ERDF relevant ones - Innovation, Entrepreneurialism and New Technology - the concerns of the Commission have been met by introducing indicative minimum shares of expenditure relating to the three drivers (30, 20, and 20 per cent respectively). An internal restructuring of priorities has also been sought, e.g. by shifting tourism actions/measures to other priorities in the absence of a more innovative character (Steiermark). In the case of Aquitaine, the proposed two priority structure of the regional OP is being increased to four at the behest of DG REGIO.

With respect to the section on implementing provisions, no major concerns have been noted by IQ-Net partners. In the case of Niederösterreich, the Commission has opposed the basic financing of regional managements, and has argued for the need to set pre-

determined performance agreements. As yet no comments have been raised on financial provisions, the final recommended section of the OP.

4. OVERVIEW OF THE NEW OPERATIONAL PROGRAMMES

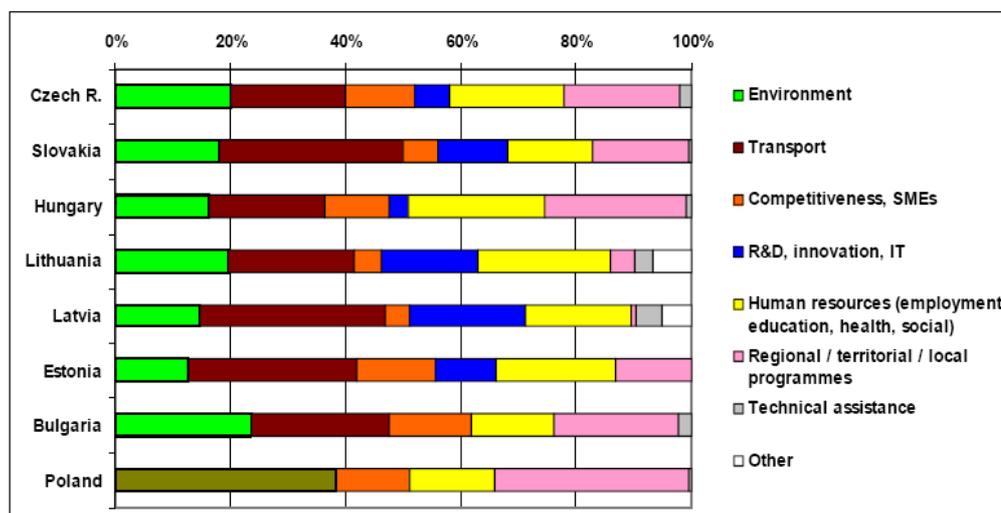
As noted above, the preparation of the OPs is still ongoing. While some Member States already have draft programmes which have been sent to the Commission, in other countries the number and content of the OPs still has to be decided. The development of new OPs also varies greatly among the Member States, reflecting eligibility for Structural Funds under each of the objectives, the scale of resources and national institutional and policy factors.

In this context, the following section provides a preliminary overview, based on IQ-Net research, of the main features of the OPs. It divides the Member States into three broad groups, beginning with the new Member States, then discussing Italy, Greece, Portugal and Spain, and lastly the remaining EU15 countries. In each case, the discussion begins by summarising the main programming challenges, followed by a series of national examples drawn mainly from IQ-Net partner countries and regions. A particular focus throughout is on the changes expected relative to the 2000-06 (2004-06) period.

4.1 EU10 Member States (with mainly Convergence OPs)

In the EU10 (new Member States), OPs are being designed to facilitate the spending of a massive inflow of funds. Much of the funding is being allocated to national programmes for infrastructure, environmental improvement, human resources and business support (see Figure 1). The largest will be the Polish Infrastructure and Environment OP, which is being allocated some €21 billion, accounting for over one-third of the total Polish Structural Funds budget. In the Czech Republic, the OPs for Infrastructure and Environment have combined Structural Funds allocations of almost €11 billion. The scale of these resources is presenting major challenges of administrative capacity for the government ministries, state agencies and other organisations involved as intermediate bodies and implementing bodies.

Figure 1: Overall comparison of preliminary allocations for 2007-2013 (ERDF, ESF and CF)



Source: Bankwatch, Allocations for 2007-2013: Preliminary breakdown of EU funds planned in Central and East European countries, <http://www.bankwatch.org/billions/Allocations_in_CEE.pdf> 2006.

Some of the EU10 will also be delivering substantial funding through regional OPs for the first time, e.g. the Czech Republic, Hungary and Poland. In the 2004-06 period, there were no region-specific programmes, with regional development interventions being delivered through (mainly centrally-managed) joint or integrated regional OPs. By contrast, in the 2007-13 period, several Member States will be implementing a proportion of Cohesion policy funding through regionalised programmes, accounting for: 30 percent of funding in Poland (one OP for each of the 16 *voivodeships*), supplemented by a special programme for the five eastern Polish regions; 24 percent in Hungary (eight regional OPs); and 13 percent in the Czech Republic (eight Cohesion region OPs).

The objectives of these programmes often have an ambitious and complex mix of economic and institutional goals designed to promote regional transformation, as the example of Śląskie in Poland illustrates (see Box 3 below). Again, the increase in funding is significant. The Polish regional OPs have an allocation of c.€16 billion for 2007-13 compared to €2.8 billion under the Integrated OP for 2004-06. The Czech Regional OPs are expected to receive an allocation of 13.25 per cent of the total allocation of Structural Funds for the country's Convergence regions. In theory, the strategic content of the regional OPs is informed by the specific development concerns of each region, but in a number of cases distinguishing the programmes and ensuring coherence and compatibility with the sectoral OPs has proved challenging. Work on refining and integrating regional OP strategies is ongoing, in order to root the programme in the development needs of the programme area, avoid fragmentation of effort, maximise the programme impact and reduce the risk of overlap between national and regional OP interventions.

Box 3: Objectives of the Śląskie Regional Operational Programme, 2007-13

- to serve as the 'Śląskie version of the Lisbon strategy';
- to provide the basic conceptual framework for modernising the Silesian economy, implemented under the conditions of EU membership;
- to act as a basis for negotiating with the Commission on Structural Funds;
- to be a means of confirming the leading role of regional self-government in terms of programming and stimulating regional development, through: strengthening the position of the Marshal (representative of elected self-government), clarifying the division of responsibilities between regional government bodies, limiting the competences of the *voivod* (regional governor appointed by central government) and creating a regional civil service corps;
- to mobilise domestic human and social capital for development.

In the larger programmes, major projects have been identified to be financed by the Cohesion Fund and ERDF. These are generally schemes for road and rail construction and modernisation, airport development or reconstruction, river navigation, water treatment plants, sewage and water supply systems, and the construction of reservoirs and flood protection infrastructure. The selection of these projects has sometimes been contentious: in Poland, the central government has required the regions to submit a list of 'key projects'

that will be included in the regional OPs but without permitting the regions to replace any rejected projects.

The smaller EU 10 Member States face a particular challenge in preparing a larger number of OPs than in the past, when only a Single Programming Document had to be adopted. For 2007-13, the Estonian NSRF strategy and priorities are developed through four OPs: Development of the Living Environment; Human Resource Development; Development of Educational, Research and Development and Health Infrastructure; and Development of Enterprise, Information Society Transportation and Energy Infrastructure. Latvia and Slovenia have both adopted three OPs. The particular challenge here is how to reflect the wide range of development needs in these countries in a 'manageable' number of OPs, without the programmes becoming overly complex and incoherent.

A number of EU 10 countries also have to prepare Regional Competitiveness & Employment OPs. The Prague and Bratislava regions can build on their experience of Objective 2 funding for the 2004-06 period. The Közép-Magyarország region of Hungary, which includes Budapest, has 'phasing-in' status. These Competitiveness Region's OPs are particularly encouraged to focus on 'core Lisbon' activities, such as innovation, research and development and human capital. Urban development is also a core theme for these programmes, as they cover capital city regions.

As is the case throughout the EU25, expenditure on innovation, research and development and ICT is expected to increase in the EU10 over the 2007-13 programming period. Total R&D intensity in the EU10 is generally low - in particular, the share of R&D funded by business. However, the EU10 countries are demonstrating a strong capacity for 'catch-up', particularly in the capital city regions. New OPs for research and development are expected to capitalise and build on this resource. For instance, OPs for research and education and research and innovation are planned in the Czech Republic. In other EU10 countries, innovation is a core priority under OPs aimed at promoting economic growth, e.g. in Latvia, Lithuania and Estonia.

These trends are illustrated in the following summaries of the OP position in Poland, Hungary, the Czech Republic, Slovakia, Latvia and Slovenia.

Poland: For 2007-13, Poland has been allocated Structural Funds and Cohesion Funding amounting to €59.656 billion. These resources will be disbursed through five thematic OPs and 16 regional OPs. The thematic OPs represent substantial concentrations of funding in key sectors, including infrastructure, environment and the development of human capital. A notable exception is the multi-sectoral Development of Eastern Regions OP. This programme aims to address the specific development needs of the underdeveloped east of the country, which includes five of the poorest regions in the EU, with GDP per inhabitant less than 40 percent of the EU average. This programme faces the particular challenge of 'distinguishing itself' from the relevant regional OPs that are being developed in each of the country's 16 NUTS II regions.

- The regional OP in Śląskie will be a crucial part of a complex programme of institutional change designed to renew the regional economy. The proportion allocated for infrastructure in the regional OP should be slightly less than was

received in the 2004-06 period and the share for human resources and enterprise support should increase slightly. As part of an expanding regional OP portfolio, there will be increased scope to develop flexible and tailored instruments in various policy fields, including: research and development, entrepreneurship and innovation, the development of metropolitan centres development, housing and tourism.

Hungary: At the time of writing, Hungary is expected to submit 15 programmes (eight sectoral OPs and seven regional OPs). During the programme preparation period, the Hungarian Government's position has changed on whether or not to develop separate regional OPs. Regional OPs have now been developed in line with key national development priorities. However, it is noted that there may still be some difficulties with overlaps between the activities planned under regional and national OPs. The types of themes highlighted in early versions of the draft regional OPs include tourism, regional infrastructure and settlements, human and community infrastructure, efficient and effective regional services and integrated regional development activities. Seven regional growth poles have been identified and are expected to be the focus of a range of 'competitiveness/Lisbon'-oriented interventions, as they have concentrations of higher education establishments, research capacity and human resources.

Czech Republic: The Czech Republic has proposed a structure of 15 OPs covering the country's Convergence regions, including seven regional OPs and eight sectoral/thematic OPs, and two OPs for the Regional Competitiveness & Employment region of Prague. The OPs have been developed in line with the four strategic objectives of the country's NSRF: a competitive Czech economy; an open, flexible and cohesive society; an attractive environment; and balanced territorial development. Although there will be more resources for R&D and innovation, it is important to note that there is still a need to 'fund the basics' in the Czech Republic. Therefore, many of the funding priorities for the 2007-13 period are very much the same as those for 2004-06. In terms of the structure and number of OP, there are two important changes. First, there will be two new OPs that will focus in particular on research and innovation. Second, there will be separate ROPs for each of the country's seven NUTS II Convergence Regions.

Slovakia: Following a change of government, the Slovak NSRF and the OPs were modified in the course of 2006. For 2007-13, a single regional OP is planned. It is also hoped that regional development concerns can be addressed through nationally-based OPs. A stronger focus on the core Lisbon themes of innovation, research and development and information society are reflected in the preparation of a specific OP for Research and Development and Innovation, which is expected to have substantial financial resources. Related, the authorities have proposed to focus key activities on 'innovation clusters', which are likely to be regional capitals, although other development issues such as the development of core infrastructure and the needs of the country's Roma communities will also have to be taken into account.

Latvia: Latvia proposes to adopt three OPs - Human Resources, Entrepreneurship and Innovation and Infrastructure and Services. Key challenges for the country are how to promote sustainable growth in Riga, the economic centre of the country, avoid over

concentration of development activities and resources in the capital city region, and encourage more balanced development across Latvia. This could place regional centres that are outside Riga in a key position to participate in future programmes. It is also expected that variable rates of co-financing will be available for more ‘lagging regions’.

Slovenia: Three OPs are being developed in Slovenia - competitiveness and innovation, human resources and infrastructure (transport, environment and energy). Slovenia already spends a substantial proportion of its Structural Funds budget on Lisbon-oriented interventions. Therefore, it is expected that this will continue in the next programming period. The main challenge will be how to ‘improve’ on what is already viewed as a good level of spending on Lisbon. Although Slovenia is a comparatively small country, regional development disparities are still a concern. Disparities are also expected to become statistically more ‘visible’ as the country, which is currently counted as a single NUTS II region, splits into two NUTS II regions, Eastern Slovenia and Western Slovenia. The Eastern region is less developed than the West of the country and interventions to improve territorial cohesion are expected to be incorporated into one of the proposed OPs.

4.2 Italy, Greece, Portugal and Spain

Italy, Greece, Portugal and Spain all have substantial funding under both the Convergence and Regional Competitiveness & Employment objectives, and have major challenges in dealing with the transition in eligibility affecting regions. In all four countries, the eligibility of regions in 2007-2013 is significantly different from the 2000-06 period (see Table 3). In Greece, for example, 63 percent of the population are now in two different categories of transitional support, and in Portugal, Italy and Spain, the OPs will need to take account of four different categories of eligibility.

Table 3: Territorial eligibility in Greece, Italy, Portugal and Spain

	Convergence	Phase-out	Phase-in	Competitiveness & Employment
Greece	Anatoliki Makedonia, Thessalia, Ipeiros, Ionia Nisia, Dittiki Ellada, Peloponnisos, Voreio Aigaio, Kriti	Kentriki Makedonia, Dytiki Makedonia, Attiki	Sterea Ellada, Notio Aigaio	
Italy	Calabria, Campania, Puglia, Sicilia	Basilicata	Sardegna	All other regions and the two autonomous provinces of Trento and Bolzano
Portugal	Notre, Centro Alentejo, Açores	Algarve	Madeira	Lisbon
Spain	Andalucia, Castilla-La Mancha, Extremadura, Galicia	Asturia, Ceuta Melilla, Murcia	Canarias, Castilla y León, Comunidad Valenciana	Aragón, Baleares Cantabria, Cataluña, La Rioja, Madrid Navarra, País Vasco

Source: Polverari L *et al* (2005) *op. cit.*

Partly as a result of the eligibility changes and also because of the Community Strategic Guidelines, the content of the OPs shows a marked shift towards Lisbon-type policy areas such as knowledge, science, technology and innovation. However, reflecting the continued need to address infrastructure deficits, investment in transport and other physical infrastructure and environmental improvement will receive substantial allocations of funding. Furthermore, the strategic approach to funding in these four countries is driven by the recognition that some challenges are national and nationwide and require strong central government intervention.

Notwithstanding the continued need for national EU programmes, a feature of these four Member States is the reorganization of OPs. In Portugal, the number of sectoral OPs is being reduced from 13 in 2000-06 to three in 2007-13, with more funding being delivered through the seven regional OPs (one for each of the NUTS II regions). In Greece, there will be eight thematic OPs (compared to 11 in the 2000-06 period) and a reduction in the number of regional OPs from 13 to five. There will also be 12 OPs for Territorial Cooperation.

Another factor driving expenditure shifts is domestic policy. In Italy, the design of the National OP Competitiveness and Research is underpinned by '*Industria 2015*', a new law approved in September 2006 which seeks to reorganise the system of business incentives and relaunch the competitiveness of Italian industry. This legislation places a much stronger focus on innovation and on selected large projects in strategic sectors rather than the traditional horizontal approach to business support in Italy. By contrast with developments in Greece, an element of centralisation is involved in the national-level coordination of competitiveness policy contained within *Industria 2015*. The implementation of the NOP Competitiveness foresees a form of 'cooperative governance' with the regions, and innovation policies adapted to the needs of the regions (notably differentiating forms of support between the North and South of Italy). It also involves a potential reduction in the proportion of resources channelled through the regional OPs.

The following reviews provide further detail on each of the IQ-Net partner countries/regions.

Greece. The content of the OPs will reflect Lisbon-type actions to a greater extent than in the 2000-06 programmes. The national OPs have been developed under headings such as: Competitiveness and Entrepreneurship; Digital Convergence; Education and Lifelong Learning; and Improving Public Administration. More funding will be spent on research and technology, entrepreneurship and other interventions designed to promote competitiveness. This applies in particular to the phasing-out regions such as Kentriki Makedonia where more resources are being channelled into the development of cities, innovation, environmental actions such as recycling, and financing tools (including JESSICA, JEREMIE and global grants). Notwithstanding these shifts, infrastructure will remain an important priority, given the existence of important deficits especially in Convergence regions. Environmental projects are also important to enable Greece to meet its obligations in areas such as waste management and pollution control.

Portugal. The basic strategic orientations of the OPs are being built around five 'strategic priorities': qualification; sustained growth; social cohesion; urban and territorial participation; and government efficiency. Greater priority will be given to the policy areas

of knowledge, science, technology and innovation. ERDF interventions to support 'competitiveness factors' will account for almost two-thirds of allocations under the thematic OPs (an increase of 11 percent compared to the 2000-06 period). Total spending on competitiveness has been estimated at €5 billion divided between a national OP 'Competitiveness Factors' and regional OPs. Given that the stock and quality of basic infrastructure has improved significantly through investment in the previous programme period, more priority is being accorded to integrated development projects at a larger scale (e.g. inter-municipal, regional and national levels).

Spain. There will be a rationalisation in the number of OPs at national level, with only two remaining (Technology Fund and Knowledge Economy), and a marginal shift in the proportion of resources implemented at regional level through 19 regional OPs. The most important change is the shift from basic infrastructure expenditure to Lisbon-oriented themes. Under the Convergence objective, this is reflected in the doubling of the share of support for the knowledge economy (from 11.3 percent to 23.3 percent of ERDF spending), and the prioritisation of spending on earmarked categories. Under the Regional Competitiveness & Employment objective, 60 percent of funding will be allocated to the "Innovation, business development and knowledge Society" priority, up from 53 percent in 2000-06. Most of the central government spending (84 percent) under this Objective will be channelled through this priority.

- The *País Vasco* will receive a total of €376m of Structural Funds (ERDF and ESF) in 2007-13, representing a 65 percent reduction in funding relative to 2000-06. The OP will have the same standard structure as Regional Competitiveness and Employment programmes throughout Spain based around priorities for: innovation, business development and the knowledge society (74.7 percent of funding); environment and risk prevention (3.5 percent of funding); accessibility to transport and telecoms networks and services (16 percent of funding); and local and urban sustainable development (1 percent of funding).

Italy. There will be a degree of rationalisation in the number of national OPs for the Convergence Objective. National OPs will be cut from the current seven to five: Security; Education; Competitiveness and Research; Networks and Mobility; and Governance and Systemic Actions. There will be a related reduction in the proportion of resources allocated to the national OPs relative to the regional OPs. The retention of the National OPs is a contested issue, as the Convergence regions would have preferred a greater decentralisation in the management of the Funds. An agreement was reached that the national OPs will take into account regional OPs' strategies, focus on areas where they could add value and will be implemented through a system that allows regions to be involved throughout the programme design and implementation stages. For the Convergence regions, two new, inter regional OPs will be introduced covering Renewable Energy and Territorial Attractiveness (culture, tourism and natural resources). Generally speaking, there will be a strategic shift of the OPs towards the Lisbon goals which, for the RCE regions, will be consistent with the 'whole-region' coverage of programmes. For the RCE regions, a national OP cofinanced by ESF will also be introduced.

- As noted above, the *Competitiveness and Research National OP* will be based on a new government strategy for Italian industry: '*Industry 2015*'. Some of the key aspects of '*Industry 2015*' are its focus on innovation and on selected large projects in strategic sectors (Projects for Industrial Innovation); sustainable communications; energy efficiency, biotechnologies and life sciences, the promotion of 'made in Italy', and the development of cultural assets. In comparison with the current OP, this focus has led to a substantial change in the new Programme's philosophy and content, and the introduction of two new support instruments (a Competitiveness Fund and a Fund for financial support to firms). Consequently, the national OP is likely to be structured around three main priorities: P1 Competitiveness Fund, P2 Interventions for innovation, and P3 Fund for financial support to firms. At the time of writing, the total financial allocation to the national OP yet to be agreed.
- *Lombardia* will receive a total of €560 million of Structural Funds (ESF and ERDF) over the period 2007-13, to be split between the ERDF Competitiveness OP (€532 million) and the ESF Employment OP (€798). From a strategic point of view, the main programme changes relate to: the territorial focus of the programmes, with support being provided in more prosperous part of the region as well as lagging areas; less use of interventions based on a bidding process; concentration on fewer, larger, 'strategic' interventions, which will facilitate the leverage of additional resources; the use of new support instruments; and a more open approach to partnership. The ERDF Competitiveness OP for the region will have three priorities: P1 Innovation and knowledge economy (50 percent of the funding); P2 Environmental protection and prevention of risks, through the development and application of innovative and sustainable technologies (25-35 percent of funding); P3 Mobility of persons, goods and information, supporting sustainable development (25-35 percent of funding). The priorities of the ESF Employment OP will be: P1 Adaptability (25 percent of funding); P2 Employment (25 percent of funding); P3 Social inclusion (12 percent of funding); and P4 Human capital (35 percent of funding).

4.3 Other EU15 Member States (with mainly Regional Competitiveness OPs)

In many EU15 Member States, Cohesion policy funding is being derived mainly under the Regional Competitiveness & Employment objective. The OPs (as foreshadowed by the NSRFs) are characterized by several broad trends.

First, the structure of some programmes is being rationalised. This applies at the level of OPs, where some smaller countries and regions are reducing the number of programmes (as in Denmark, Vlaanderen and Scotland). Several of the draft programmes have been drawn up with a simplified structure, often with only two priorities (Niederösterreich, Steiermark, Övre Norrland, Norra Mellansverige, North East England) and sometimes just one (Denmark). There also appears to be less diversity than under the 2000-06 period among the anticipated interventions under the priority headings. This is generally associated with the lower level of resources but also reflects experience in the previous period, including - in some cases - 'saturation' in the provision of funding (e.g. North East

England, Wales). As noted above, the Commission has not always accepted the rationalisation of priorities, as in the case of Aquitaine where the proposed two priority structure of the regional OP is being increased to four, at the behest of DG REGIO.

Second, there is a strong focus on Lisbon objectives and interventions; indeed, in some cases the OPs have been designed around the main Lisbon priorities. Although the Lisbon orientation may sometimes be presentational - for example, in the wording of objectives and priorities - the qualitative and quantitative evidence from the research indicates that there is a clear shift in spending. This is apparent in the content of priorities, where non-Lisbon interventions have been downgraded or eliminated while increasing spending in areas such as innovation and entrepreneurship and in the introduction of new programme elements.

Third, notwithstanding the overall Lisbon focus, there are clearly tensions between the growth-oriented requirements of the CSG and the traditional equity objective of some Structural Funds programmes. This is true of Nordrhein-Westfalen where EU funding has historically been concentrated on the industrial restructuring areas of the Ruhr District, and also in Niederösterreich.

Fourth, in some programmes resources are being targeted on 'strategic priorities'. This is evident in Finland, with the identification of cross-cutting special themes on which a quarter of funding will be concentrated. Future funding under the Länsi-Suomi programme will be on 10 key clusters, which have the potential to generate new knowledge and innovations in the region. Priority sectors have also been identified for funding under the Övre Norrland programme, as have a series of key strategies/projects in the País Vasco OP. The OPs in Wales intend to focus funding on fewer, more strategic (and larger) projects, while the Scottish Lowlands & Uplands OP foresees concentrating innovation support on key growth sectors. One of the themes of the *Industria 2015* in Italy (noted above) was also a stronger concentration on larger and integrated projects. This will also be reflected in the Lombardia OP, which intends to focus resources on fewer, strategic interventions that can exert more leverage in the region. One of the exceptions to this general trend is North East England where funding for major strategic investments is being reduced in the new programme.

Lastly, there is a stronger alignment of Structural Funds programmes with domestic regional policy goals and strategies, which themselves have become more focused on growth and competitiveness issues over the past decade. This applies, for example, to the OPs in England which are based on the Regional Economic Strategies of the English RDAs, and also in Scotland (*Smart Successful Scotland*) and Wales (*A Winning Wales*). A similar influence can be seen in Sweden, derived from the domestic Regional Development Programmes. The Lombardia OP is also adopting a 'unitary' approach to programming, whereby both EU and domestic (national and regional) regional development resources operate with the same hierarchy of goals.

Austria: Under the STRAT.AT national framework, Structural Funds in the new period are to be focused on: innovation and the knowledge-based economy; locational attractiveness and competitiveness; qualification and adaptability; and territorial cooperation. As previously,

the Funds will continue to be managed and implemented through ERDF and ESF regional OPs in each of the nine *Länder*.

- In *Niederösterreich*, the main challenge for the ERDF OP has been to strike an appropriate balance between the traditional regional policy support for lagging regions and a Lisbon focus on the competitiveness of the *Land* as a whole. Expenditure comparisons between the new and previous periods show significantly increased spending - under two priorities - on competitiveness measures, notably business-related technology infrastructure, clusters and networks, regional research and technology projects, business start-up measures and R&D and innovation support. This has been at the expense of more generic business investment support and tourism aid. However, territorial measures for specific locations - in the form of local, regional and urban development measures - have been retained as a small but significant part of the programme.
- In contrast to Lower Austria, the *Steiermark* programme has previously had a stronger efficiency orientation, focused on supporting regional strengths. In the two priorities of the 2007-13 OP, this is being intensified with more support for innovation, R&D and knowledge transfer, at the expense of tourism and infrastructure measures cultural development support, where spending has been reduced or eliminated entirely. Most funds are being allocated to assist the diffusion of new technologies, processes and services, as well as softer measures for external counselling, innovation cooperation/networking between enterprises and innovation-related investment.

Belgium: Structural Funds in 2007-13 will be delivered through separate regional OPs for the Vlaanderen, Wallonie and Bruxelles regions.

- The *Vlaanderen* programme has a single OP covering the whole of Vlaanderen. Funding will be divided equally over the four priorities: knowledge and innovation; entrepreneurship; economic environment; and urban development. Compared to the 2000-06 programme, this involves some expenditure shifts away from tourism and a stronger focus on the economic environment such as the quality of industrial estates, innovation and entrepreneurship. Urban issues are also being given greater prominence.

Denmark: The Danish approach to the next round of Structural Funds programming has been based on the 2005 Business Development Act (*Lov om erhvervsfremme*) which is structured around four OECD 'growth drivers', three of which are included in the single priority of the ERDF OP - Innovation, Entrepreneurialism and New Technology - and the fourth (More and Better Jobs) is at the heart of the ESF OP. In line with the long-standing ambition of the national government to reduce the level of direct subsidies to individual firms in Structural Funds programming, the ERDF OP embodies a significant reduction in spending on two traditional areas of regional policy intervention: (a) investment grant support to individual firms will only be available in a number of islands, while in the rest of the country support will only be given to networks of firms or public-private partnerships;

and (b) infrastructure projects which do not contribute to the growth drivers will no longer be eligible (e.g. support for harbour development), although assistance will continue to be provided for projects such as cluster-based innovation centres which bring together private firms and public knowledge institutions. Conversely, more funding will be used to support public-private partnerships and networks that are seen to contribute to one or more of the growth drivers.

Finland: The country will continue to have five regional ERDF OPs at NUTS II level (as under the 2000-06 period) but with modifications to the boundaries of the Western, Northern and Southern programmes to bring the whole country into the programme areas. ESF will be delivered through a national OP with four regional chapters for mainland Finland and a separate ESF OP for the Åland Island.

- Given the strong emphasis on Lisbon in the current period, the overall strategy of the *Länsi-Suomi* OP is expected to remain broadly unchanged, with a continued focus on innovation and entrepreneurship. The main changes are: reduced spending on the business environment; higher allocations to innovation and education systems; and the creation of a new priority ‘development of major urban regions’ through knowledge, employment and competitiveness measures for the cities of Tampere and Vaasa. Also new is the identification of cross-cutting ‘special themes’ which will be the target of 25 percent of the programme funding. These include the development of key clusters; innovation and learning environments; international attractiveness; and the development of innovative welfare services (see Box 4). Also, some 65 percent of the programme funding will be territorially concentrated on so-called ‘challenging areas’.

France: The majority of Structural Funds support is being delivered through 21 regional OPs under the RCE objective, the Nord-pas de Calais phasing-out programme, and four Convergence programmes for the overseas *départements*. In most cases, the regional OPs are based around 4-5 priorities - as set out in the French NSRF (see Table 4) - with a strong Lisbon focus and innovation as the lead priority, as well as bringing environmental issues to the fore. For the French programmes as a whole, it has been estimated that innovation funding is rising from five to 38 percent of programme allocations from the 2000-06 to 2007-13 periods.

Table 4: Priorities for the French OPs proposed by the NSRF

	Convergence	Regional Competitiveness
ERDF	<ul style="list-style-type: none"> • Promotion of territorial competitiveness and attractiveness • Environmental preservation for sustainable development • Promotion of social and territorial cohesion • Compensation of specific constraints for overseas regions 	<ul style="list-style-type: none"> • Support to innovation and the knowledge economy • Development of ICT to support the economy and the information society • Support to firms following a territorial development approach • Environmental protection and risk prevention in a perspective of sustainable development • Development of alternative transport modes for individuals and economic

		activities
ESF	<ul style="list-style-type: none"> • Adaptation of workers and firms • Prevention of unemployment • Support of inclusion and fight against discrimination • Promotion of partnership and networking to support employment and social inclusion • Investment in human capital • Institutional and administrative capacity building • Development of innovative transnational or interregional actions for employment and social inclusion 	<ul style="list-style-type: none"> • Adaptation of workers and firms to economic change • Improved access to employment for job seekers • Promotion of social inclusion and fight against discrimination • Investment in human capital • Development of partnerships and networking for employment and inclusion • Support to innovative transnational or interregional actions for employment and social inclusion

Source: Polverari *et al* (2006) *op. cit.*

- In the *Aquitaine* OP, support for research and technology is being increased significantly (a 50 percent increase in funding is proposed), with a mix of innovation aid for enterprises and softer forms of assistance for human resources and ‘collective’ enterprise actions. Other changes include a three-fold increase in support for the information society, especially broadband infrastructure and other ICT actions. Sustainable development is also receiving more emphasis, with 40 percent of the programme budget, for projects in the fields of renewable energy, energy efficiency and the environment. As with other French regions, Aquitaine will allocate special funding for urban projects in ‘fragile’ or crisis areas. This support is provided in connecting with the ‘urban contracts of social cohesion’ (*Contrats urbains de cohesion sociale*) which will become operational at the start of 2007.

Box 4: Special themes in the Länsi-Suomi OP

Under the Länsi-Suomi OP, 25 percent of the ERDF funding will be targeted at special themes, which can be implemented throughout the programme area. The themes are intended to improve the efficiency of the development support and reinforce the division of work and specialisation between the regions. The themes will support priorities 1-3, as well as the Centres of Expertise and the Regional Centre programmes. Within the themes, urban-related activities can be implemented in all regions (i.e. in addition to what is being implemented under Priority 4 'Development of major urban regions' in the cities of Vaasa and Tampere). The OP will focus on the following themes:

(i) Development of key clusters: The Länsi-Suomi programme area has successfully implemented measures of the national Centres of Expertise programme. However, while past support has assisted a wide range of centres in the region, the future support will be on 10 key clusters, which have the potential to generate new knowledge and innovations in the region. Länsi-Suomi will also implement a separate theme to develop its own key clusters by participating in the development of the nationally selected knowledge clusters, but also by supporting other knowledge fields in the region. The aim of the regional theme is to improve the functioning of the region's innovation system in order to develop the key clusters. A particularly important aspect is to develop the co-operation between businesses and educational and research institutes.

(ii) Developing the innovation and learning environments: This theme will complement the Priority 2 'Promotion of innovation and networking, as well as reinforcing knowledge structures' of the OP. The theme aims to utilise the knowledge and research of universities, polytechnics and research institutes in the industrial sector and create a basis for commercialising innovation.

(iii) Increasing international attractiveness: The objective is to promote international networking of different actors, develop inter-regional co-operation in the implementation of the special themes, and improve communication and marketing.

(iv) Innovative development of welfare services: Within priority 3 'Improving regional accessibility and attractiveness of business environment' of the OP, one of the objectives is to develop welfare services in order to meet the challenges of an ageing population in the region. However, this will also require research into new modes of operation and innovation. Hence, the special theme aims to increase the region's competitiveness and attractiveness by offering good welfare services. The theme does not fund production of services as such, but rather different development and pilot projects to develop private or public (or joint) service structures and services concepts.

Germany: The use of Structural Funds in Germany in the new period has a distinctively devolved strategic approach, reflecting the mix of Convergence and Regional Competitiveness funding and the federal structure of the country. There are separate goals for Convergence and Regional Competitiveness regions and Fund-specific sub-goals for each objective, while enabling each *Land* to take its own decisions on specific priorities and measures.

- For 2007-13, *Sachsen-Anhalt* has a broadly similar level of Cohesion policy funding as in the previous period, but the former Objective 1 programme (combining ERDF, ESF and EAGGF) will be replaced by three separate OPs for ERDF, ESF and CAP-financed Rural Development. However, the same strategic goals will apply to each - R&D and innovation, education, business investment and reducing financial bottlenecks, especially for SMEs - as will four horizontal objectives/tasks - environmental protection, equal opportunities, sustainable urban development, and dealing with the consequences of demographic ageing. Although the OP priorities will be reorganized, the content of the measures will be broadly similar to those in the 2000-06 period. The ERDF OP has three priorities: innovation, R&D and education (with c.25 percent of programme funding); business competitiveness, especially through support for future-oriented investment and enterprise support (37 percent); and developing and extending infrastructure for sustainable growth (31 percent).
- In *Nordrhein-Westfalen*, the ERDF OP is changing from focusing on selected areas with socio-economic weaknesses (mainly in the industrial restructuring Ruhr area) to providing funding throughout the *Land*. Under the three priorities of the new Regional Competitiveness programme, there will be a greater emphasis on supporting and building on regional economic strengths and innovation potential; 50 percent of programme funding will be allocated to the 'innovation and knowledge-based economy' priority and a further 20 percent to the 'stronger business base' priority. However, the third priority (with 30 percent of funding) will remain focused on urban areas with problems and areas with ongoing structural weaknesses such as the Ruhr. Also, across all three priorities, around half of the programme funding should be targeted on reducing regional and local bottlenecks to development.

Sweden: The geography and management of Structural Funds in Sweden is changing in the 2007-13 period. The six regional OPs in the 2000-06 period will increase to eight regional ERDF-funded OPs and one national OP with eight 'regional plans' funded by ESF. This involves a change in programme boundaries - although not for the IQ-Net partner regions of Övre Norrland (formerly Norra Norrland) and only minimally so for Norra Mellansverige (formerly Norra) - and the inclusion of new areas within the programmes (most notably Stockholm, which will have an OP for the first time). Reflecting the reduced budgets in most programme area, the focus of intervention will be narrower and the already considerable emphasis on Lisbon interventions will increase. A greater alignment of Structural Funds interventions with the priorities of the domestic Regional Development Programmes underlies the design of the programmes.

- In *Övre Norrland*, the OP will be structured around two priorities: innovation and renewal, accounting for 73 percent of planned spending, and encompassing measures for entrepreneurship, innovative environments, international cooperation and regional attractiveness); and accessibility, including cooperation between different modes of transport and IT. The former programme for the Sami people will be discontinued, and funding for some aspects of infrastructure, industrial development, nature and culture will be reduced. Priority will be given to projects strengthening the following six priority areas (taken from the Regional Development Programme): testing and demonstration activities; creative industries and tourism; energy and environmental technology; basic industrial technology and service development; IT technology and services; and biotechnology.
- Unlike most other Swedish programmes, the *Norra Mellansverige* OP will have no budget reduction in the 2007-13 period. The focus of the programme's two priorities will be more on economic development, with greater importance given to R&D and innovation (increasing from 10 to 25 percent of the programme budget), entrepreneurship and growing businesses. As in the previous period, the allocation of funding will be target strategic projects which generate regional growth.

United Kingdom: As previously, the UK programmes are being prepared separately in England, Scotland, Wales and Northern Ireland. Although there are differences in the individual strategic priorities - based on eligibility, Fund and specific territorial objectives (see Table 5) - the OPs have common themes, notably innovation and knowledge transfer, enterprise development, entrepreneurship, environmental sustainability, community regeneration and (in the case of ESF) employability.

- *North-East England* is proposing a two-priority programme, strongly geared towards the Lisbon agenda (business and enterprise; innovation and technology) in place of the current four-priority programme. The aim is to give the new OP a 'sharper focus' by aligning the programme more closely to the domestic Regional Economic Strategy (RES) and focusing on areas where ERDF can make a difference and meets the objectives of the Lisbon agenda. The draft structure also take account of lessons from the previous period, such as the declining demand for public sector involvement in physical regeneration and financial absorption problems with major projects. Consequently, reduced spending is being proposed under the 2000-06 priorities of major strategic investment (as part of a proposed shift from capital investment projects to revenue actions) and community economic development. It is argued within the region that the programme should now be viewed within the context of the much larger RES, which can provide funding for some areas not covered, and also that a number of sustainable communities issues can still be addressed within the context of a two-priority programme.
- In *Scotland*, the number of programmes has been reduced with the merger of the former Objective 2 programmes for Western Scotland, Eastern Scotland and South of Scotland into a single Lowlands & Upland Scotland programme (LUPS) area with ERDF and ESF programmes. The OPs are more closely focused on key domestic (Scottish Executive) strategies - Smart Successful Scotland,

Workforce/Employability Framework (social inclusion) and Regeneration Policy. The way the programmes are managed is also being changed. The challenge-funding element of the programmes will have a more strategic focus and support fewer, larger innovative projects 'developed on a partnership basis and demonstrating clear added value to domestic policy actions', while the 'commissioning' element will support a 'handful' of specific major projects 'which complement existing policy but demonstrate clear additionality'. The LUPS Regional Competitiveness programme has three proposed priorities: a region-wide enterprise development priority, on which almost half the funding would be concentrated; a mainly urban priority of community regeneration; and a rural development priority.

- In *Wales*, the new OPs are to be more focused, with fewer, more strategic (and larger) projects and simplified funding streams, as well as more pre-match funding and co-financing. The structure of the OPs has been simplified, with fewer priorities to increase flexibility. There will be more focus on R&D (ERDF), skills and young people (ESF), and a new priority to improve the quality of public services has been introduced. The Convergence programme will see an increase in resources in areas such as R&D and innovation, entrepreneurship, ICT, employment and skills, transport and environmentally-friendly technologies, at the expense of allocations to general urban, rural and community regeneration actions and social inclusion measures. Shifts also reflect experiences with the 2000-06 programme, such as changes in demand for public sector support. As in England and Scotland, there will be more explicit emphasis on delivery of the strategic policies developed by the Welsh Assembly Government, which are already well aligned with Lisbon and Gothenburg priorities; however, the closer alignment with the Wales Spatial Plan means that issues and solutions will be addressed at a more local level. The most significant feature of the new OPs will be the different approach to project implementation and delivery through the use of a strategic framework approach.

Table 5: Strategic priorities of the UK Operational Programmes

<i>Convergence Programmes</i>	
Cornwall and the Isles of Scilly - ERDF	Promoting innovation and knowledge transfer, stimulating enterprise and business development, improving accessibility and connectivity
West Wales and the Valleys - ERDF	Promoting a high value-added economy by improving knowledge and innovation for growth, creating a favourable business environment and building sustainable communities.
Highlands and Islands Phasing out - ERDF	Promoting economic sustainability, reinforcing community sustainability and developing environmental sustainability.
Cornwall/Scilly Isles - ESF	Tackling barriers to employment and improving the skills of the local workforce, particularly relating to the knowledge economy.
West Wales - ESF	Increasing employment, tackling economic inactivity, improving skills levels and building administrative capacity.
Highlands and Islands (Phasing out - ESF)	Progressing people into sustained employment, progressing people to better-quality and better-paid jobs, and investing in employability and lifelong learning support environment.
<i>Competitiveness Programmes</i>	
England - ERDF (9 regional OPs)	Promoting innovation and knowledge transfer, stimulating enterprise, ensuring sustainable development, production and consumption and building sustainable communities.
Scotland - ERDF (Lowlands and Uplands Scotland)	Supporting innovation and entrepreneurship, developing infrastructure and environmental sustainability, promoting community regeneration and rural development.
Wales - ERDF	Building the knowledge-based economy, enhancing the environment and promoting accessibility.
Northern Ireland - ERDF	Improving accessibility and enhancing the environment, increasing investment in R&D, promoting innovation and promoting enterprise.
Gibraltar - ERDF	Diversifying the economy, encouraging enterprise, supporting sustainable urban development and promoting a knowledge society.
England - ESF	Extending employment opportunities and developing a skilled and adaptable workforce.
Scotland - ESF (Lowlands and Uplands Scotland)	Helping people into sustainable employment, progressing people to better-quality and better-paid jobs, and investing in the employability and lifelong learning support environment.
Wales - ESF	Increasing employment and tackling economic inactivity, and improving skills levels.
Northern Ireland - ESF	Reducing the level of economic inactivity, removing barriers to work and equipping people with the necessary skills to enter the workforce.
Gibraltar - ESF	Helping people into sustainable employment, progressing people to better-quality and better-paid jobs and developing a skilled and adaptable workforce.

Source: UK National Strategic Reference Framework

5. INFLUENCE OF THE COMMUNITY STRATEGIC GUIDELINES

The evidence from the IQ-Net fieldwork is that the Community Strategic Guidelines (CSG) have had a powerful influence on the format and content of some, though not all, programmes. This section reviews how the programmes have complied with earmarking targets and responded to the CSG.

5.1 Earmarking

For many of the EU15 Member States receiving EU funding under the Regional Competitiveness and Employment objective, the obligation to earmark at least 75 percent of expenditure has not been a problem (see Table 6). Several IQ-Net partner programmes will substantially exceed the target (Denmark, Italy NOP Competitiveness, Övre Norrland, Niederösterreich, Steiermark) with between 80 and 100 percent of expenditure in earmarked categories. Indeed, the UK view is that such levels are expected: central government guidance to the English regions states that the Commission will probably expect UK programmes to exceed substantially the regulatory targets but that if OPs follow the CSG and NSRF priorities “this should be a fairly simple and not onerous requirement”.¹¹

Table 6: Earmarking in IQ-Net partner programmes

Country/region	ERDF	ESF	Comments
Austria <ul style="list-style-type: none"> Niederösterreich Steiermark 	85 82		
Belgium <ul style="list-style-type: none"> Vlaanderen 	55 -	87	Target of 75% for ERDF and ESF combined. No figures available but not expected to be a problem.
Denmark	87	100	Not a major issue given growth orientation of policy. Project-level monitoring to be undertaken.
Finland <ul style="list-style-type: none"> Länsi-Suomi 	78.5		Measurement at programme level, but monitoring at project level using a monitoring registry.
France <ul style="list-style-type: none"> Aquitaine 	62 74		Estimated figure. Regional figures range 49% to 75%. 81% for ERDF and ESF combined
Germany <ul style="list-style-type: none"> Nordrhein-Westfalen Sachsen-Anhalt 	75 60	- 96	Targets are 60% for Convergence and 75% for RCE.
Greece			Targets are 60.2% for Convergence and 65% for RCE.
Italy <ul style="list-style-type: none"> NOP Comp. Lombardia 	100		Estimated as NOP is wholly innovation-oriented. No figures available but not expected to be a problem.
Poland <ul style="list-style-type: none"> Śląskie 			Aim is to achieve the 60% target at national level. No figures available but not expected to be a problem.
Portugal			
Spain <ul style="list-style-type: none"> País Vasco 	75		Target of 85% for central government interventions. Target of 75%.
Sweden <ul style="list-style-type: none"> Övre Norrland Norra Mellansverige 	100 92		Figure is a minimum target level.
United Kingdom <ul style="list-style-type: none"> North-East England Scotland (LUPS) Wales 	65/75		No figures available but not expected to be a problem. No figures available but not expected to be a problem. Targets are 65% for Convergence and 75% for RCE.

¹¹ *Operational Programme Template – English Regional ERDF Programmes 2007-13*, Department of Communities and Local Government (Template Version 12, 4.12.06)

The ease of compliance in these programmes is attributable to several factors. First, in a number of countries, Structural Funds programmes were already oriented towards the Lisbon priorities in the 2000-06 period, and a continued focus on R&D, innovation and sustainable development had already been anticipated in 2007-13. The CSGs have sometimes been seen as beneficial in enabling programme managers to justify focusing programme resources more strongly on innovation (e.g. Vlaanderen). Second, as noted above, national regional policies in many EU15 Member States have shifted markedly towards the promotion of growth and competitiveness over the past decade. Structural Funds programmes are therefore fitting in to a more conducive national policy environment than has sometimes been the case in the past (e.g. Italy, Portugal, Spain, Sweden, UK). Third, some potential difficulties in compliance were addressed in the amendments made to the annex of the Regulations, for example the inclusion of business investment aid to promote competitiveness in Code 8 (of particular relevance in Austria, Finland, Germany) or educational infrastructure in Code 75 (Greece).

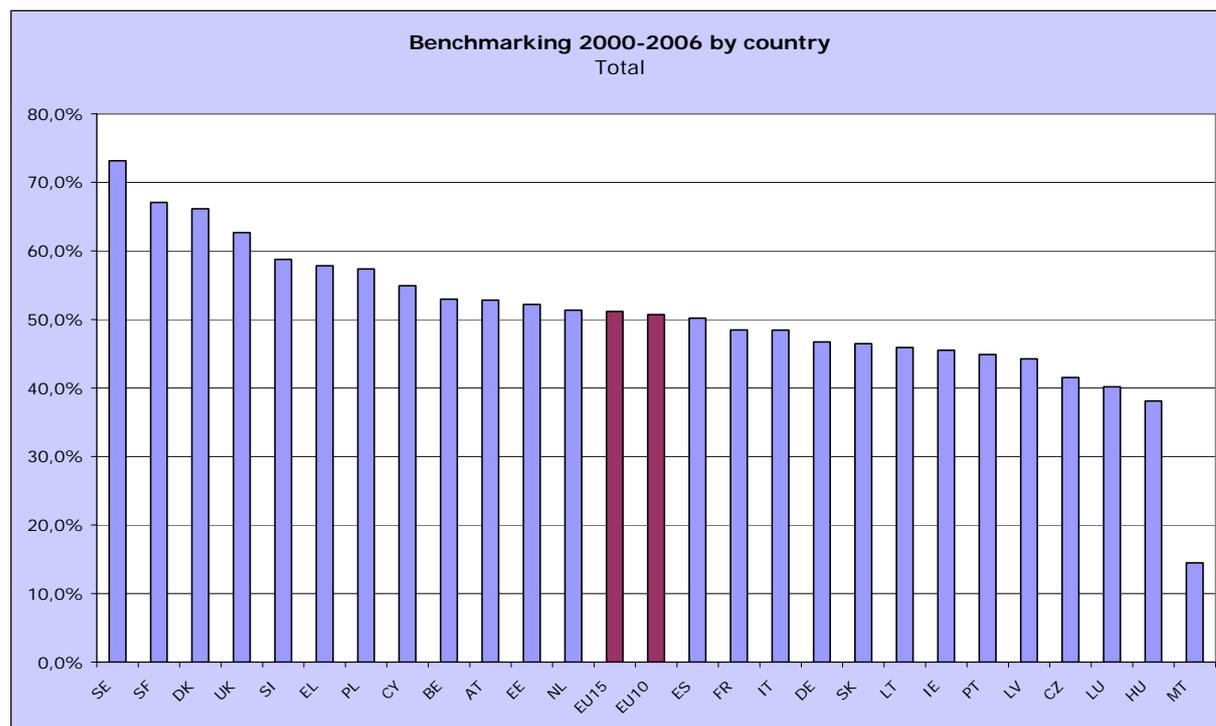
Nevertheless, for some programmes, the earmarking requirement involves a significant shift in expenditure priorities from the 2000-06 to the 2007-13 period. A 2005 study commissioned by DG REGIO calculated that the approximate share of funding under the 2000-06 programmes relevant for Lisbon objectives ranged from 18 percent in Attiki to 85 percent in Satakunta Finland (see Table 7).

Table 7: Lisbon-relevant expenditure in the 2000-06 programmes

Country/region	Programme	Approximate share of funding relevant for Lisbon objectives
Portugal	CSF/Objective 1	21
Greece	CSF/Objective 1	39
Ireland	CSF/Objective 1	42
Germany - new <i>Länder</i>	CSF/Objective 1	56
Greece - Attiki	Objective 1	18
Italy - Campania	Objective 1	26
Portugal - Norte	Objective 1	28
Spain - Extramadura	Objective 1	32
Germany - Sachsen Anhalt	Objective 1	67
Sweden - Norra Norrland	Objective 1	78
UK - Western Scotland	Objective 2	68
Denmark - Bornholm	Objective 2	80
France - Aquitaine	Objective 2	83
Finland - Satakunta	Objective 2	85

Source: *Thematic Evaluation of the Structural Funds' Contribution to the Lisbon Strategy*, Danish Technological Institute, Synthesis Report to DG REGIO, February 2005.

A more recent exercise undertaken by DG REGIO to 'benchmark' levels of earmarked expenditure in the 2000-06 (2004-06) programmes suggests that across the EU10 and the EU15, Member States averaged about 50 percent of Lisbon-relevant spending (see Figure 2). Among the EU15 countries, the figures ranged from over 70 percent in the case of the Swedish programmes to c.45 percent in Portugal. In the new Member States, most countries had under 50 percent of earmarked expenditure (with Malta on about 15 percent). The exceptions being Slovenia, Cyprus and Estonia. The data would suggest that most countries would need to raise the share of earmarked expenditure in the new period.

Figure 2: Level of 'earmarked' expenditure in the 2000-06 (2004-05) period

Source: DG REGIO

The need for difficult strategic choices in some countries/regions is substantiated by fieldwork research. In Aquitaine, for example, earmarked expenditure will increase from 38 to 81 percent. In Greece, Lisbon expenditure in 2000-06 was calculated at 52 percent for the country as a whole and estimated to be as low as 30 percent for the regions of Sterea Ellada and Notio Aigaio. For these RCE areas it will be a major challenge - and has been described as unrealistic - to meet the target of 75 percent in the new period.

In many cases, trade-offs between Funds and expenditure categories have had to be made. For instance, in Germany, it has been agreed that 96 percent of ESF funding will be used for earmarked interventions in all *Länder*, enabling the ERDF targets to be much lower (the ERDF targets in Sachsen Anhalt and Nordrhein-Westfalen are 60 and 75 percent respectively). In Scotland, there is concern at how far the previously strong commitment to community economic development - most of which falls outside the eligible categories - can be incorporated in the ERDF Lowlands & Uplands Scotland Programme. Representatives of rural interests in the Swedish programmes (Norra Mellansverige, Övre Norrland) have also been critical at the focus being placed on Lisbon categories.

The complexity of meeting the earmarking is greatest in countries such as Greece, where a complex categorisation of expenditure is involved (see Table 8).

Table 8: Earmarking categories of expenditure in Greece

Intervention Category of the Lisbon Strategy (earmarking codes)	NSRF 2007-2013			
	Objective 'Convergence'		Objective 'Regional Competitiveness & Employment'	
	€ mill (EU contribution)	Contribution to earmarking codes (%)	€ mill (EU contribution)	Contribution to earmarking codes (%)
R&TD, Innovation, Entrepreneurship (1-9)	1652	13.7%	105.5	24.8%
Information Society (10-15)	1471	12.2%	63	14.8%
Transport(16,17,20,21, 26-30,32)	4001	33.1%	21	4.9%
Energy (34, 36, 38-43)	269	2.2%	43	10.1%
Environmental Protection and risk prevention (52)	36	0.3%	1	0.2%
Promoting adjustability of labour force, enterprises & entrepreneurs (62-64)	476	3.9%	12	2.8%
Improving accessibility to employment and retaining work positions (65-70)	1311	10.8%	36.4	8.6%
Improving the social inclusion of disadvantaged population (71)	413	3.4%	21	4.9%
Improving the human capital (72-74)	1736	14.3%	53.6	12.6%
Investing in social infrastructures (75)	737	6.1%	69	16.2%
<i>Sum of Community Contribution in Earmarking codes</i>	<i>12102</i>	<i>100%</i>	<i>426</i>	<i>100%</i>
<i>Sum of Community Contribution by Objective</i>	<i>19416</i>		<i>635</i>	
Earmarking %	62.3%		67.0%	

Source: NSRF 2007-20013, p. 108-110. (note: the funds that appear here refer to the sum of the earmarking codes only, they do not include sums of codes that do not contribute to the Lisbon Agenda and which do not appear on this table)

For the new Member States, earmarking is not obligatory, but many of the EU10 countries (plus Bulgaria and Romania) anticipate voluntary compliance with the 60 percent target. In Poland, the overall calculations of Lisbon-related expenditure have not yet been finalised,

but the target is expected to be met; low levels of earmarked expenditure in some programmes, such as the OP Infrastructure and Environment (estimated at 42 percent) will be counter-balanced by Lisbon-focused programmes such as the OP Human Capital and OP Innovative Economy (both estimated at up to 90 percent) which focus on skills and technology respectively. At regional level, the picture is variable. While the Śląskie regional OP may have little difficulty meeting the 60 percent target, given its strong Lisbon-oriented content, this will be more difficult in poorer or more rural regions where there is pressure to invest in basic infrastructure and support social equity goals.

Finally, although much of the focus has been on determining the targets, an equally important issue is how earmarked expenditure should be monitored and measured. In some programmes, it has been decided to undertake monitoring at the project level (Länsi-Suomi), at measure level (Aquitaine), or at priority and programme level (Vlaanderen). However, in many programme areas it is as yet unclear how the earmarking monitoring will be operationalised.

5.2 CSG Guidelines

Looking at the content of the OPs in more detail, the second question is how the programmes have responded to the specific priorities set out in the CSG¹²:

- Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies.
- Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and levels of services, and preserving the environment.
- Creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

The following sections examine how IQ-Net partner programmes are responding to these CSG priorities.

5.2.1 Encouraging innovation, entrepreneurship and the knowledge economy

The most obvious impact of the CSG is the importance accorded to innovation, knowledge and entrepreneurship in virtually all programmes. As the Commission's own assessment of the national strategies notes,¹³ innovation is universally represented among the main themes set out for the next period and, in the case of Regional Competitiveness strategies, innovation is generally the first priority. This encompasses support for all the key elements

¹² Council Decision on Community strategic guidelines on cohesion, 6 October 2006 (2007/702/EC), *Official Journal of the European Union*, L291, 21.10.2006.

¹³ *Promoting Innovation and Competitiveness through Cohesion Policy*, Speech by Commissioner Danuta Hübner to the Informal Meeting of Regional Policy Ministers, Brussels, 21 November 2006.

of the innovation agenda: innovative businesses, RTD, improved access to finance, human capital and the information society. Further, “the future regional policy investment in innovation will be significantly greater than in the current, 2000-006 period” particularly in the new Member States.

A comparison of the available information on planned support for innovation and entrepreneurship supports the above assessment. In many of the RCE programmes, innovation is the first and most important priority and, in several cases, accounts for more than half of planned expenditure, with figures as high as 80-100 percent (e.g Denmark, Niederösterreich, Steiermark, and central government ERDF interventions in the Spanish RCE regions).

In the Convergence and transitional programmes, the figures are clearly lower: in Greece, planned allocations to RTD, innovation, entrepreneurship and the information society are 26 percent of spending that contributes to the Lisbon goals under Convergence programmes (compared to 40 percent under Phasing-in and RCE programmes); and in Śląskie, the same priorities account for 33 percent of the programme. Some Convergence programmes have much higher allocations for innovation and entrepreneurship, for example in Sachsen-Anhalt’s ERDF programme, where Priority 1 (Education, R&D and innovation) and Priority 2 (Business competitiveness) account for two-thirds of proposed programme spending

Insofar as the priorities are a reliable guide to planned interventions, the programmes plan to provide support across the range of interventions anticipated by the CSG - better targeted RTD investment, support for innovation and entrepreneurship, access to finance, information society, and human capital - and broadly substantiate the Commission’s assessment of the NSRFs (see Table 9). Specifically, the following issues emerge from research on the IQ-Net partner programmes.

First, and most obviously, there is a fundamental difference in approach between countries such as Greece, Poland, Portugal and Spain, with considerable funding under the Convergence objective to be implemented mainly or partly through national OPs, and those countries with RCE funding which will be delivered predominantly through regional OPs. In general, the Convergence programmes place considerable emphasis on generic investment and innovation aid to enterprises, and support for the R&D, innovation and enterprise infrastructure (e.g. Śląskie), investing in research and technology centres, industrial estates and research programmes. Some infrastructure funding also features in RCE programmes (e.g. Aquitaine, Denmark, Nordrhein-Westfalen, País Vasco), although it tends to be proposed for specialist facilities and is usually required to support other innovation measures. The Commission has objected to RCE infrastructure spending in some cases.

In general, the RCE programmes are giving more support to softer measures, such as advisory services for new start-ups and entrepreneurs, counselling for product and process innovation, diffusion of products, processes and services, and the creation or development of spatial or thematic networks. Some investment is also being accorded to awareness-raising and the development of ‘innovation learning environments’ (Länsi-Suomi) networks (geographic and thematic). The definition of innovation is also used more broadly to include innovation in relation to, for example, welfare services (Länsi-Suomi) and tourism (Niederösterreich).

A number of programmes place strong emphasis on systemic support, either encouraging cooperation between enterprises or facilitating links between enterprises and universities and research centres. Clusters also feature in several countries/regions (Denmark, Länsi-Suomi, Nordrhein-Westfalen, Steiermark), often as part of an ‘innovation systems’ approach. These are frequently - although not always - part of initiatives to focus on specific national/regional strengths, as in the Italy NOP Competitiveness, Övre Norrland, Niederösterreich, and Steiermark, which variously plan to prioritise investments in biotechnologies and life sciences, nano-technology, creative industries, IT and (most commonly) environmental technologies. Some human capital assistance is also foreseen, notably to improve the knowledge of the workforce and entrepreneurship skills and to increase awareness of innovation and entrepreneurship through the education system.

Alongside the ‘traditional’ forms of enterprise aid, many of the programmes - particularly in RCE regions - propose to fund financial engineering instruments in the form of venture capital funds, seed funds and micro-credits for very small or service firms. At this stage, only one IQ-Net partner (Greece) has committed itself to using the JEREMIE facility, although several other countries/regions have the possibility under consideration.

Lastly, one issue of concern to DG REGIO has been whether the proposed support for innovation and entrepreneurship is sufficiently strategic. In several cases, the programme interventions in Table 10 are based on national or regional strategic frameworks. This applies particularly to national OPs, where interventions are based on specific national strategies as in Portugal (through the *Technological Plan*), Spain (*Ingenuity 2010*) and Greece (the *Digital Strategy*). The influence of innovation and entrepreneurship strategies is also evident in Sweden (through the domestic regional development programmes) and the UK, e.g. North East England (*Leading the Way*), Lowlands & Uplands Scotland (*Smart Successful Scotland*) and Wales (*A Winning Wales*). Some programmes also intend to provide support for the preparation of innovation strategies.

Table 9: Main types of innovation & entrepreneurship operations planned

CSG themes	NSRF objectives
Increase and better target investments in RTD	<ul style="list-style-type: none"> • strengthen research capacities (infrastructure) • adapt research supply to needs; technology transfer • increase private research
Facilitate innovation and promote entrepreneurship	<ul style="list-style-type: none"> • encourage entrepreneurship • SME awareness campaigns on innovation • create new enterprises (spin-offs, start-ups) • network enterprises through clusters • modernise enterprises (Convergence)
Improve access to finance	<ul style="list-style-type: none"> • make available risk capital, seed capital, venture capital and loan guarantees
Promote the information society for all	<ul style="list-style-type: none"> • reinforce supply of services (e.g. e-government) • stimulate demand for services • set up broadband capacities (Convergence)
Human capital	<ul style="list-style-type: none"> • increase number of science & engineering graduates • improve management skills in SMEs
Experimentation	<ul style="list-style-type: none"> • test projects and approaches under the OPs

Source: *Innovation in the National Strategic Reference Frameworks*, Working document of DG REGIO presented at the Informal Meeting of Regional Policy Ministers, ‘Cohesion Policy programmes in support of innovation and competitiveness’, Brussels, 21.11.06.

Table 10: CSG ‘Encouraging innovation, entrepreneurship and the knowledge economy’

Country/region	Response to CSG ‘Encouraging innovation, entrepreneurship and the knowledge economy’ in ERDF OPs
Austria <ul style="list-style-type: none"> Niederösterreich Steiermark 	Support under P1 (Improve competitiveness) for innovation infrastructure, business innovation finance for start-ups and SMEs, and networking. New soft measures such as technology counselling. Support under all priorities, with systemic approach to innovation. New support for cluster development and venture capital funding.
Belgium <ul style="list-style-type: none"> Vlaanderen 	Support under P1 (Knowledge economy & innovation) and P2 (Entrepreneurship) with emphasis on awareness-raising, networking, entrepreneurial skills and attitudes, internationalisation
Denmark	Single priority OP focusing on innovation and knowledge includes a range possible actions such as innovation networks, technological infrastructure, networks, regional knowledge centres, advisory services, knowledge incubators.
Finland <ul style="list-style-type: none"> Länsi-Suomi 	Support under P1 (Business activity) and P2 (Innovation & networking). Focus on regional knowledge clusters, cooperation, technology transfer, SME financing and development of innovation systems.
France <ul style="list-style-type: none"> Aquitaine 	Support under P1 (Knowledge economy and society) supporting entrepreneurship, R&D investment, innovation facilitation and ICT use.
Germany <ul style="list-style-type: none"> Nordrhein-Westfalen Sachsen-Anhalt 	Support under P1 (SMEs) for new financial instruments and P2 (Innovation and knowledge economy) for clusters, networks, research infrastructure, innovative services and cooperation. Support under the ERDF programme P1 (Innovation and R&D) and P2 (Business competitiveness).
Greece	Support under Thematic Priority 1 (target 2, promoting viable entrepreneurial activity) and TP 2 (target 5: investments in human capital, upgrading the education system, target 6: promoting innovation in all sectors, target 7: improving productivity and quality of life through ICT use and new skills)
Italy <ul style="list-style-type: none"> Comp & Research Lombardia 	Specific national OPs for Competitiveness and Research planned. No further details available. Support strategic industrial innovation projects in key sectors and promoting innovation in Southern Italy. Support under P1 (Innovation and knowledge economy) and P2 (Environmental protection and prevention of risks through the development and application of innovative and sustainable technologies).
Poland <ul style="list-style-type: none"> Śląskie 	Support under P1 (RTD, innovation and entrepreneurship) accounts for 23% of EU funding.
Portugal	Specific national OP on “competitiveness factors”. Focus on innovation, science and technology stimulation, incentives for the modernisation and internationalisation of firms, incentives for high quality FDI, support for R&D and promoting the information society.
Spain <ul style="list-style-type: none"> País Vasco 	Support under P1 (innovation, business development and knowledge society) for business innovation, access to finance, research infrastructure, cooperation, ICT development and services. (Standard format for all Spanish RCE programmes.)
Sweden <ul style="list-style-type: none"> Övre Norrland Norra Mellansverige 	Support under P1 (innovation and renewal) for entrepreneurship, access to capital, university-industry collaboration and internationalisation. Support under P1 (industry development) for RTDI investment, business networks, clusters and innovation systems, and supply of capital.
United Kingdom <ul style="list-style-type: none"> North-East England Scotland (LUPS) Wales (Convergence) 	Support under P1 (Enhancing and exploiting innovation) and P2 (Business growth and enterprise). Support under P1 (Enterprise development) for innovation, R&D collaboration, availability of finance and environmental technologies, and under P2 (Progressing through employment) for entrepreneurship. Support under P1 (Knowledge-based economy) for R&D, innovation & technology, information society and ICT infrastructure, and under P2 (Business competitiveness) for entrepreneurship, business growth, business finance.

5.2.2 Improving the attractiveness of Member States, regions and cities

There appears to be less consistency in the way that Member States are responding to the guideline relating to regional attractiveness. The scope for this is recognised in the Guidelines which notes that *“not all of these more detailed guidelines will be relevant to all regions. The most appropriate mix of investments ultimately depends on...specific national and regional circumstances”*¹⁴. Thus, for example, while the Swedish programmes (Norra Mellansverige and Övre Norrland) each have a priority dedicated to interventions under this guideline, and in Finland, Länsi-Suomi has integrated the guidelines objectives throughout its three thematic priorities, Denmark appears to have no funding planned under this priority. The German and Austrian programmes of Nordrhein-Westfalen, Niederösterreich and Steiermark have partly incorporated support under the guideline, but within a wider priority related to balanced development or sustainable urban and regional development.

The main areas of support under this guideline are listed in Table 11 below. Several of these interventions were already an important feature of programmes, notably measures to strengthen the economic environment through investment in infrastructure and environmental improvement. In the NSRFs and draft OPs for 2007-13, the key distinction is between the Convergence or Phasing-out programmes in Greece, Poland, Portugal and Spain (and the Regional programmes such as Kentriki Makedonia, Śląskie, Sachsen-Anhalt and Wales) where investment in major and strategic infrastructure is still eligible and affordable, and the Regional Competitiveness programmes where this is largely ineligible and too costly for programme resources.

As noted above, the Polish national OP, Infrastructure and the Environment, will be allocating €22 billion to basic infrastructure and environmental projects; at regional level, even in the Śląskie programme, which is highly Lisbon-oriented, around a third of spending will go to investment in the road network and public transport, water and sewage management, rehabilitation of contaminated sites etc. Similarly, the Greek Convergence programmes (according to the NSRF) will be allocating almost half of expenditure to transport and telecoms (almost half of the expenditure that will be contributing to the Lisbon goals) with the objective of developing and modernising physical infrastructure and the country's transport system. In the Spanish Convergence regions, 48 percent of ERDF interventions will be allocated to the two priorities of transport and energy, and environment, natural habitats, water resources and risk prevention

By contrast, a concern for programming authorities in some RCE regions is that deficits in infrastructure investments for roads, railways and airports cannot be funded, either because of the limited budget or the way in which the CSGs are drawn up. Nevertheless, transport infrastructure will still be a feature of some programmes - in País Vasco, for instance, regional government interventions will include railway and tram projects - but generally through support for secondary infrastructure such as linking centres to main road/rail lines and investing in clean urban public transport systems. There is also a shift to

¹⁴ Council Decision, 21.10.06, p.14.

investment in initiatives such as logistics hubs and platforms, travel centres, traffic management systems and transport chains. An innovative approach of the Länsi-Suomi programme is to support innovative projects which contribute to reducing expenditure on future transport investments. In the field of ICT, standard interventions are to improve broadband connectivity, improving the quality and reducing cost of connections and accessibility, as well as the use of electronic services (e-government, e-commerce, e-learning).

Table 11: Main types of regional attractiveness operations planned

CSG themes	NSRF objectives
Expand and improve transport infrastructures	<ul style="list-style-type: none"> • Major transport infrastructure - road, rail, airports, harbours (Convergence) • Investment in secondary infrastructure • Urban transport systems • Logistics hubs • Broadband connections and access • Use of electronic services (e-government, e-commerce, e-learning)
Strengthen synergies between environmental protection and growth	<ul style="list-style-type: none"> • Risk prevention; • Investment in/diffusion of environmental technologies • Reduction in environmental pollution (e.g. waster management) • Management of water resources • Nature conservation and biodiversity • Land reclamation • Research on environmental protection
Address Europe's intensive use of traditional energy sources	<ul style="list-style-type: none"> • Energy efficiency • Investment in renewable energy sources

Source: EPRC research.

As noted in Table 11, support is also planned to strengthen synergies between environmental protection and growth. In part, this represents a continuation of current interventions such as reduction in environmental pollution, reclamation of derelict sites and water management. A distinctive characteristic of the draft OPs is the greater emphasis placed on investment in environmental technologies and renewable energy sources (as noted with respect to the innovation guideline above) in programmes such as Aquitaine, Norra Mellansverige, Niederösterreich, Övre Norrland, Steiermark and País Vasco).

Lastly, relatively few programmes appear to be taking the kind of horizontal approach to Community goals that was common in the 2000-06 programmes, although the requirements for mainstreaming are still contained (implicitly and explicitly) in the Council regulations and Guidelines. Among those programmes which have retained this approach are Nordrhein-Westfalen and Sachsen-Anhalt - in common with other German programmes - which have two horizontal goals of (a) equal opportunities for men and women and (b) sustainable and environmentally friendly development.

Table 12: CSG ‘Improving the attractiveness of Member States, regions and cities’

Country/region	Response to CSG ‘Improving the attractiveness of Member States, regions and cities’ in ERDF OPs
Austria <ul style="list-style-type: none"> Niederösterreich Steiermark 	P2 related to balanced and sustainable economic development. Support for regional (local) management, urban regeneration, energy efficiency, renewables and flood prevention. P2 related to balanced and sustainable economic development. Support for spatial planning, local cooperation, regional (local) management, environmental investments and urban regeneration.
Belgium <ul style="list-style-type: none"> Vlaanderen 	Support under P3 (Economic environment) and P4 (urban development) for gateways, key locations and sub-regional projects, eco-efficiency, accessibility, quality of life.
Denmark	No specific measures in the ERDF OP. Environment is a horizontal priority.
Finland <ul style="list-style-type: none"> Länsi-Suomi 	P3 (accessibility) funds innovative transport project and broadband connectivity. Also, environmental investment that improves competitiveness e.g. quality of life, environmental research. P1 and P2 support energy efficiency, renewables and research on future energy technologies.
France <ul style="list-style-type: none"> Aquitaine 	Support under P2 (ICT development), P3 (Energy and environmental potential) and P4 (sustainable territorial development)
Germany <ul style="list-style-type: none"> Nordrhein-Westfalen Sachsen-Anhalt 	P3 (Sustainable urban and regional development) includes funding for land reclamation in old-industrial areas. Horizontal goal is sustainable development. ERDF programme P3 (Infrastructure for sustainable growth) accounts for almost one-third of funding. Two horizontal goals are: environment and nature protection; and sustainable urban development.
Greece	Thematic Priority 5 (target 14: developing & modernising transport systems and infrastructure, target 15: supporting contribution of the energy sector to competitiveness, extroversion and sustainable development, target 16-17: sustainable environmental policy, target 18: promoting cultures.
Italy <ul style="list-style-type: none"> Convergence regions Lombardia 	Specific national OPs for Infrastructure and Security. Interregional OP will be implemented in the Southern regions, focussing on interventions in the fields of culture, tourism and natural assets. Support under P3 (Interventions on the system of mobility of persons, goods and information in support of the sustainability of development)
Poland <ul style="list-style-type: none"> Śląskie 	Support under P2 (Information society), P5 (Environment), P6 (Sustainable urban development) and P7 (Transport), accounting for 55% of EU funding.
Portugal	Regional OPs and a specific national OP for “territorial improvement” with a focus on infrastructures, networks, facilities (logistics, transport, energy, environment, heritage, risk prevention and management, and social fields.
Spain <ul style="list-style-type: none"> País Vasco 	Support under P2 (Environment and risk prevention) for land rehabilitation, waste water treatment, bio-diversity, energy efficient, urban public transport, and environmental risk prevention. Also under P3 (Accessibility to transport and telecoms networks and services) and P4 (Local and urban sustainable development (Standard format for all Spanish RCE programmes.)
Sweden <ul style="list-style-type: none"> Övre Norrland Norra Mellansverige 	Support under P2 (Accessibility) for sustainable transport, IT infrastructure and usage and energy efficiency. Support under P2 (Accessibility) for access to transport and IT.
United Kingdom <ul style="list-style-type: none"> North-East England Scotland (LUPS) Wales (Convergence) 	Draft OP not yet available. Support under P1 to improve the resource efficiency and commercial use of new environmental technologies and under P3 to support the development of alternative sustainable activities, and to ensure that developments in rural transport also ensure sustainable development. Support under P3 (Strategic infrastructure) for sustainable transport and other infrastructure, and under P4 (Business environment) for renewables, risk management, and environment for growth.

5.2.3 Creating more and better jobs

The priorities for this guideline are: to attract and retain more people in employment and modernise social protection systems; improve the adaptability of workers and enterprises and the flexibility of labour markets and to increase investment in human capital through better education and skills. The guideline also indicates the need to improve efficiency in public administration, and education, social, health and cultural infrastructures.

Among IQ-Net partner programmes, this guideline is being addressed mainly by the programmes of Greece, Lombardia, Portugal, Sachsen-Anhalt and Śląskie, where there are separate ESF programmes. These programmes are making (to varying degrees) major investments in educational, healthcare and cultural infrastructure. The Śląskie programme, for example, is devoting 13 percent of resources to these headings. They are also planning interventions to promote the adaptability of workforce and businesses, improving human capital, improving labour market opportunities, and integrating disadvantaged people. Sachsen-Anhalt is distinctive in having an overarching horizontal task relating to the consequences of demographic change.

However, the mono-Fund approach to programming for 2007-13 means that many IQ-Net partners - most of whom are responsible for ERDF - are providing little direct support under this guideline. The exceptions are: Steiermark, which has some counselling services for potential entrepreneurs and 10 percent ESF-related cross-financing for qualification and training; Niederösterreich, which has some minor training and qualification measures; and Länsi-Suomi, where healthcare is to be funded by one of key clusters of the region called 'innovative development of welfare services'.

Table 13: CSG ‘Creating more and better jobs’

Country/region	Response to CSG ‘Creating more and better jobs’ in ERDF OPs
Austria <ul style="list-style-type: none"> Niederösterreich Steiermark 	<p>No specific measures for employment creation in the ERDF OP. Small amount of funding for training and qualification measures.</p> <p>No specific measures for employment creation in the ERDF OP. 10% ESF-related cross-financing for qualification and training. Some counselling support for potential entrepreneurs.</p>
Belgium <ul style="list-style-type: none"> Vlaanderen 	No specific measures in the ERDF OP.
Denmark	No specific measures in the ERDF OP.
Finland <ul style="list-style-type: none"> Länsi-Suomi 	No specific measures in the ERDF OP. Funding for health as part of innovative development of welfare services
France <ul style="list-style-type: none"> Aquitaine 	No specific measures in the ERDF OP.
Germany <ul style="list-style-type: none"> Nordrhein-Westfalen Sachsen-Anhalt 	<p>No specific measures in the ERDF OP.</p> <p>ERDF programme P1 includes capital funding for education; ESF programme P1 Raising the adaptability and competitiveness of employees and businesses, P2 Improving human capital, and P3 improving access to employment and the social integration of disadvantaged people.</p>
Greece	Thematic Priority 3, (target 8: supporting adaptability of workforce and business, target9: facilitating access to employment, target10: promoting social integration through ensuring equal access for all to the employment market, target 11: creating an efficient Healthcare & Welfare system)
Italy <ul style="list-style-type: none"> Lombardia 	The ESF OP will focus on strengthening of human capital. It will have four priorities: P1 Adaptability; P2 Employment; P3 Social inclusion; and P4 Human Capital. The ERDF OP will promote employment creation through support to innovative businesses.
Poland <ul style="list-style-type: none"> Śląskie 	Support under P8 (Education) and P9 (Health & recreation) accounting for 9% of EU funding.
Portugal	No information available.
Spain <ul style="list-style-type: none"> País Vasco 	No specific measures in the ERDF OP.
Sweden <ul style="list-style-type: none"> Övre Norrland Norra Mellansverige 	<p>No specific measures in the ERDF OP.</p> <p>No specific measures in the ERDF OP.</p>
United Kingdom <ul style="list-style-type: none"> North-East England Scotland (LUPS) Wales 	<p>No specific measures in the ERDF OP.</p> <p>No specific measures in the ERDF OP.</p> <p>No specific measures in the ERDF OP.</p>

5.3 Territorial dimensions

The CSG devotes a section to the importance of Cohesion policy programmes adapting resource allocation decisions to the “particular needs and characteristics of specific geographical challenges and opportunities”.¹⁵ The Guidelines highlight the contribution of cities to growth and jobs, the diversification of rural areas, fisheries areas and areas with natural handicaps, and territorial cooperation measures. The following section reviews the territorial aspects of the OPs and then the Commission’s proposal for promoting inter-regional cooperation.

5.3.1 Territorial aspects of the OPs

As noted in the review of NSRFs¹⁶, several Member States highlighted the importance of territorial issues at the level of the strategic objectives/priorities of their Frameworks. This applies, for example, to Austria, where an NSRF priority refers to the goal of territorial cohesion, emphasising the importance of polycentric development and regional integration. In France, NSRF objectives include ‘sustainable territorial development’ and ‘compensation for territorial constraints of overseas regions’, and there are specific priorities for territorial cohesion goals. In Sweden, one of the NSRF priorities is ‘strategic cross-border work’ encompassing cross-border cooperation networks, sea motorways and communication between major Nordic city regions. Among other programmes, one of four NSRF objectives in the Czech Republic is ‘balanced territorial development’; in Hungary, territorial cohesion is one of six NSRF priorities; in Lithuania, one of the three NSRF priorities is territorial and social cohesion; and Ireland has an NSRF priority axis to support the national spatial strategy.

At programme level, the most wide-ranging responses to the territorial dimension feature in the larger programmes, particularly those receiving Convergence funding, where the new period will see a restructuring of the territorial basis for implementing some or all of the funding.

- In Poland, alongside the 16 regional OPs, a dedicated programme of resources is being provided for the development of the five eastern regions, supplemented by special allocations under sectoral OPs and national funds. It will have three main priorities: innovation and enterprise; supporting the development of potential metropolises; and development of inter-regional road networks
- In Greece, the number of Structural Funds programme regions has been reduced from 13 to five, in order to provide a better ‘critical mass’ for achieving regional economic competitiveness, as well as facilitating achievement of the three territorial targets in the NSRF: developing an equal development and polycentric urban systems and a new relationship between rural and urban space; ensuring equal access to infrastructure and knowledge; and sustainable development and wise administration and protection of the natural and cultural heritage.

¹⁵ Council Decision, 21.10.2006, p.28.

¹⁶ Polverari *et al* (2006) *op. cit.*

- As noted above, more funding is being delivered through the seven regional OPs in Portugal. One of the five main strategic priorities for the NSRF and OPs is also 'urban and territorial improvement' intended to ensure a greater participation of territories and cities in the management and delivery of funding, particularly in terms of the objectives of pursuing environmental gains, promoting spatial planning, risk prevention and improving the connectivity of the territory and consolidating improvements in the urban areas, taking account of the aim of reducing regional disparities.
- In Italy, the NOP Competitiveness and Research will incorporate a territorial dimension, partly through the regional allocation of funding and also through the different innovation policies and forms of intervention that have been planned for the different parts of the country.

Outside the main 'Convergence countries', France is distinctive in its proposal for 'pluri-regional programmes' for territories facing specific development constraints and opportunities. These are zones with natural handicaps which require a reinforced set of measures to address specific difficulties or challenges, e.g. humid and coastal zones, islands, peninsulas, mountainous areas and river basins. Programmes for these 'naturally handicapped' zones have been designed with specific interventions targeted on the preservation of natural environment and risk prevention, accessibility and economic development respectful of natural conditions. On a different scale, several regions have structured their programmes to incorporate a territorial priority, as the following illustrate:

- Aquitaine: Priority 4 of the draft OP (included after consultation with the Commission services) is focused on three types of territory: (a) support for the sustainable development of coastal zones; (b) 'sensitive urban districts' requiring community development support; and (c) support for territories facing economic change (e.g. potential closure of firms and major redundancies, mainly in rural areas or mono-company towns).
- Nordrhein-Westfalen: Priority 3 targets 'urban and sub-regional potential', partly aimed at urban problems areas and partly targeted on the structurally weaker areas of the Ruhr which have traditionally been the main recipients of NRW Structural Funds programmes.
- País Vasco: Priority 4 is dedicated to 'local and urban sustainable development' providing support for urban/rural regeneration as well as cultural and tourism infrastructure and services. A similar priority features in the programmes of other RCE regions and also Convergence regions in Spain.
- Scotland: Two of the three in the Lowlands & Uplands Scotland Programme have a territorial dimension. One is urban-focused (community regeneration) and one is for rural development, supporting key rural industries, the development of alternative sustainable activities and promotion of shared rural services.

Some programmes have also ring-fenced funding or specified expenditure targets for specific types of territories. In Denmark, the ERDF programme has a target of 35 percent of funding to go to the peripheral areas. In Länsi-Suomi, 65 percent of funding will be targeted at 'challenging areas' and five percent for major urban regions. Many, if not all, of the French programmes appear to be dedicating around 10-12 percent of funding to urban area issues.

Special support for urban areas is included in many programmes, frequently aimed at the larger towns and cities which are recognised as the drivers of growth and employment, as well as centres for innovation and information-based economy. The Śląskie OP has a specific sustainable urban development measure aimed at the region's four major agglomerations - Katowice, Częstochowski, Bielsko-bialski and Rybnicko-jastrzębski. In Vlaanderen, funding will be focused on large integrated projects in Antwerp, Gent and other major urban agglomerations identified as *centrumsteden* (central cities) in the 'Flemish Spatial Structure Plan'. In the Länsi-Suomi OP, the focus of the priorities is on the cities of Tampere and Vaasa.

An important field of urban intervention is community development, incorporating a mix of economic and social interventions. This will be a central theme of the French programmes, which will incorporate funding for the national initiative 'urban contracts for social cohesion' (see Box 5). Community regeneration has also been a long-standing priority in Western Scotland, and the 2007-2013 Lowlands & Uplands Scotland programme (which also covers the eastern and southern parts of the country) will target funding on selected urban areas of the region, linked to local regeneration plans, especially in the most disadvantaged urban communities. In North-East England, the two priorities focused on business innovation and enterprise will have an emphasis on forging links with disadvantaged communities, for an example through the use of 'innovation connectors'. Similarly, in Niederösterreich, urban regeneration is being supported through the preparation of local strategies, counselling services and the establishment of urban regeneration offices; there is a strong emphasis on bottom-up development by stimulating the participation of citizens in urban development issues. The Nordrhein-Westfalen OP also proposes support for urban problem areas that will co-finance the federal urban development programme, *Soziale Stadt* (social city). Interestingly, the Śląskie programme takes a differential approach to urban regeneration, with separate interventions (and project selection systems) for urban areas with populations of under 50,000 people, and the development of cities with larger populations.

Box 5: 'Urban contracts of social cohesion' in France

National government guidance has been given to the French programmes to implement urban development priorities via project calls in order to support district projects which are integrated in the context of their agglomeration. The project calls will be carried out at the regional level and will need to be organised around "urban contracts of social cohesion" to be introduced at the start of 2007 based on May 2006 legislation. The emphasis will be placed on actions promoting activity and employment development, functional diversity, social mix and security.

Particular attention will be given to project governance; the selection criteria will require actor inclusion (district associations, professional organisations), the identification of inputs and impacts and the integration of the territorial context. Applications have to present sound diagnosis, an integrated development strategy and approach and propose eligible actions. The duration of the project can be up to six years and, in case it is shorter, further project calls can be issued. The aim was to launch initial calls in October 2006 in order to be able to select projects in spring 2007. The existing URBAN network is prepared to support project promoters with their applications and also with implementation throughout the future programming period. While it is not obligatory to have an urban priority, the implementation of a call for projects is a strong recommendation and will be carried out in almost all programmes, although it does concern mainly urban regions.

A different strategic approach has been adopted in Sachsen-Anhalt where, alongside specific measure-level support for urban regeneration, sustainable urban development is one of three horizontal goals that will apply across the *Land*. Rather than pre-allocating funding to specific towns, the programme (at the Commission's request) is identifying funding which is allocated to measures that are particularly relevant for urban areas, such as support for higher education, urban regeneration, school buildings and urban transport systems. A horizontal approach to territorial issues is also contained in the ERDF OP in Denmark, where special emphasis is to be given to peripheral, rural and urban areas across all interventions in the programme (with more than one-third of funding targeted at peripheral areas).

Two other aspects of urban support should be mentioned. First, there is frequently an explicit or implicit urban dimension to programme strategies for innovation, entrepreneurship and the knowledge economy. For example, the funding for the technopole programme in Niederösterreich is for technopoles based in or close to the *Land's* main urban centres - Krems for biotechnology, Tull for agricultural and environmental technologies, and Wiener Neustadt for modern industrial technologies. Similarly, the cluster strategy in Länsi-Suomi is intended to reinforce the role of major towns and cities as centres for regional innovation and competitiveness. The same can be said of many of the other IQ-Net partner programmes.

Second, urban areas are part of a broader strategic approach to territorial development in some Member States. The importance accorded to polycentric development in the Austrian NSRF is reflected in the regional OPs: Steiermark is providing support for strategic development and regional development concepts, particularly to encourage coordinated planning and integrated development between the city of Graz and its surrounding municipalities. Support for inter-urban networks is also being provided in Niederösterreich, notably with respect to the area around Vienna. The concept of 'city regions' also underpins the strategies of the English regional OPs. In Wales, the national Spatial Plan will help guide the implementation of the Convergence programmes 'ensuring that resources are targeted on areas of needs and opportunity'.

Some investment is also being made in territorial governance and capacity-building. This is a feature of the major Convergence programmes, focusing on national and regional administrations. At a local level, both Austrian programmes - Niederösterreich and Steiermark - are continuing to assist intermediary bodies known as 'regional managements' to stimulate local governance and bottom-up development. Under the Italian NOP Competitiveness and Research, some 'accompanying actions' are foreseen to improve standards of innovation service through the *sportelli unici* (one-stop shops) and the Associations for Entrepreneurial Development.

Lastly, while the focus on urban areas has been emphasised in the preparation of programme documents, it should be noted that other types of areas are also targeted. The significance of peripheral areas in Denmark has already been mentioned; the same concern with peripherality applies to some of the OPs in Finland and France. The importance of rural areas is highlighted in the programme documents for the Czech Republic, Greece, Poland and Spain, as are islands in the cases of Greece, Malta and Spain. More generally, there are broader commitments to the reduction of regional disparities, which are reflected in preferential allocations to lagging regions within priorities or project selection criteria that are weighted in favour of disadvantaged areas.

5.3.2 Regions for economic change

The CSGs note the scope for interregional cooperation programmes to take forward the Lisbon strategy, and indicate that such cooperation can be supported within programmes for Convergence and RCE. However, partly motivated by concerns that many programmes were not according much importance to interregional cooperation, the European Commission, in November 2006, presented its own plans to strengthen exchange of best practices in innovation and boost partnership among European regional and urban networks through the initiative *Regions for Economic Change* (RfEC).¹⁷

With a budget of approximately €375 million available, the RfEC initiative will work through the mechanisms for Interregional Cooperation and Urban Development under the Territorial Cooperation Objective. It offers Member States, regions and cities support in implementing

¹⁷ European Commission (2006) *Communication From The Commission: Regions For Economic Change*, "Regions For Economic Change" - European Commission strengthens exchange of best practices in innovation among European regions, Commission press release 8/11/06.

the renewed Lisbon agenda through actions aimed at economic modernisation. An important aspect of the initiative is its focus on exchange of experience and dissemination. It aims to draw on the experience and highlight the best practice of high performing regions and to transfer this to regions wishing to improve. Moreover, a new element for 2007-2013 is that the Commission will itself offer the networks a number of themes focused on economic modernisation and the renewed Lisbon agenda. When Member States, regions or cities choose to pursue these themes, they will have the possibility of working more closely with the Commission. This will provide the opportunity for the Commission to play the lead role in testing selected ideas with a view to 'fast tracking' them through mainstream Convergence and Regional Competitiveness programmes.

Key aims of the initiative include:

- Identification of priority themes focused on economic modernisation and the renewed Lisbon agenda (e.g. bringing innovative ideas faster to the market, managing migration and facilitating social integration, moving to a low carbon economy and bringing e-governments to regions and businesses).
- Development of a bridge between networks and regular programmes.
- Enhancement of communication and dissemination through an annual conference and awards (foreseen to coincide with the Spring European Council).
- Establishment of a 'fast track' option, through which the Commission will establish volunteer networks around selected priority themes in order to provide a rapid testing ground for policy ideas.

The Commission has been working to launch the first thematic networks by the end of 2006. As part of the communication and dissemination strategy, the first high-level annual conference will be held on 7-8 March 2007 under the title 'Fostering competitiveness through innovative technologies, products and healthy communities', It is being organised by the Commission services in partnership with the region Provence-Alpes-Côte d'Azur and the Committee of the Regions.

6. OP MANAGEMENT AND IMPLEMENTATION

As part of the preparations for the new period, Member States are reviewing management and implementation systems, addressing their suitability in the new financial and regulatory environment and, in some cases, also taking into account changes in the domestic context. In most Member States, this process will produce some changes, either in terms of formal management structures or the approach taken to different aspects of the implementation process. In order to set the context, the first part of this section introduces a general ‘typology’ for discussing the extent and direction of change in management and implementation structures in different Member States. A second part explores in more detail some of the planned changes in approach to different aspects of the management and implementation process (project generation and selection, co-financing arrangements, partnership arrangements and relationship with beneficiaries). The final part draws out some insights from this review, outlining the factors that are driving change and highlighting some implications with respect to future arrangements. As noted in the Introduction to this paper, an important caveat is that the processes outlined in this section generally refer to plans or proposals for the new programming period that are still at the preparation stage.

6.1 Changes to the implementation structures

Across programmes, there seem to be very few cases where there will be no change either in terms of the formal structures used to manage and implement programmes or the approach taken to the implementation process. The basic three-fold typology of changes to OP implementation structures developed for the last IQ-Net thematic report still holds, where partners are¹⁸:

- largely retaining the current implementation structure, either in regionalised, centralised or mixed setting;
- regionalising some aspects; or
- rationalising implementation structures.

6.1.1 Retention of current implementation structures

In a first group of countries, it appears that changes to implementation arrangements are likely to be limited. In these cases, it seems that that the existing structures and allocations of responsibilities will be largely maintained, apart from some reorganisation of functions between or within government departments and some systemic changes in co-funding, monitoring etc. In Member States with strong experience of implementing Structural Funds continuity is seen as an important objective. Whilst there is acknowledgement that the new programming environment will require some adjustments to the delivery system, a key challenge will be ensuring that the experience and expertise in

¹⁸ Polverari, L. et al. (2006) *op. cit.*

programme implementation, amongst different partners and at different administrative levels, is not lost. In Italy, for instance, despite the absence of a Community Support Framework in the new programming period, a national coordination element for the implementation of the NSRF will be maintained through the establishment of a National Committee. Thus, there will continue to be a national-level forum for discussion of the programmes. Maintaining continuity applies to countries with:

- *a centralised approach* (e.g. Estonia, Latvia, Lithuania, Malta, Cyprus, Luxembourg), where implementation of EU Cohesion policy is predominantly carried out through line ministries and agencies. In the Baltic States and Slovenia, efforts are under way to give sub-national implementing bodies more involvement in the Structural Funds administration process, but not to the extent of regionalising management;
- *a mixed central-regional approach*, with different emphases placed on the national and regional levels (e.g. Finland, France, Germany, Ireland, Convergence Italy and Spain); although there is support for further regionalisation in some countries, change is likely to be limited. In some of these cases, discussions about the centralisation of the Structural Funds have been controversial parts of management and implementation debates (e.g. France, Finland);
- *a regionalised approach* (Austria, Belgium, most of non-Convergence Italy), with responsibility for implementation retained at the regional level.

6.1.2 Regionalisation of some implementation aspects

In certain Member States, some implementation responsibilities are moving from central to regional levels. In new Member States (e.g. Czech Republic, Hungary, Poland, Slovakia), regionalisation of some aspects of implementation is being driven by prospective increases in funding, the experience accumulated in the current programming period, and processes of domestic administrative reform. To varying degrees, in each of these countries, sub-national input into the implementation process is being strengthened. This may involve a stronger role in resource allocation, project generation and selection. In Slovakia, self-governing regions at the NUTS III level have been involved in implementing some measures in the current Infrastructure OP. For 2007-2013, the government plans to transfer more responsibilities to the regions in the new Regional Development OP, as they gradually acquire programming experience and expertise. These regions have been involved in project selection. Several new Member States also plan to introduce Regional Operational Programmes (ROPs) for the first time. In Poland, the planned shift from an Integrated Regional Operational Programme to 16 individual ROPs means that the role of the Managing Authority for these programmes will pass from the Ministry for Regional Development to regionally-elected Boards and their executive bodies.

It should be noted that concerns over variation in administrative capacity and expertise at sub-national level mean that central implementation structures will continue to play dominant roles. Given increasing funding and an expanding range of activities, organisational capacity, particularly the size and skill base of its personnel, remains a significant issue for several of the regions assuming new responsibilities. An important

challenge will be attracting and retaining appropriate personnel resources, as well as coordinating ‘bottom up’ processes of regional-level analysis and strategy building with ‘top down’ management structures. In Poland, there has been some recent controversy regarding recent legislation that has given *voivods* (appointed representatives of central government in the regions), the right to veto decisions on project selection made by elected regional self-governments in the new programming period.¹⁹ Similarly, in Hungary, there are plans for Regional Development Councils to play a role in resource allocation under the ROPs. However, the central Managing Authority for the programmes would retain a right of veto.

In other Member States, such as Portugal, the changing thematic orientation of Structural Funds programmes is influencing implementation structures. As programmes respond to the Community Strategic Guidelines and the Lisbon Agenda and more funding goes into business development, innovation etc, the need for a more spatially differentiated approach is being acknowledged. This, in turn, is prompting the regionalisation of some implementation responsibilities.

Box 6: Portugal - Partial regionalisation of business aid scheme

In Portugal, increased funding under the Regional Competitiveness heading is encouraging a more regionalised approach. A new, selective approach to business aid will focus support on private investment in ‘factors of competitiveness’. A related change, which represents a clear break from the past, is that the new incentive schemes will be set up at the regional level for the first time, with a clear separation of responsibilities and supported activities from those offered at the national level. National aid schemes will target medium and large businesses, while SMEs will be supported by incentives at the regional level. A new project selection body will be set up at the national level with representation from the national and regional managing authorities.

6.1.3 Rationalisation of implementation structures

In some Member States, a rationalisation of implementation structures is underway. This process is being driven by a variety of factors and can take place across or between administrative tiers.

Rationalisation at the central level is taking place where the reduced funding results in a smaller number of OPs and central or regional management and implementation bodies.

¹⁹ ‘Zawieszam weto wojewodów’ *Rzeczpospolita* 14/12/06.

Box 7: Finland - Rationalisation at the centre as a response to reduced funding

In Finland, due to the changes in the level of funding, it has been necessary to evaluate whether the budgeting structure could be rationalised. One change, which is also still to be agreed upon, is that the state co-funding will be brought within the Ministry of Interior's responsibility, which currently only has the ERDF finance within its budget but not the associated national co-finance. In the past, the national co-funding has been spread across a range of national ministries involved. Similarly for ESF funds, the state co-funds will be brought under the Ministry of Labour's responsibility. The aim is to create a much more simple and streamlined system.

In newer Member States (Poland, Czech Republic, Slovakia, Hungary), prospective increases in funding are prompting efforts to rationalise arrangements at the central level, even where some implementation responsibilities are being regionalised. Increased funding will result in a higher number of programmes, more ambitious development activities, and an increasing number of management bodies involved at central and sub-national levels. In this context, the effective coordination of relevant ministries and departments will be crucial in the new programming period as sub-national programming bodies and the Commission will require a coherent partner at central government level. During the last year or so, some of these Member States have started to address this need. For instance, in Poland and the Czech Republic, the ministries for regional development have assumed stronger overall responsibility for the management and supervision of Structural Funds and Cohesion Fund activities in order to provide a focal point in the coordination process (e.g. through the establishment of a National Cohesion Policy Framework under the auspices of the Czech Ministry of Regional Development and the location of the Managing Authority and the Certifying Authority within the Polish Ministry for Regional Development). Where such processes of rationalisation are taking place, attention is being paid to the need for clear divisions of roles within the organisations concerned.

Rationalisation between levels. Changes in the balance between regional-level and central government responsibilities, is occurring in some countries, driven by a range of factors. In some Member States, efforts to align domestic and EU programmes are increasing the prospect of more active central government intervention (see the example of Italy). In other cases, rationalisation between levels is being carried out to improve efficiency and flexibility in a context of reduced funding. In Sweden, the government is considering the possibility of replacing the current decentralised management approach with a single Managing Authority at the central level. The aim is to increase clarification and simplification. Elsewhere, reduction in the number of regional OPs will be accompanied by a rebalancing of central-regional implementation responsibilities.

Box 8: Greece - Rebalancing central-regional responsibilities.

In Greece the number of Regional Operational Programmes (ROPs) planned has been reduced from 13 to five. The 13 special managing regional authorities that were responsible for the old ROPs will continue to function, but within the new five-ROP structure. The plan is for the central Managing Authority (Ministry of Economics and Finance) to give special managing regional authorities part of the administration of each new ROP, according to axes that will be addressed in each particular region. It is also planned to include a provision whereby responsibility for the implementation under a given theme (e.g. research and technology development) can be delegated to relevant central ministries where regional authorities lack the necessary capacity or experience. Although the reduction of the number of ROPs was not accompanied by the respective reduction in the number of Regional Managing Authorities, it is stated that the foundations have been laid for such an administrative change in the future.

Lastly, rationalisation between levels is occurring where Member States are seeking to improve coordination and harmonisation between different EU Funds and programmes. In Denmark, a more centralised administration of the ESF programme is planned. Hitherto, administration of ESF had been decentralised both in terms of decisions on individual projects and detailed financial administration. It is now planned to manage ESF in a similar manner to ERDF, with regional recommendations to the centre, which makes decisions and is responsible for financial control and audit. Evaluations of the programmes in Denmark had noted the different practices employed when administering the two funds.²⁰

Rationalisation at the regional level. The final group of countries are those where Structural Funds receipts will be provided almost exclusively under the Regional Competitiveness objective (e.g. Netherlands, Sweden, Vlaanderen, UK). For some, in a context of much reduced funding, this is associated with modifications in the range and/or functions of regional or sub-regional implementing bodies. This may involve the development of more efficient implementation structures through a shift from 'differentiated' to 'subsumed' approaches. For example, in the UK the regionalised approach to management is likely to be retained, but more funding will be channelled through so-called 'co-financing organisations' (sectoral bodies, development agencies etc). In a similar vein, in Sachsen-Anhalt the decision has been taken to shift audit tasks for 2007-2013 from a private firm to the *Land's* own Senior Financial Department (*Oberfinanzdirektion*). In a context of fiscal constraint, the decision was taken on the grounds that the *Land's* own body has sufficient resources to undertake the work. More broadly, it should be noted that where levels of funding are declining and the responsibilities of programming bodies have been reviewed, the retention of skilled and experienced personnel will be a challenge.

Rationalisation at the regional tier is also apparent where Member States are seeking to

²⁰ "Midtvejsevaluering Af Mål 2 Programmet I Danmark 2000-2006." Århus: Teknologisk Institut, 2003. *Evaluering Af Mål 2 Programmet I Danmark 2000-2006. Opfølgning På Midtvejsevalueringen*, Århus: Teknologisk Institut, 2005.

bring together arrangements for different EU funds and programmes. For instance, in North East England there are plans to rationalise regional structures by bringing together arrangements for ERDF, ESF and the Cooperation Objective through a joint PMC. Such a committee would act as a formal PMC for ERDF as well as ESF issues of a regional nature, accepting that the formal ESF PMC would operate at national level. The intention is that the two funds, while separate, “can be more easily aligned to meet defined local and regional needs”.²¹ Efforts to rationalise regional structures in this way must address the risk of increasing complexity. For instance, in France coordinating funds through the establishment of joint monitoring and programming committees is perceived to carry the threat of complicating the implementation process. Rather than the establishment of permanent structures, the organisation of *ad hoc* arrangements, adapted to different regional contexts, is being considered.

Finally, it should also be noted that in some cases rationalisation of implementation arrangements at the regional level is necessitated by limitations in administrative capacity. For instance, Śląskie is planning to streamline implementation at the regional level. Although some activities will be carried out by external bodies (notably relating to SME support and tourism) the Marshal’s Office will be responsible for most interventions as other potential regional partners develop experience and build administrative capacity.

6.2 Programme Management

When the management and implementation process is broken down into different aspects, it is clear that fresh approaches are beginning to emerge in response to the requirements of the new programming period. It is important to reiterate that most of the processes and examples explored in the following section are still at the planning stage.

6.2.1 *Generating and selecting more strategic projects*

Across programmes, new arrangements for project generation and selection are seeking to concentrate funding on larger ‘key’ projects or integrated groups of smaller projects. This relates to efforts to strengthen the strategic impact of projects supported by the Commission, and to the sharpened focus of policy-makers on the efficiency and effectiveness of interventions. In some programmes, the reduction of funding is having a strong influence on the introduction of more selective arrangements for the generation of projects (for example through stronger emphasis on allocating funds on a competitive basis in Nordrhein-Westfalen). In various regions, innovative approaches to project generation and selection are being pursued, building on the combined input of sub-regional actors. In Vlaanderen, for example, it is hoped to achieve greater efficiency through a network approach. If projects dealing with similar issues are proposed they will be accepted, depending on their size, either as ‘stand alone’ projects or following a collaborative approach in the case of smaller projects.

²¹ Margaret Hodge, Minister for State for Industry and the Regions, National Strategic Reference Framework for EU Structural Funds Programmes 2007-2013, Written Statement to Parliament, 23 October 2006.

Another approach to developing greater concentration and strategic impact is to identify key projects from the outset which will receive specific attention. Plans for the new programme in Śląskie combine efforts to identify key projects with the development of integrated packages of projects based on sub-regional territories.²²

Box 9: Śląskie - Generating key projects and integrated projects

In Śląskie, the Regional Operational Programme plans to split the region into four parts (central, north, south and west) corresponding roughly to its main agglomerations involving municipalities, cities, knowledge institutions and the private sector. The plan is to allocate around 40 percent of ROP funds to co-finance projects chosen by these partnerships and submitted to the Marshal's office for approval. This has included a role in the submission of key strategic projects for the ROP as part of a competitive call. Remaining funding will be utilised for the realisation of Sub-Regional Integrated Development Programmes (SZPR). Up to the end of 2007, sub-regions will be invited to develop SZPR containing 25-30 projects under one strategy. Thus, rather than an open process of competitive tendering, this aspect of the ROP will be implemented in a way that encourages partnership and limits the reporting obligations that can be particularly onerous for smaller projects.

Some programmes plan to introduce mechanisms to generate larger, more strategic projects by aligning them with existing, selective domestic schemes. This would also boost the coordination of domestic and EU-funded regional development activities. Alignment may take the form of showing preference to projects that contribute to domestic strategies, such as the competitiveness poles in France. In other cases, the priorities of domestic development strategies are providing an explicit framework under which projects can be grouped. This is creating new demands for policy-makers and implementing bodies. Differences in rationales and funding mechanisms between domestic and EU-funded programmes can complicate the alignment process. Efforts to ensure greater alignment can also alter the architecture of implementation systems. For instance, in Lombardia, two new committees, the Inter-Ministerial Committee and the Central Authority for Coordination and Programming, will be new components of the implementation system for Structural Funds. They will comprise representatives of regional-level ministries and programming units, and their function is to ensure coordination and integration of regional development activities, whether they are domestic or co-funded.

Moreover, the changing orientation of programmes towards more strategic, larger projects and thematic rather than horizontal principles suggests a new type of relationship between projects and implementing bodies. Rather than the formal compilation of standardised lists, these organisations must have the capacity to be actively engaged in project generation and selection and to provide close support as projects progress. The generation of strategic projects and/or baskets of projects increases the scope for this kind of engagement, with key implementation bodies or actors able to support fewer, larger projects.

²² 'Śląsk podzieli poza konkursem' *Rzeczpospolita* 22/8/06.

Box 10: Wales - Creating strategic frameworks for projects

In Wales, a number of large projects are expected to emerge from the development of the Strategic Frameworks. In parallel with the development of the new programmes, the Welsh European Funding Office (WEFO) is working with the Welsh Assembly's Policy Departments, Spatial Plan Area groups and other external organisations to identify and support the development of a portfolio of strategic projects, which could be run by an intermediary body or a board of project sponsors with a 'lead intermediary' (e.g. in cross-departmental joint action). It is expected that those organisations and partnerships which are currently involved in delivering the key domestic strategies in Wales will be best placed to deliver the OP priorities, as it is considered that domestic strategies address the key issues highlighted under the draft OP priorities. These Strategic Frameworks will organise projects under thematic or spatial headings and provide a 'high-level context for project activity'. There will be closer alignment with WAG priorities, a more strategic fit with the programme as a whole, and the Frameworks will cut down on duplication and minimise gaps. The main challenges of the new Strategic Framework approach will be getting project sponsors to work together, and managing risk - as they will be fewer, and running over a longer time-scale. Previously, the focus has predominantly been on project appraisal, but there will now be increased emphasis on staying with projects through development and appraisal and then onwards, through the introduction of dedicated project managers. Although WEFO will use the frameworks when considering projects, they are keen to stress that framework 'fit' is not an assurance of project approval.

Finally, the stronger alignment of domestic and EU priorities in the generation and selection of projects creates a coordination challenge. In some countries, centrally-steered selection processes are emerging. In others, regions are trying to pool projects identified at a territorial level. This is related to domestic arrangements for the administration of regional development interventions. Where central government plays a significant role in steering the domestic development strategies that are framing project selection processes, sub-national input could be limited. For example, in Italy the future national OP for Competitiveness and Research will be based on new domestic moves to re-launch Italian industry under the *Industry 2015* initiative. This will have a thematic rather than horizontal approach. The programme will fund a tool box of interventions that can be decided on a case-by-case basis rather than automatic procedures, calls for tender etc. This will involve more active central government intervention in key sectors and a single coordinating body at the centre to oversee progress across regions: a move to a multi-regional industrial strategy coordinated at the centre and with strong central involvement in implementation.

6.2.2 Adapting or developing co-financing arrangements

In several programmes, the changing levels of funds available and shifts in eligibility criteria are prompting some (re)consideration of co-financing arrangements. In a context of limited funds, the extension of co-financing is seen by some policy-makers as an option to secure better value for money, allow limited funds to be targeted on strategic priorities

using existing delivery mechanisms and increase alignment with domestic strategies. The aim is also to reduce the administrative demands on beneficiaries. This would provide projects with both Structural Funds and the required match funding from the same source. The Scottish Executive is proposing changes to implementation structures, arguably to reflect the increased targeting of a smaller amount of funding. It has been proposed to reduce the number of Programme Management Executives from five to two, to cover the Highlands and Islands and the Lowlands and Uplands programme areas. The Executive is also planning to move from a purely challenge-funding system (where organisations are invited to submit bids to run projects which are in line with the priorities set out by the specific programme and to find match-funding from a public sector partner organisation) to a hybrid approach, which will involve the Executive directly commissioning elements of the new programmes through existing domestic delivery organisations. Funding would be provided in blocks to Intermediary Delivery Bodies to support a limited number of specific major projects 'which will complement existing policy but demonstrate clear additionality'.

Some programmes are reviewing co-financing arrangements as part of an effort to draw in more funding from other sources. In Denmark, for instance, co-financing will change somewhat in the new programming period as private Danish funding will count as co-funding not just in ESF but also in ERDF projects, something which in practice is likely to mean more private funding (for example in network-based projects) compared to the current programming period. Elsewhere, it is hoped that changes in eligibility criteria and territorial focus will enhance the role of cities and municipalities in providing funds (e.g. Finland, Poland). In this respect, some policy-makers have noted the need for clarification over co-financing rates when partners from public and private sectors are involved.

6.2.3 Managing partnerships in a changing programming environment

Across Member States, partnership remains a fundamental principle for programme management and implementation. However, changes to levels of funding available, new Commission guidelines, the territorial coverage and thematic focus of programmes and domestic administrative reforms are set to influence partnership arrangements in the new programmes. In some cases, partnership structures are playing an important part in the alignment of domestic regional development activities and EU programmes. In Sweden, the partnerships used for domestic Regional Growth Programmes have also been used in the development of Structural Fund OPs in order to anchor the programmes closer together (as closer co-ordination of national and EU policy is pursued).

Box 11: Denmark - mainstreaming partnership

In Denmark, domestic reforms have increased the potential for new partnership arrangements to further the coordination of regional and national development initiatives with European programmes. Here, partnership has been mainstreamed and streamlined in terms of membership, becoming a constituent element of Danish business development at large. The New statutory ‘regional growth fora’ will take care of sub-nationally initiated initiatives and will also become involved in national and European programmes. The new national partnership body the Danish Growth Council, to which the regional growth fora refer, will act as a ‘strategic umbrella’, sharing administrative support with the Monitoring Committee(s) of the new programme.

Against a background of reduced funding, some programmes are seeking more efficient ways to manage partner contributions and streamline partnership structures. In Austria, the reduction in funds available, the reorientation towards innovation and business support themes and changes to control and audit requirements will mean some rationalization. However, policy-makers are aware of the need to preserve continuity and build on established partnership networks. Under the heading “governance as implementation strategy” the Austrian NSRF emphasises that “tacit knowledge” and resources are spread over a multitude of public and private actors which need to be mobilised, organised and coordinated based on Austria’s long experience of strategic partnership at and between levels.²³

Encouraging partnership has tended to be more of a challenge where the implementation of programmes is centralised (for instance concerning the implementation of ESF programmes in some countries, such as Finland). However, partnership arrangements can play a part in maintaining the participation of sub-national actors while other aspects of the programming process are rationalised and/or centralised.

Emerging challenges to partnership-working refer not just to coordination of different levels of public administration but to the participation of partners from the private and voluntary sectors. In some programmes, thematic reorientation towards activities related to the Lisbon agenda will mean the incorporation of partners (e.g. representatives of industrial sectors and the business community) who have not been active in previous programmes. Developing partnership arrangements that can facilitate public/private interaction will be crucial. For example, the development of competitiveness poles as part of domestic regional development activities in France is regarded as a resource in this respect. Competitive poles consist of partnerships of companies, training centres and public sector or private research facilities in a given geographical area and can provide the basis for further development of partnerships spanning public and private sectors in the new programmes. Related, the changing territorial orientation of some programmes may also have an impact on partnership arrangements. For instance, projects carried out under

²³ Österreichische Raumordnungskonferenz (2005) *Strat.at 2007-2013*, Einzelstaatlicher strategischer Rahmenplan für die österreichische Regionalpolitik 2007-2013, Final Draft, p. 63-64.

urban development priorities in the new programmes in France will stipulate the participation of district associations as part of project selection criteria.

Box 12: Sweden - Formalising partnership as a counterweight to centralisation processes

In Sweden, processes of rationalisation mean that there will be two centralised managing and paying authorities (for ERDF and ESF), replacing the current system of five managing and paying authorities (located in selected County Administrative Boards in the programme areas). The aim is to ensure more standardised results from the programme areas. Although the new Managing Authorities will be represented in each NUTS II programming area, there are also plans to strengthen the input of partnerships, based on existing structures. According to current plans, partnerships will consist of political representatives from the municipalities and the county councils, as well as labour organisations, representatives from the county administrative boards and social economy. The Government will appoint the chairperson for the partnerships. The main tasks of the partnerships will be to aid the co-ordination of ERDF and ESF, to align domestic and EU-funded regional development activities (notably Regional Growth Programmes and the Rural Area Programmes) and to ensure sub-national participation in the management and implementation process. It should be noted that there is currently some uncertainty about how these plans will be realised, particularly given uncertainty over the future role of the County Administrative Boards, which formerly performed the managing and paying authority duties.

6.2.4 Working with a new range of beneficiaries

In some Member States, declining funds are having an impact on the anticipated range and number of beneficiaries. In countries such as the United Kingdom, it will be unrealistic for programmes to fund the number and range of organisations supported in the current period. Reduced funding levels are often accompanied by a narrowing scope of Programme activities and a growing preference for larger, more strategic projects. This can narrow the field of potential beneficiaries. For example, in Finland, Denmark and France the type of beneficiaries is expected to be more limited due to the increasingly selective approach. The fact that Structural Funds will no longer co-finance rural development activities is also having an impact. This is prompting some consideration of what support can be provided to organisations likely to be prevented from participating in the new programmes on account of their sectoral profile, territorial location or administrative capacity.

Box 13: Western Scotland - Addressing the narrowing range of beneficiaries

In Western Scotland, there is a concern that the emphasis on larger, more strategic projects might exclude the participation of smaller organisations as beneficiaries. The PME is carrying out a risk assessment for sectors. This will attempt to identify current projects that are unlikely to be funded under the new programmes and provide support to the organisations concerned to think through the implications. It is also worth noting that the Scottish Executive is launching a round of 'shadow funding' that will provide one year's ESF funding (from the 2007-13 programme) and running it before the programmes have been approved (at considerable financial risk). The shadow round of funding is primarily aimed at minimising disruption to those responsible for projects dealing with vulnerable client groups, such as the voluntary sector. It is proposed to provide full annual allocations under Priority 1 of the two ESF programmes, which focus on projects addressing vulnerable clients.

Funding restrictions aside, the potential range of beneficiaries has been extended by: broadened territorial eligibility (the end of micro-zoning under Objective 2); the use of new instruments; the concentration on fewer, larger projects; and a strategic reorientation on 'stronger areas'. In cases such as Belgium, the abandonment of micro-zoning is likely to increase focus on cities and on themes such as business support. Elsewhere (e.g. Sachsen-Anhalt) the range of beneficiaries is likely to be wider because the EU's list of eligible categories of expenditure has been extended to include the construction of schools, sports facilities and hospitals, as well as support for child care facilities. The shift from smaller, geographically fragmented projects to more thematic, strategic interventions potentially opens the scope for greater participation. Maintaining a broad interpretation of the concepts on which these strategic projects are based and ensuring good publicity and communications are vital in this respect.

As the territorial focus of programmes shifts towards regional growth poles in major towns and cities, there is some pressure on implementation arrangements to ensure the inclusion of beneficiaries from structurally weak or peripheral territories. In Denmark, for instance, translating the declared aim to prioritise peripheral areas must be take place within a new governance system that is based on regional growth fora as partnership bodies. In NÖ, the role of Regional Managements as 'co-ordinators', organising discussions and negotiations between actors at the regional and *Länder* levels is seen as important. They can help find a balance between traditional regional policy in the form of support for lagging sub-*Länder* areas and the Lisbon focus on increasing the competitiveness of the *Länder* as a whole.

In some Convergence programme, the combination of increased funding and the inclusion of more categories of eligible expenditure will require some rationalisation of the structure and number of beneficiaries. In Poland, the range of beneficiaries will increase significantly in the new programme as funding increases and categories of expenditure such as social housing are included. In such cases, emphasis is being placed on improving the administrative capacity of final beneficiaries in order to facilitate the absorption of increased levels of funding. In some cases (e.g. Poland, Czech Republic), a particular emphasis is being placed on strengthening the capacity of local authorities to play a role as

beneficiaries and/or as actors in the implementation process. In Greece, every beneficiary will be required to demonstrate their ability to fulfil obligations under their programme. Several options are being considered: involving development agencies in a supporting role for new beneficiaries; encouraging stronger or more experienced beneficiaries to support newer ones; and setting minimum capacity criteria for successful applications as part of the project selection process.

6.3 Synthesis

Across Member States, programme managers have been taking stock of their experience of administering Structural Funds. In the changed circumstances of the new programming period, should current systems be augmented, reformed or replaced? For some, the focus is on how to design management and implementation systems that will help fully realise the potential benefits of increased funding. For others, the emphasis is on assessing their experience of implementing Structural Funds and preserving beneficial elements of the system in the context of reduced funding. There are various factors influencing emerging responses and driving the direction and extent of change to implementation structures. These can be broken down under several headings.

6.3.1 'Framework' conditions

- *The new budgetary environment.* In some cases, reduced levels of funding are demanding more focussed, simplified approaches to implementation that can include processes of rationalisation (e.g. North East England) and centralisation (e.g. Western Scotland). This can also mean reduction in the scope of partnership arrangements. Here, the potential benefits in terms of streamlining must be balanced against the risk of excluding partners from important territories or sectors. In other cases, increased funding is creating the potential for expansion and increased sophistication of implementation systems (e.g. Śląskie), although this depends on the development of administrative capacity at sub-national levels.
- *Aspects of the new regulations.* Changes to the new regulations governing programmes are also having an impact. These can relate to processes of rationalisation and simplification in response to zoning requirements or the coordination challenge posed by the principle of mono-funding. (e.g. Sweden). It is also prompting the development of new coordination arrangements as response to the mono-Fund principle (Belgium, Nordrhein-Westfalen).
- *Domestic change, reform processes.* There can be interaction between implementation systems and the domestic environment. New domestic regional policy administration systems (e.g. Denmark), political changes (e.g. Sachsen-Anhalt) and fiscal or institutional constraints can all have a significant impact. Depending on direction, this can contribute to regionalisation or rationalisation processes.

6.3.2 'Programme specific' factors

- *Programme experience.* The timescale over which successive Structural Funds programmes are implemented can have an impact on the evolution of systems. In some cases, an evolutionary process can be detected in the development of programme management and implementation processes over programming periods (e.g. the development of a central coordination mechanism in Greece).
- *Changes in programme's strategic or thematic orientation.* Changes to the overall strategic approach, the size and type of projects targeted by a programme or to the way it approaches a particular theme or policy area can have an impact on how the programme is implemented. For instance, as programmes respond to the Community Strategic Guidelines and more funding goes into business development, innovation etc, there is a need for a more spatially differentiated approach, that argues for more involvement of the regional level in the delivery process (e.g. Portugal).
- *Changing territorial dimension.* In some programmes, changes in territorial eligibility are having an impact on arrangements for management and implementation. Reflecting the emphasis of the Lisbon agenda on the competitiveness of regional economies, programmes are attempting to strengthen their territorial focus on areas regarded as drivers of the regional economy (e.g. increased importance of city-based projects in Vlaanderen). Adapting to this new territorial focus can create some challenges for implementation systems. In some cases, this refers to forging new links with cities or agglomerations. Elsewhere, there may be a concern that structurally weak or peripheral territories might have limited funding opportunities. In Denmark, for instance, translating the declared aim to prioritise peripheral areas must be translated into action on the ground within a new governance system that is based on regional growth fora as partnership bodies.

The emerging changes to management and implementation systems, as well as some implications of these changes in terms of potential opportunities and challenges, are summarised in Table 14. It should be noted that the rationalisation/regionalisation categorisation is not mutually exclusive. Many programmes will be implemented in frameworks that exhibit both trends over time and according to different aspects of the implementation process. Rather, this categorisation is designed to illustrate some of the key issues in the design and management of implementation systems in the new programming period.

Table 14: Evolving approaches to management and implementation: opportunities and challenges

	Rationalisation	Regionalisation
Implementation structures	Centralisation of managing tasks	Decentralisation of managing tasks
Opportunities	Administrative efficiency, particularly in context of reduced funds	More regionally adapted and targeted interventions
Challenges	Coordination between ministries and clear division of responsibilities Pooling of tasks and resources requiring adapted capacities	Coordination across levels Depends on capacity building at sub-national level
Project generation/selection	Developing larger, strategic projects	Expanding range and types of project
Opportunities	Can align domestic and Cohesion policies Eases administrative pressure on some beneficiaries	Incorporating a comprehensive range of programme activities
Challenges	Creates possible conflicts in decision making between levels and sectors Implementing bodies must have capacity to play more pro-active role	Maintaining strategic focus Implementing bodies must have capacity to deal with complexity
Co-financing	Increased use of domestic resource allocation system	Extending range of co-financing sources
Opportunities	Benefits from pre-existing channels Greater alignment of domestic and Cohesion policies	Can improve absorption (new sources of finance can also be vital in context of reduced funding)
Challenges	Challenge for programmers to maintain overview Visibility issues	Depends on willingness and capacity of potential co-financers
Partnership arrangements	Narrowing partnership	Widening partnership
Opportunities	Efficient administration and greater focus on specific themes or areas	Ensures relevance to sub-regional needs and boosts experience of sub-regional bodies
Challenges	Risks loss of relevance and expertise at sub-national level	Challenge of efficient management
Range of beneficiaries	Reducing	Expanding
Opportunities	Eases administrative burden	Stronger sense of regional participation and 'ownership'
Challenges	May limit the participation of some territories or sectors	Must ensure beneficiaries have the capacity to fulfil responsibilities

ANNEX - PROGRAMME FICHES OF IQ-NET PARTNERS

The following fiches provide summary information on the OPs of IQ-Net partners, where information is available. They are intended as a source of reference for partners. The information will be extended as it becomes available.

Austria - Niederösterreich ERDF (NÖ)

Overall aim/mission	The overall aim is to strengthen the competitiveness of the regional economy in all parts of the <i>Land</i> 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 competitiveness by strengthening innovation and knowledge. Make all NÖ regions more attractive for businesses and start-ups.	
No. of priorities	3	
No. of measures	6 'fields of action' and a number of 'sub-actions'	
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	<i>Land</i> NÖ, Department for spatial planning and regional policy <i>Geschäftsstelle für Regionalpolitik</i>	
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 long-term growth and employment, while adhering to the principle of sustainable development.	
Strategic objectives	<ol style="list-style-type: none"> 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	3	
No. of measures	11 'field of action' and a number of 'sub-actions'	
Priorities	<ol style="list-style-type: none"> 1. Strengthening innovation and the knowledge based economy 2. Increase attractiveness of regions and locations 3. Governance and TA 	(% of EU funding) 89.09% 9.13% 1.78%
Funding	(€ mill)	(% of total)
• ERDF	155,061,854	50%
• National	155,061,854	50%
• Other		
• Total	310,123,708	100%
Managing Authority	<i>Land</i> 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 Monitoring Committee)	Governance Group (MA + all implementing bodies)	

Belgium - Vlaanderen ERDF

Overall aim/mission	Strengthening the development of Vlaanderen 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	<ol style="list-style-type: none"> 1. Enhancing the transfer and valorisation of knowledge in economic activities and society 2. Enhancing Flemish entrepreneurship 3. Improving the economic attractiveness of cities and regions in Vlaanderen 4. Supporting urban development projects 	
No. of priorities	5, including technical assistance	
No. of measures	17	
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	201	
• National	No decision taken	No decision taken
• Other		
• Total		
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	Agency for Economy, Entity Europe Economy	
Management/ implementation committees (other than the Monitoring 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 <ul style="list-style-type: none"> • 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	Title	(% of EU funding)
1.	A qualified workforce (better jobs)	73
2.	A larger workforce (more jobs)	27
Funding	(€ mill)	(% of total)
• ERDF	245	50
• National	160 (public)	33
• Other	85 (private)	17
• Total	490	100
Managing Authority	NAEC, Silkeborg (Centre for Regional Development)	
Certification Authority	NAEC, Silkeborg (Centre for Regional Development)	
Audit Authority	NAEC (<i>not</i> 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	The vision 2015 of Länsi-Suomi: "Länsi-Suomi as a 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	<ol style="list-style-type: none"> 1. Objectives relating to jobs, businesses, employment and the development of value added 2. Knowledge objectives 3. Horizontal objectives (e.g. promotion of partnership and co-operation, improving the competitiveness of business environments, promotion of equality, programme co-ordination, promotion of sustainable development) 	
No. of priorities	5	
No. of measures	-	
Priorities	<ol style="list-style-type: none"> 1. Promotion of business activity 2. Promotion of innovation and networking, as well as reinforcing knowledge structures 3. Improving regional accessibility and attractiveness of business environment 4. Development of major urban regions 5. Financial reserve in the event of sudden structural problems Technical assistance 	(% of EU funding) 35.5 39.2% 17.0% 4.3% 4%
Funding	(€)	(% of total)
<ul style="list-style-type: none"> • ERDF • National • Private • Total 	159 375 850 239 063 775 318 751 700 717 191 325	22.2% 33.3% 44.4%
Managing Authority	Ministry of the Interior	
Certification Authority	Ministry of the Interior	
Audit Authority	Audit authority at the Ministry of Finance	
Intermediate bodies	-	
Other management bodies e.g. secretariats	-	
Management/implementation committees (other than the Monitoring Committee)	Regional Management Committee (RMC)	

France - Aquitaine ERDF

Overall aim/mission	“Transform innovation and sustainable development into motors for regional competitiveness and employment”	
Strategic objectives	<ol style="list-style-type: none"> 1. Develop finalised research and promote its results; Transform innovation into a motor of competitiveness for firms and territories; 2. Develop ICT to support the information society; 3. Tackle the climate and energy challenge; Protect and promote environmental assets of Aquitaine; 4. Support the sustainable development of the Aquitaine coast; Support the sustainable development of sensitive city districts; Support territories facing economic change 	
No. of priorities	4	
No. of measures	22	
Priorities	Title	(% of EU funding) [excl. TA: €11m]
	1. Promote knowledge economy and society	45.9
	2. ICT and knowledge society	11.8
	3. Promotion of energy potential and environment	29.9
	4. Sustainable territorial development	12.3
Funding	(€ mill)	(% of total)
<ul style="list-style-type: none"> • ERDF • National • Other • Total 	392 (11 for TA)	
Managing Authority	Secretariat (SGAR) of the Aquitaine Préfecture	
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		
Other management bodies e.g. secretariats	General secretariat for regional affairs (SGAR, Secrétariat général pour des affaires régionales); General secretariat of the Europe bureau (mission Europe)	
Management/implementation committees (other than the Monitoring Committee)	Joint Programming and Monitoring Committees for ERDF, ESF and EAFRD	

Germany - Nordrhein-Westfalen Regional Competitiveness ERDF

Overall aim/mission	To improve the competitiveness and adaptability of NRW's economy and to create jobs											
Strategic objectives	<ol style="list-style-type: none"> 1. To develop competitiveness by supporting innovation processes and specific strengths of the Land as a whole 2. To achieve convergence by raising competitiveness in areas with strong structural disadvantages 											
No. of priorities	3 (plus Technical assistance)											
No. of measures	8											
Priorities	<table border="1"> <thead> <tr> <th>Title</th> <th>(% of EU funding)</th> </tr> </thead> <tbody> <tr> <td>1. A stronger business base</td> <td>[20% of total]</td> </tr> <tr> <td>2. Innovation and knowledge-based economy</td> <td>[50%]</td> </tr> <tr> <td>3. Sustainable urban and regional development</td> <td>[30%]</td> </tr> <tr> <td>4. Technical assistance</td> <td></td> </tr> </tbody> </table>	Title	(% of EU funding)	1. A stronger business base	[20% of total]	2. Innovation and knowledge-based economy	[50%]	3. Sustainable urban and regional development	[30%]	4. Technical assistance		
Title	(% of EU funding)											
1. A stronger business base	[20% of total]											
2. Innovation and knowledge-based economy	[50%]											
3. Sustainable urban and regional development	[30%]											
4. Technical assistance												
Funding	(€ mill)	(% of total)										
<ul style="list-style-type: none"> • ERDF • National • Other • Total 	-											
Managing Authority	<i>Land</i> Ministry of Economics, SMEs and Energy											
Certification Authority	-											
Audit Authority	-											
Intermediate bodies	-											
Other management bodies e.g. secretariats	Secretariat, contracted to the private consultancy, agiplan GmbH											
Management/ implementation committees (other than the Monitoring Committee)	-											

Germany - Sachsen-Anhalt Convergence ERDF

Overall aim/mission	Convergence through sustainable development, especially support for growth and the improvement of employment prospects	
Strategic objectives	<ol style="list-style-type: none"> 1. Research, development and innovation 2. Education 3. Support for business investment and the reduction of financial bottlenecks, especially for SMEs 	
No. of priorities	Three (plus Technical assistance)	
No. of measures	38 excluding TA (of which, 14 under Priority 1; 7 under Priority 2; and 17 under Priority 3)	
Priorities	<ol style="list-style-type: none"> 1. Title 2. Education, research and development, innovation 3. Raising business competitiveness, especially through support for 'future-oriented' investment and support for enterprise 4. Developing and extending infrastructure for sustainable growth 5. Technical assistance 	(% of EU funding)
		27.8%
		37.9%
		30.3%
		4.0%
Funds Magdeburg/Dessau	(€ mill)	(% of total)
• ERDF	1,352.0	74.1
• National public	414.5	22.7
• National private	59.0	3.2
• Total	1,825.5	100.0
Funds Halle	(€ mill)	(% of total)
• ERDF	579.8	69.9
• National public	224.8	27.1
• National private	25.3	3.0
• Total	829.8	100.0
Managing Authority	The Land Finance Ministry's Office for the Management of EU Funds	
Certification Authority	An independent unit in the Land's Finance Ministry	
Audit Authority	[Senior Financial Department in the Land's Finance Ministry?]	
Intermediate bodies	The Land's sectoral Ministries plus other actors to whom the Ministries devolve specific tasks e.g. the Land's Investment Bank	
Other management bodies e.g. secretariats	The Land's State Chancellery is responsible for strategic decisions and coordinating the three EU co-financed programmes (ERDF, ESF and Rural Development).	
Management/ implementation committees (other than the Monitoring Committee)	The Inter-Ministerial Working Group for EU Funds brings together all actors involved in managing and implementing the ERDF, ESF and Rural Development Programme.	

Germany - Sachsen-Anhalt Convergence ESF

Overall aim/mission	Convergence through sustainable development, especially support for growth and the improvement of employment prospects	
Strategic objectives	<ol style="list-style-type: none"> 1. Research, development and innovation 2. Education 3. Support for business investment and the reduction of financial constraints, especially for SMEs 	
No. Of priorities	Three	
No. Of measures	40 excluding TA (of which, 8 under Priority 1; 22 under Priority 2; and 10 under Priority 3)	
Priorities	<ol style="list-style-type: none"> 1. Raising the adaptability and competitiveness of employees and businesses 2. Improving human capital 3. Improving access to employment and the social integration of disadvantaged people 4. Technical assistance 	Title (% of EU funding) 33% 44.2% 18.6% 4.0%
Funds Magdeburg/Dessau	(€ mill)	(% of total)
<ul style="list-style-type: none"> • ESF • National public • National private • Total 	450.7 129.7 22.6 603.0	74.7 21.5 3.7 100.0
Funds Halle	(€ mill)	(% of total)
<ul style="list-style-type: none"> • ESF • National public • National private • Total 	193.3 55.3 9.7 258.3	74.8 21.4 3.8 100.0
Managing Authority	The Land Finance Ministry's Office for the Management of EU Funds	
Certification Authority	An independent unit in the Land's Finance Ministry	
Audit Authority	[Senior Financial Department in the Land's Finance Ministry?]	
Intermediate bodies	The Land's sectoral Ministries plus other actors to whom the Ministries devolve specific tasks e.g. the Land's Investment Bank	
Other management bodies e.g. secretariats	The Land's State Chancellery is responsible for strategic decisions and coordinating the three EU co-financed programmes (ERDF, ESF and Rural Development)	
Management/ implementation committees (other than the Monitoring Committee)	The Inter-Ministerial Working Group for EU Funds brings together all actors involved in managing and implementing the ERDF, ESF and Rural Development Programme	

Greece - NSRF

Overall aim/mission	Broaden the development capacity of the country, accelerate the rate of economic growth, increase productivity in order to achieve convergence and improvements to the quality of life of all citizens. In 2007-2013 Greece aims achieve a strong international presence, as a competitive, productive, and quality and innovation driven economy.	
Strategic objectives	Promoting innovation, research and entrepreneurship, investing in infrastructure and human capital. Developing balanced development and polycentric urban system. Sustainable development through sustainable development 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	Title 1. Environment-Sustainable development, 2. Supporting Accessibility, 3. Competitiveness and Entrepreneurship, 4. Digital Convergence, 5. Administrative Abilities of Public Administration 6. Development of Human Resources, 7. Education and Life Long Learning 8. Technical Support 9-13 ROP s 14-25 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	(€ mill) • ERDF 12,517,616,160 • ESF 4,205,000,000 • CF 3,697,160,864 • National Not provided • Total 20,419,777,024	(% of total) Not provided at this stage
Managing Authority	Ministry of Economics and Finance	
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	Special Unit 'OP Coordination Authority', Inter-ministerial Committee of European Community Programs	
Management/ implementation committees (other than the Monitoring Committee)	Special Unit 'Strategy and Policies Surveillance Authority', Special Unit of Coordination and Monitoring ESF actions (of Ministry of Employment and Social Protection), Commissioner evaluating control systems' quality (of MEF) Annual Conference of Presidents of the Monitoring Committees	

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 Giunta deliberation)	<ol style="list-style-type: none"> 1. to promote research and innovation for the competitiveness of SMEs, through the full exploitation of the Lombard knowledge economy 2. to strengthen the governance in order to improve the competitiveness of the Lombard knowledge economy. To intensify, simplify and innovate the relations between the key actors in the knowledge economy 3. support activities linked to the definition, promotion and application of solutions and actions to address problems with pollution and improve the overall attractiveness of the territory 4. support interventions, solutions and innovative actions to protect and develop natural and cultural heritage, and the promotion of sustainable tourism 5. strengthen secondary infrastructural networks to improve the mobility of people, goods and information 	
No. of priorities	3	
No. of measures	NA	
Priorities	Title	(% of EU funding)
	1. Innovation	50
	2. Environment	Between 25-35
	3. Accessibility	Between 25-35
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	532	-
Managing Authority	DG Education, Training and Employment	
Certification Authority	Accounting Department of the Central Directorate for Integrated Programming of the Presidency (DCPI)	
Audit Authority	Control Unit of the Central Directorate for Integrated Programming of the Presidency (DCPI - UO Controlli)	
Paying Authority	Central Directorate for Integrated Programming of the Presidency (Ragioneria)	
Intermediate bodies	Probably Finlombarda (as at present)	
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)	

Note: it should be noted that the OP draft is not yet available and that this fiche was completed based on interview evidence and on Region Lombardia Giunta Deliberation no. VIII/003407of 26 October 2006.

Italy - Lombardia ESF

Overall aim/mission	To use the regional strategy for the development of human capital	
Strategic objectives (Specific objectives)	<ol style="list-style-type: none"> 1. to promote and strengthen the development of the knowledge society 2. to support the transitions to employment and within employment 3. to support social inclusion, with particular attention for the new exclusion risks and to the integration between social policies and employment policies 4. to support the development of human capital which is adequate to the new challenges of the knowledge society and to the needs of the territorial context 	
No. of priorities	4 + TA	
No. of measures	NA	
Priorities	Title	(% of EU funding)
	1. Adaptability	25%
	2. Employment	25%
	3. Social Inclusion	12%
	4. Human Capital	35%
	5. TA	3%
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	798	-
Managing Authority	DG Education, Training and Employment	
Certification Authority	Accounting Department of the Central Directorate for Integrated Programming of the Presidency (DCPI)	
Audit Authority	Control Unit of the Central Directorate for Integrated Programming of the Presidency (DCPI - UO Controlli)	
Paying Authority	Central Directorate for Integrated Programming of the Presidency (Ragioneria)	
Intermediate bodies		
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!)	

Note: it should be noted that the OP draft is not yet available and that this fiche was completed based on interview evidence and on Region Lombardia Giunta Deliberation no. VIII/003407of 26 October 2006

Italy - Competitiveness NOP

Overall aim/mission	[Not available, but likely to be the innovation within the industrial structures of the Convergence regions, in line with the national strategy "Industry 2015"]	
Strategic objectives	NA	
No. of priorities	(Possibly) 3+TA	
No. of measures	NA	
Priorities	Title	(% of EU funding)
	1. Competitiveness Fund	-
	2. Interventions for innovation	-
	3. Fund for the finance of firms	-
	4. TA	-
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	-	-
Managing Authority	Ministry of Economic Development (D.G. tbc)	
Certification Authority	Ministry of Economic Development (D.G. tbc)?	
Audit Authority	Ministry of Economic Development (D.G. tbc)?	
Intermediate bodies	NA	
Other management bodies e.g. secretariats	IPI as TA/Secretariat as at present	
Management/implementation committees (other than the Monitoring Committee)	NA	

Note: it should be noted that the OP draft is not yet available and that this fiche was completed solely based on interview evidence.

Poland - Śląskie ERDF

Overall aim/mission	<i>"To stimulate dynamic development through strengthening the social, economic and territorial cohesion of the region"</i>	
Strategic objectives	<ol style="list-style-type: none"> 1. economic: economic growth and increased employment, technological development and innovation, restructuring and diversification of economic activities 2. social: improving quality of life, enriching cultural identity and integration processes, development of services and social resources, increasing professional and social mobility. 3. environmental: decrease the strain and improve the quality of the natural environment, environmentally responsible practices. 4. infra-technical: improving the quality, extending and rationally managing technological infrastructure resources. 	
No. of priorities	9	
No. of measures	-	
Priorities	Title	(% of EU funding)
	1. RTD, innovation and entrepreneurship	23%
	2. Information society	10%
	3. Tourism	7%
	4. Culture	3%
	5. Environment	12%
	6. Sustainable urban development	13%
	7. Transport	20%
	8. Education	5%
	9. Health and recreation	4%
	10. Technical assistance	2%
Funding	(€ mill)	(% of total)
• ERDF	1 570.4	67%
• National	777.12	33%
• Other		
• Total	2 347.52	
Managing Authority	Regional Board of Silesia	
Certification Authority	Ministry of Regional Development	
Audit Authority	General Inspector for Fiscal Audit	
Intermediate bodies	-	
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		
No. of measures		
Priorities	Title (of OPs) 1 NOP Competitiveness (ERDF) 1 NOP Territorial development (ERDF, CF) 1 NOP Human Potential (ESF) 7 ROPs (ERDF) 2 ROPs (ESF) 3 Territorial Cooperation OPs 2 Technical Assistance OPs	(% of EU funding)
Funding	(€ mill)	(% of total)
• ERDF	11,938,204,665	55.5
• ESF	6,512,387,865	30.28
• CF	3,059,965,525	14.23
• National	N/A	N/A
• Total	21,510,558,055 (excluding national contribution)	100
Managing Authority		
Certification Authority	Financial Institute for Regional Development (IFDR) for ERDF and Cohesion Fund and the Management Institute 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)		

Portugal - National thematic OP Competitiveness Factors ERDF

Overall aim/mission	To contribute to the promotion of levels of economic growth that ensure a sustained relaunch of the trajectory of real economic convergence with the EU, based on the competitiveness of the country and its regions, businesses and territories	
Strategic objectives	Promotion of the knowledge and innovation society; increasing the production of tradeable goods; transforming the sectoral specialisation structure; renewal and qualification of the enterprise model; increasing the efficiency and quality of the public administration; improving the regulation and functioning of markets	
No. of priorities	6	
No. of measures		
Priorities	Title	(% of EU funding)
	1. Knowledge and technological development	14
	2. Innovation and renewal of the enterprise model and specialisation pattern	50.1
	3. Financing and sharing of innovation risk	9.3
	4. An efficient and quality public administration	17.8
	5. Collective networks and actions of business development	6.7
	6. Innovative actions and technical assistance	2
Funding	(€ mill)	(% of total)
• ERDF	3,103,789,011	56.3
• ESF	0	0
• CF	0	0
• National	2,406,852,410	43.7
• Total	5,510,641,421	100
Managing Authority		
Certification Authority	Financial Institute for Regional Development (IFDR) for ERDF and Cohesion Fund and the Management Institute for the European Social Fund (IGFSE) for the ESF	
Audit Authority	Inspectorate General of Finance	
Intermediate bodies		
Other management bodies, secretariats	Ministerial Management Unit; Management Unit and Technical Support Structure.	
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 - Övre Norrland ERDF (previously Objective 1 Norra Norrland)

Overall aim/mission	To contribute to a long-term sustainable growth through strengthening the regional competitiveness and the region's position as an innovative and successful region in Europe.	
Strategic objectives	-	
No. of priorities	3	
No. of measures	Priority 1 has 4 sub-objectives; Priority 2 has 3 sub-objectives.	
Priorities	Title	(% of EU funding)
	1. Innovation and renewal	73%
	2. Accessibility	23%
	3. Technical Support	4%
Funding	(€ mill)	(% of total)
• ERDF	242 637 082	50%
• National	242 637 082	50%
• Other		
• Total	485 274 164	
Managing Authority	Managing and paying authority for ERDF is NUTEK Managing and paying authority for ESF is Swedish ESF Council	
Certification Authority	NUTEK	
Audit Authority	Audit authority for ERDF and ESF is the Swedish national financial management authority (ESV)	
Intermediate bodies	-	
Other management bodies e.g. secretariats	Structural Fund partnerships will be formed for each programme area.	
Management/implementation committees (other than the Monitoring Committee)	-	

Sweden - Norra Mellansverige ERDF (previously Objective 2 Norra)

Overall aim/mission	To develop innovative environments, to promote a dynamic industry and to increase accessibility for the region's industry and inhabitants.	
Strategic objectives	-	
No. of priorities	2	
No. of measures	Priority 1 has 5 sub-objectives; Priority 2 has 3 sub-objectives	
Priorities	Title	(% of EU funding)
	1. Development of industry	68%
	2. Accessibility	28%
	3. Technical Support	4%
Funding	(€ mill)	(% of total)
• ERDF	194 987 837	50%
• National	194 987 837	50%
• Other		
• Total	389 975 674	
Managing Authority	Managing and paying authority for ERDF is NUTEK Managing and paying authority for ESF is Swedish ESF Council	
Certification Authority	NUTEK	
Audit Authority	Audit authority for ERDF and ESF is the Swedish national financial management authority (ESV)	
Intermediate bodies	-	
Other management bodies e.g. secretariats	Structural Fund partnerships will be formed for each programme area.	
Management/implementation committees (other than the Monitoring Committee)	-	

UK - North East England ERDF

Overall aim/mission	Not available.	
Strategic objectives	Not available.	
No. of priorities	2	
No. of measures	-	
Priorities	Title	(% of EU funding)
1.	Innovation	-
2.	Business	-
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	-	-
Managing Authority	DCLG (ERDF) DWP (ESF)	
Certification Authority	DCLG (ERDF) DWP (ESF)	
Audit Authority	DCLG (ERDF) DWP (ESF)	
Intermediate bodies	Regional Development Agencies (RDAs) Government Offices (GOs)	
Other management bodies e.g. secretariats	-	
Management/implementation committees (other than the Monitoring Committee)	-	

UK - Lowlands and Uplands Scotland ERDF

Overall aim/mission	To contribute towards the sustainable growth of the region's economy by balancing support for underlying sources of national as well as regional competitiveness.	
Strategic objectives	-	
No. of priorities	3	
No. of measures	-	
Priorities	Title	(% of EU funding)
	1. Enterprise development	48
	2. Community regeneration	29
	3. Rural development	23
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	-	-
Managing Authority	Scottish Executive	
Certification Authority	Scottish Executive	
Audit Authority	Scottish Executive	
Intermediate bodies	One Intermediary Administration Body (IAB); several Intermediary Delivery Bodies (IDBs)	
Other management bodies e.g. secretariats	-	
Management/implementation committees (other than the Monitoring Committee)	-	

UK - Lowlands and Uplands Scotland ESF

Overall aim/mission	To contribute towards sustainable growth in the size and skills of the Scottish workforce within the context of the Lisbon strategy.	
Strategic objectives	-	
No. of priorities	3	
No. of measures	-	
Priorities	Title	(% of EU funding)
	1. Progressing into employment	43
	2. Progressing through employment	35
	3. Access to lifelong learning	22
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	-	-
Managing Authority	Scottish Executive	
Certification Authority	Scottish Executive	
Audit Authority	Scottish Executive	
Intermediate bodies	One Intermediary Administration Body (IAB); several Intermediary Delivery Bodies (IDBs)	
Other management bodies e.g. secretariats	-	
Management/implementation committees (other than the Monitoring Committee)	-	

UK - Wales Convergence ERDF

Overall aim/mission	'A vibrant, entrepreneurial region at the cutting edge of sustainable economic development, with its people living in prosperous, strong, healthy, safe, and where relevant, bilingual communities within an ever improving natural and built environment.'																					
Strategic objectives	<ol style="list-style-type: none"> 1. promote a high value-added economy by improving knowledge and innovation for growth 2. create the right business environment 3. build sustainable communities 4. increase employment and tackle economic inactivity 5. improve skill levels 6. modernise and improve the quality of public services. 																					
No. of priorities	6																					
No. of measures	-																					
Priorities	<table border="1"> <thead> <tr> <th>Title</th> <th>(% of EU funding)</th> </tr> </thead> <tbody> <tr> <td>1. Building the knowledge based economy (ERDF)</td> <td>-</td> </tr> <tr> <td>2. Improving business competitiveness (ERDF)</td> <td>-</td> </tr> <tr> <td>3. Developing strategic infrastructure (ERDF)</td> <td>-</td> </tr> <tr> <td>4. Creating an attractive business environment (ERDF)</td> <td>-</td> </tr> <tr> <td>5. Building sustainable communities (ERDF)</td> <td>-</td> </tr> <tr> <td>6. Supplying young people with the skills needed for employment (ESF)</td> <td>-</td> </tr> <tr> <td>7. Increasing employment and tackling inactivity (ESF);</td> <td>-</td> </tr> <tr> <td>8. Improving skills levels and improving the adaptability of the workforce (ESF);</td> <td>-</td> </tr> <tr> <td>9. Making the Connections - modernising our public services (ESF)</td> <td>-</td> </tr> </tbody> </table>	Title	(% of EU funding)	1. Building the knowledge based economy (ERDF)	-	2. Improving business competitiveness (ERDF)	-	3. Developing strategic infrastructure (ERDF)	-	4. Creating an attractive business environment (ERDF)	-	5. Building sustainable communities (ERDF)	-	6. Supplying young people with the skills needed for employment (ESF)	-	7. Increasing employment and tackling inactivity (ESF);	-	8. Improving skills levels and improving the adaptability of the workforce (ESF);	-	9. Making the Connections - modernising our public services (ESF)	-	
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Funding	(€ mill)	(% of total)																				
<ul style="list-style-type: none"> • ERDF • National • Other • Total 	- - - -	- - - -																				
Managing Authority	Welsh Assembly Government, formally delegated to the Welsh European Funding Office (WEFO), part of the WAG's Department of Enterprise, Innovation and Networks.																					
Certification Authority	Welsh Assembly Government, formally delegated to the Welsh European Funding Office (WEFO), part of the WAG's Department of Enterprise, Innovation and Networks.																					
Audit Authority	Welsh Assembly Government's Internal Audit service.																					
Intermediate bodies	Strategic Frameworks?																					
Other management bodies e.g. secretariats	Welsh European Funding Office (WEFO)																					
Management/implementation committees (other than the Monitoring Committee)	-																					

UK - Wales Competitiveness ERDF

Overall aim/mission	-	
Strategic objectives	-	
No. of priorities	6	
No. of measures	-	
Priorities	Title	(% of EU funding)
1.	Building the knowledge based economy, focus primarily on R&D and innovation	-
2.	Enhancing the environment, includes community regeneration, clean and renewable energy, environmental goods and services, environmental protection and improvement and waste management (ERDF)	-
3.	Promoting accessibility, includes integrated transport initiatives and ICT (ERDF)	-
4.	Increasing employment and tackling inactivity (same as for West\Wales and the Valleys) (ESF)	-
5.	Improving skills levels (similar to WW&V but more focus on demand-led training) (ESF)	-
Funding	(€ mill)	(% of total)
• ERDF	-	-
• National	-	-
• Other	-	-
• Total	-	-
Managing Authority	Welsh Assembly Government, formally delegated to the Welsh European Funding Office (WEFO), part of the WAG's Department of Enterprise, Innovation and Networks.	
Certification Authority	Welsh Assembly Government, formally delegated to the Welsh European Funding Office (WEFO), part of the WAG's Department of Enterprise, Innovation and Networks.	
Audit Authority	Welsh Assembly Government's Internal Audit service.	
Intermediate bodies	Strategic Frameworks?	
Other management bodies e.g. secretariats	Welsh European Funding Office (WEFO)	
Management/implementation committees (other than the Monitoring Committee)	-	