

**Managing the demands of two  
programme periods -  
State of play of the 2007-13  
& 2014-20 programmes**



**IQ-Net Review Paper 34(1)**

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

**Austria**

- ÖROK Secretariat

**Belgium**

- Enterprise Agency Flanders

**Czech Republic**

- Ministry of Regional Development

**Denmark**

- Danish Business Authority

**Finland**

- South and West Finland (Etelä- ja Länsi-Suomi)

**France**

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

**Germany**

- Nordrhein-Westfalen (North Rhine-Westphalia), Ministry for Business, Energy, Industry, SMEs and the Craft Sector, EU Affairs Unit

### **Greece**

- Management Organisation Unit of Development Programmes S.A.

### **Poland**

- Śląskie Voivodeship (Marshal's Office of Silesia)

### **Portugal**

- Agency for Development and Cohesion (ADC)

### **Spain**

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

### **Slovenia**

- Government Office for Development and European Cohesion Policy

### **United Kingdom**

- Department of Communities and Local Government
- Scottish Government
- 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.

# MANAGING THE DEMANDS OF TWO PROGRAMME PERIODS - STATE OF PLAY OF THE 2014-20 AND 2007-13 PROGRAMMES

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## COUNTRY/ PROGRAMME ABBREVIATIONS

Country	Abbreviation
Austria	AT
Belgium	BE
Belgium (Vlaanderen)	Vla
Czech Republic	CZ
Czech Republic (Integrated Regional Operational Programme)	CZ IROP
Denmark	DK
Finland	FI
France	FR
Germany	DE
Germany (Nordrhein-Westfalen)	NRW
Greece	GR
Poland	PL
Poland (Śląskie)	Śla
Portugal	PT
Slovakia	SK
Slovenia	SI
Spain	ES
Spain (País Vasco (Bizkaia))	PV
United Kingdom	UK
United Kingdom (England)	Eng
United Kingdom (Scotland)	Sco
United Kingdom (Wales)	Wal

## EXECUTIVE SUMMARY

- The focus for the 2007-13 programmes continues to be on **achieving and maintaining full levels of commitment, accelerating payment levels and preparing for programme closure**. Commitment rates are at or nearing 100 percent in many programmes, but audits and payment interruptions continue to have an impact. The average payment rate in EU28 is now 68.2 percent, an increase of 8.8 percent in six months.
- In preparing for closure of the 2007-13 programmes, the most widespread area of concern is **capacity issues**.
- By mid-May 2014, **all 28 Member States had formally submitted their PAs** to the Commission. At time of writing, Denmark, Germany, Greece and Poland had their PAs approved. By the end of April 2014, ten countries had submitted a total of 76 OPs.
- **Informal discussions with the Commission** prior to formal PA and OP submission have focused on the need to adhere closely to the Commission's Position Papers, addressing thematic concentration, results orientation, especially the intervention logic, and how to demonstrate meeting the ex ante conditionalities.
- Draft OPs are becoming available. A total of 16 countries have chosen to introduce multi-fund programmes in 2014-20 (among IQ-Net partner countries, these are CZ, DE, GR, FI, FR, PL, PT and SI). **Experience so far with multi-fund programming is regarded as quite positive**, particularly where there has been previous experience in 2000-06.
- At least nine IQ-Net partners plan to use ITIs; eight plan to use CLLD approaches. Most commonly, ITIs are being introduced to deliver **integrated support in urban areas**, often following on from integrated urban projects in 2007-13. **Preparations are still at an early stage with regards to CLLD approaches**; several partners are planning to build on experience under LEADER.
- The **drive for simplification for beneficiaries is evident** in partner programmes, through introduction of **simplified cost approaches** and, where possible, the **drafting of simpler eligibility rules**.

## PROGRESS OF THE 2007-13 PROGRAMMES

Over the past six months, the focus for the 2007-13 programmes has continued to be on **achieving and maintaining full levels of commitment, accelerating payment levels and preparing for programme closure**. While commitment rates are at or nearing 100 percent in many programmes, audits and payment interruptions continue to have an impact in IQ-Net partner countries, and there is concern that payments are not at the level they should be.

### 1. FINANCIAL PROGRESS IN EU27

The rate of financial absorption of Cohesion policy programmes has again increased in the EU28 over the past six months. The rate has accelerated on the previous period, as it has over every six month period dating back to 2010.

**Table 1: Average payment rate and increase**

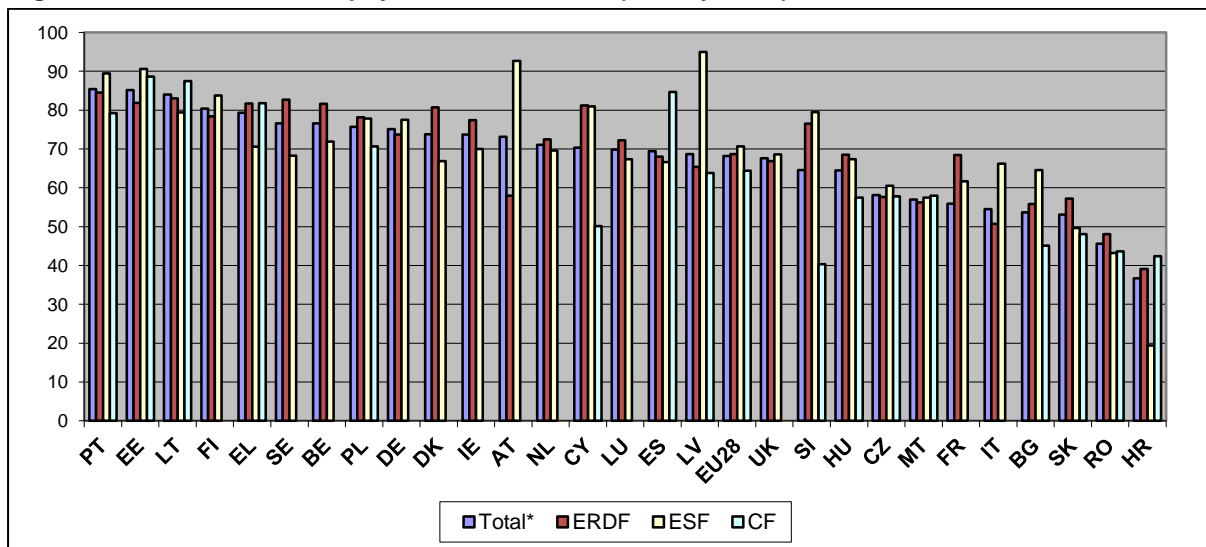
	@ six month period since 2010	May-Oct 2012	Nov-April 2013	May-Oct 2013	Nov-May 2014
<b>EU27 average (%)</b>		44.1	51.4	59.4	68.2 (EU28)
<b>Increase (%)</b>	c.5	6.7	7.3	7.8	8.8

**Source:** EPRC calculations from Commission data. Note that the most recent Commission data includes Croatia.

Figure 1 shows there are marked differences in the rate of absorption between Member States and Funds:

- **Highest overall payments** continue to be found in Portugal (85.4 percent), Estonia (85.2 percent) and Lithuania (84 percent) (positions unchanged from previous six-month period).
- The **lowest rates** were reported for Croatia (36.7 percent, appearing for the first time in the data), Romania (45.6 percent) and Slovakia (53.1 percent).
- At EU28 level, the average payment rate for the **ESF remains higher than for ERDF and the Cohesion Fund** (at 70.7, 68.7 and 64.4 percent respectively).

**Figure 1: Structural Funds payments in 2007-13 (21 May 2014)**





**Source:** Commission data from 21 May 2014 on Commission disbursements to Member States.

**Note:** EU28 excludes EU cross-border cooperation and Interregional cooperation programmes.

Notable developments include:

- A higher than average increase in the payment rate (above an increase of 8.8 percentage points) was seen in 13 countries (DK, FI, BE, CY, GR, UK, IT, RO, CZ, MT, AT, NL and PL).
- In four of these countries, the increase in overall payments rates has been very high, at between 17-19 percent (DK, FI, BE, CY).
- Very high levels of payments for ESF can be seen in LV (95 percent), AT (92.7 percent) and EE (90.6 percent).
- At Member State level, the pace of spending is now slightly higher than at the equivalent point in 2000-06, after having lagged behind for some time.

## 2. FINANCIAL PROGRESS IN IQ-NET PROGRAMMES

Partner programmes are all at or nearing full commitment, and recycling of funding is taking place in some programmes i.e. where underspend in projects is identified so it can be used elsewhere. Payment rates in partner countries have increased over the last six month period, in some cases quite significantly.

**Table 2: Payment rates in IQ-Net programmes**

Partner	Programme	Payments (%)	6 months ago
Austria	ERDF OPs, national average	54.5	N/A
Belgium: Vlaanderen	ERDF OP	69.4	(61)
Czech Republic	National average	57.1	(57)
	OP Technical Assistance	55.1	(N/A)
	Integrated OP	54.2	(38)
Denmark	ERDF OP	66.9	(59)
	ESF OP	57.4	(47)
Finland: Länsi-Suomi	ERDF OPs, national average	74.5	(66)
	Länsi-Suomi ERDF OP	71.0	(62)
France	National average (all ERDF)	51.3	(43.3)
	National average (ERDF - C&E)	53.2	(45.1)
	National average (ERDF - Convergence)	49.1	(43)
Germany: Nordrhein-Westfalen	ERDF OP	61.0	(52)
Greece	National average	74.0	
	National sectoral OPs	73.0	(65)
	Regional OPs	76.7	(59)
Poland: Śląskie	National average all OPs	67.0	(58)
	Śląskie ROP	71.2	(62)
Portugal	National average	75.5	(68.2)
	National thematic OPs	77.0	(69.7)
	Regional OPs (mainland)	70.0	(62.1)
	Regional OPs (islands)	86.0	(77.5)
Slovakia	National average*	52.8	N/A
Slovenia	National average	66.0	
	ERDF OP	80.1	(70)
	ESF OP	76.4	(60)
	Cohesion Fund OP	44.1	(30)
Spain: Bizkaia	ERDF	76.0	(N/A)
Spain: País Vasco	ERDF	76.0	(N/A)
UK: England	National average ERDF	62.5	(53)
UK: Scotland	National average	71.5	(65)
	Lowlands and Uplands Scotland ERDF	64.4	
	Highlands and Islands ERDF	70.8	
	Lowlands and Uplands Scotland ESF	80.7	
	Highlands and Islands ESF	77.4	
UK: Wales	National average	60.0	(52 ERDF) (60 ESF)

**Source:** EPRC from fieldwork. Dates for payments figures are March/April 2014. \* Payment rates for the Slovak OPs range from 40% for the Education OP to 86% for the Health OP (71% for the Regional OP).



### **Outstanding issues with financial progress in IQ-Net programmes**

Outstanding issues relate to payment interruptions, concern over the level of payments, decommitment and future possible currency exchange problems.

#### *Payment interruptions:*

- The payment interruptions previously reported in Austria and Slovenia are continuing.<sup>1</sup> The interruptions in three Austrian ERDF OPs (Steiermark, Tirol and Vorarlberg) result from the delayed submission of the 2011 annual control report, after which the Commission checked audit trails in these three *Länder* and criticised the lack of control of federal IBs by the *Land*-level MAs. Currently, each of the concerned MAs is looking into resolving these issues with the IBs, and the approaches developed will then also be used by the other MAs. As a result, a flat-rate correction was carried out in Steiermark in April 2014. In addition to this, Steiermark did not meet n+2 in 2013 due to the payment interruption, and lost €11.6 million, corresponding to c.7.5 percent of all ERDF funding. In Slovenia, there are currently two payment interruptions, in the OP Environmental and Transport Infrastructure Development (Cohesion Fund), related to public procurement (suspected disadvantage to foreign companies), and the OP Strengthening Regional Development Potentials. Both issues have been resolved and it is hoped that the interruptions will be lifted soon.
- In Slovakia, payment interruptions for number of OPs are hindering efforts to fully use the Structural and Cohesion Funds allocations. By the end of 2013, the deadlines for interim payments were interrupted in the OPs for Health and Research and Development as well as the Regional OP. The IB for OP Education received a pre-suspension letter from Commission services, and payments are still suspended for OP Employment and Social Inclusion and two infrastructure projects under OP Transport.
- Payment interruptions were lifted in England in early March 2014; the programmes are now owed over €700 million in Structural Funds from the European Commission.

#### *Concern over levels of payments:*

- In Nordrhein-Westfalen, the level of payments in the ERDF OP is considered to be suboptimal, and the MA is continuing pressure on the IB to remind them of the need to intervene if projects are unable to absorb funding. In general, the MA notes that it is much harder to ensure payments under the ERDF OP than for *Land* or federal schemes, for a number of reasons:
  - due to the administrative work involved, project-holders prefer to put in a single final claim for the whole amount, rather than for regular smaller payments;
  - there are ongoing disputes about eligibility, especially under public procurement rules; and
  - SMEs lack a full understanding of all the formal requirements e.g. the need for paper receipts rather than receipts in electronic format only.
- There are concerns that there is limited capacity in Slovakia to absorb the remaining 2007-13 Cohesion policy resources. By the end of February 2014, approximately 53 percent of EU Cohesion policy allocations had been committed and spent (certified), so considerable resources will have to be used in the next 18 months. Slovakia and Romania have both received an extension for the de-commitment of allocations for 2010, 2011 and 2012.

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<sup>1</sup> Vironen H, Michie R, Granqvist K (2013) 'Focusing on preparing the new programmes - state of play with 2014-20 and 2007-13 programmes'. *IQ-Net Review Paper 33(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

*Decommitment:*

- The OP TP in the Czech Republic experienced decommitment of €20 million in 2013; in 2014, decommitment of around €15 million is expected. This is due to limited eligible beneficiaries being set for the programme and a financially large publicity project being cancelled at a very late stage of preparation.

*Potential currency exchange problems:*

- In non-Euro countries, there is the potential for currency exchange rate changes to cause problems, even where there are currently no absorption concerns.

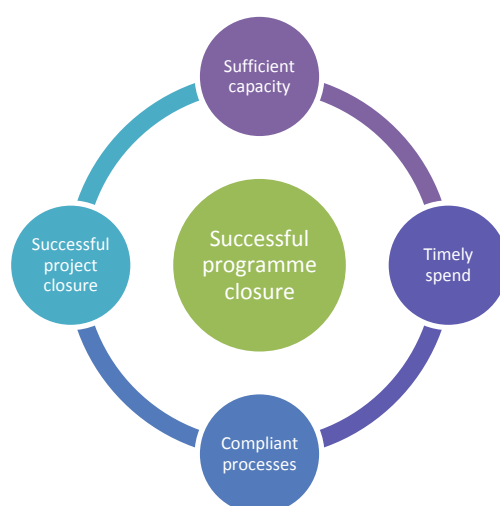
### 3. APPROACHES TO CLOSURE

 **What does the Commission expect?**

The European Commission adopted final closure guidelines on 20 March 2013<sup>2</sup>, specifying a final date for the eligibility of expenditure of 31 December 2015. In principle, this means that public contributions should be paid or be due to be paid by the end of 2015, with a few exceptions (major projects, FEIs). The strategies and approaches being adopted by programmes have been discussed in previous IQ-Net papers.<sup>3</sup>

The anticipated Question and Answer document from the Commission, based on the (c. 400) questions raised by Member States in COCOF meetings and providing further technical guidance had not been published at time of writing.

 **Anticipated challenges with programme closure**



<sup>2</sup>

[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/guidelines/closure\\_2007\\_2013/guidelines\\_closure\\_20072013\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/guidelines/closure_2007_2013/guidelines_closure_20072013_en.pdf)

<sup>3</sup> Vironen H, Michie R, Granqvist K (2013); Michie R and Granqvist K (2013) 'Managing the 2007-13 programmes towards full absorption and closure. Review of programme implementation, Winter 2012-Spring 2013'. *IQ-Net Review Paper 32(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

There are a number of essential components of successful programme closure. Foremost is the need to ensure that programmes are **fully committed and spent**, while recognising the tension between being able to spend for as long as possible and having enough time to organise closure. This is not a major issue for most partners (for example, the ten percent flexibility rule has been found to make the process relatively straightforward in Finland) but is cause for serious concern in Greece, where overbooking under all OPs has meant that a further €14 billion in national resources would have been required had the Greek authorities decided to execute the OP projects. Greece lacks the domestic resources for this. In addition, there will be unfinished projects under the Greek OPs, many of which are inherently problematic and unlikely to close successfully. The MAs will clean up programmes to limit the number of projects, especially taking into consideration those relevant to solid and liquid waste disposal in order to avoid the risk of sanctions. Reprogramming, an obligation under the memorandum with the country's creditors, had to be finalised by the end of April and submitted to the Commission by May. The Ministry of Development and Competitiveness issued detailed guidance to the managing authorities on the reduction of overbooking (avoiding new approvals etc.) and has scheduled future actions to transfer projects to the 2014-20 period.

To avoid an excessive closure task at the end of the period, partners in Länsi-Suomi and Vlaanderen have taken a proactive approach to closure and tried to **close projects throughout the programme period** ('stagger' closure), while partners in Scotland and Wales have embarked on a campaign of **quality assurance when closing individual projects**, hoping that timely and tidy closure at project level will translate to similar at programme level.

The most widespread area of concern relates to **capacity issues** – covering both who is there to carry out the tasks, and how much accurate information there is to make sure the tasks are completed properly. The problem is acute both where the same team is managing both 2007-13 and 2014-20 programmes simultaneously, and where management tasks are being transferred, for example in Greece, a transition arrangement is required as to who will close the Accessibility OP; the new MA established in the Ministry of Development or the previous MA in the Ministry of Transport. There is also a risk of staff shortage in the case of France, where the decentralisation of the funds has led to staff transfers from State to regional administrations, including staff involved in closure.

The problem is exacerbated where it is an MA's first experience of the task (Śląskie), or where the closure of 2000-06 OPs is still underway e.g. in Nordrhein-Westfalen, although there the MA considers that they are in a good position because they have enough staff between the MA and Technical Secretariat, and a good mix of experienced and new staff. Having staff who remember the 2000-06 period is found to be invaluable because OP documentation is not always complete and can be difficult to understand without having had involvement at the time. Higher levels of staff turnover among other MAs means that this institutional memory has been lost. Even where there are enough staff resources in place, there is a danger that the priority given to closure drops down the agenda, and that momentum is lost. The appointment of dedicated 'closure managers' can be helpful in this regard.

## 4. TRANSITION FUNDING

Few partners are currently considering the need for transitional funding arrangements between programme periods. The main reasons why transition funding is not currently considered necessary are as follows:

- **There will be enough funding remaining** from the 2007-13 period to carry over until the new programmes are launched, including funds being returned by projects, allowing funding to be re-committed. The clawing-back of funding from projects and recycling is likely to continue into 2015.
- Where continuity is expected in some of the projects receiving funding, these could continue at the projects own risk, by spending their money first and ESIF later, as expenditure is eligible from 1 January 2014. However, even if negotiations are protracted and the launch of the new programmes is delayed by a significant period, MAs may be **averse to the risk entailed by self-funding projects** in the interim period, especially before the PA is agreed. The fact that **some Delegated and Implementing Acts have not yet been adopted** creates further risk, and there may also be a **shortage of domestic funding** in some Member States to self-fund such transition arrangements.
- It is not needed **where ERDF represents small share of the budget** for economic development.
- A **change in implementation structures** between programme periods may make any transition arrangements difficult.

Where transition arrangements are being considered, these mostly relate to the transfer of major infrastructure projects to the 2014-20 period (CZ, GR).

## PREPARATION AND SUBMISSION OF THE 2014-20 PROGRAMMES

Over the past six months, Partnership Agreements (PAs) have been finalised and submitted to the European Commission and work has continued on developing the Operational Programmes (OPs). This has taken place against a background of elections and political change (CZ, DE, Vla), administrative reforms (FI, FR, GR, SI, PL), and intensive processes of preparation and modification of national legislation on regional development and Structural Funds governance (CZ, FI, GR, SK). The following sections provide a review of the progress with the PAs and OPs for 2014-20.

### 1. THE PARTNERSHIP AGREEMENTS & OPERATIONAL PROGRAMMES

By the mid-May 2014, all 28 Member States had formally submitted their PAs to the Commission. At time of writing, The Commission had approved the PAs for Denmark (5 May), Germany (22 May), Greece (23 May) and Poland (23 May).

PA submitted	Member State
January 2014	PL, FR, LV
February	PT, LT, SK, FI, DE, EE
March	DK, HU, NL
April	RO, MT, BG, SI, SE, CY, CZ, AT, UK, GR, IT, ES, HR, IE, BG, LU

Source: European Commission DG Regio website.



#### **When do partners expect PA approval?**

After submission, the Commission has three months in which to respond with observations (i.e. by 22 July 2014). PAs should then in theory be approved by 22 August 2014. This process may be speeded up by the fact that informal discussions have taken place prior to formal submission between the Commission and Member States. However, speaking at an informal meeting of EU Ministers responsible for Cohesion policy, the Commissioner for Regional Policy, Johannes Hahn emphasised that a strategic approach to the use of the funds is critical and that **'the overriding principle in this exercise should remain that quality is not sacrificed for the sake of speed'**.<sup>4</sup> A small number of partners are hopeful of speedy approval of the PA by the end of June or July 2014, but most are much more uncertain.

<sup>4</sup> Commissioner Hahn speech at Informal Meeting of EU Ministers responsible for Cohesion policy, 25 April 2014 [http://europa.eu/rapid/press-release\\_SPEECH-14-335\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-14-335_en.htm)

 **What is the procedure now for OPs?**

OPs should be submitted to the Commission within three months of PA submission. A total of 76 OPs have so far been submitted by 10 countries (seven of which have submitted all of their OPs). One ETC (European Territorial Cooperation) OP (NL-DE) had been submitted by end April 2014.

Member State	Total Number of OPs	OPs submitted
Denmark	2	2
Estonia	1	1
Finland	2	1
France	41	25
Germany	32	6
Latvia	1	1
Lithuania	1	1
Netherlands	5	5
Poland	22	22
Portugal	12	12

Source: European Commission DG Regio website.

 **How are partners progressing with their OPs?**

Progress of OP development among partners is shown below; there is still considerable uncertainty over approval and launch dates, as these will depend on the speed of approval of the PA as well as the OPs themselves.



Country/partner	Ex-ante eval*	Strategy	Inter/logic *	Indicators & targets*	Consultn	Submit to COM	Approval expected	Launch date
Austria	Ongoing	Finalised	Finalised	Finalised	Finalised	April 2014	N/A	N/A
Belgium: Vlaanderen	Finalised	Finalised	Finalised	Finalised	Jan 2014	April 2014?	TBC	Autumn 2014
Czech Republic (OP TA)	Ongoing	Finalised	Finalised	Ongoing	Ongoing	July 2014	N/A	N/A
Denmark	Finalised Apr 2014	Finalised	Finalised	Finalised	Finalised	Submitted	N/A	N/A
Finland	Finalised	Finalised	Finalised	Finalised	Finalised	1/2 submitted	July 2014	5 May 2014
France (for submitted OPs)	Finalised	Finalised	Finalised	Finalised	Finalised	25/41 submitted	From Aug/Sept 2014	N/A
France	Ongoing	Ongoing	Ongoing	Ongoing	To be done	25/41 submitted	N/A	N/A
Germany: NRW	Finalised	Finalised	Finalised	Finalised	Finalised	Submitted	Unknown, but unlikely before September 2014	If all goes well, September 2014
Greece (regional OPs)	Ongoing	Ongoing	To be done	To be done	Finalised	N/A	N/A	N/A
Poland	Ongoing	Finalised	Ongoing	Ongoing	Finalised	Submitted	End 2014	Start 2015
Portugal	Ongoing	Finalised	Finalised	Finalised	Finalised	Submitted	By summer 2014	By summer 2014
Slovakia**	Finalised	Finalised	Finalised	Finalised	Ongoing (final round)	May 2014?	October/ November 2014	Early 2015
Slovenia	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	April 2014?	Some time in 2014	N/A
Bizkaia/ País Vasco	Ongoing	Ongoing	Ongoing	Ongoing	Draft OP not available yet	N/A	N/A	N/A
UK: England	Ongoing	Ongoing	Ongoing	Ongoing	31 March 2014	May 2014?	Late 2014	Late 2014
UK: Scotland	Ongoing	Complete	Complete	Ongoing	Finalised	May 2014?	Depends on UK PA approval	Depends on UK PA approval
UK: Wales	Complete	Complete	Complete	Complete	Finalised	May 2014?	Depends on UK PA approval	Depends on UK PA approval

**Notes:** \* Not including any amendments in response to Commission comments during negotiation process, and some final ex ante evaluation reports waiting for final OP.

\*\* This applies for all OPs under the Growth and Employment objective.

## 2. THE NEGOTIATION PROCESS

In the run-up to formal submission of the PAs (and some OPs) to the Commission, all partners have held informal discussions with the Commission on content. After the formal submission of all the PAs, the Commission commented that there was in general a need for significant improvement in the areas of **thematic concentration, results orientation and the ex ante conditionalities**.<sup>5</sup> The Commission was especially critical of proposed support of SMEs, highlighting that draft programmes have a tendency to use the SME objective (Thematic Objective 3) for the development of a wide variety of projects, such as public infrastructure investments which the Commission considers do not support SMEs in a targeted specific way. The Commission argued that it is essential that business support strategies and smart specialisation strategies are aligned with each other and with the competitive advantages identified for each region.



### *What have the main areas of difficulty so far?*

Discussions with DG REGIO on the ERDF programmes have focused on:

- the need to adhere closely to the Commission's Position Papers for Member States;
- how to address thematic concentration;
- results orientation, especially the intervention logic; and
- how to demonstrate meeting the ex ante conditionalities.

Table 3 describes the issues for IQ-Net partners that have arisen in informal discussion with the Commission so far and how/whether these have been resolved. According to feedback from partners, DG EMPL has been less willing to engage in informal dialogue before formal programme submission, and there are therefore fewer comments to report.

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<sup>5</sup> Commissioner Hahn speech at Informal Meeting of EU Ministers responsible for Cohesion policy, 25 April 2014 [http://europa.eu/rapid/press-release\\_SPEECH-14-335\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-14-335_en.htm)

**Table 3: Dialogue with the Commission on ERDF & ESF programmes**

Themes	Issues/problems mentioned in 2014 interviews	How resolved?
<p><b>Thematic concentration</b></p>	<p>R&amp;I: Focus on close to market vs basic research (PT). Commission argues that basic science support must focus on areas that are close to market/economic activity/enterprise.</p> <p>Energy (PT), Commission arguing that renewable energy should focus on experimental projects that require public support for technological upgrading.</p> <p>All TOs vs concentration (GR, SK, IT), e.g. Commission position paper for GR favoured inclusion of all 11 objectives, criticised inclusion of all 11 objectives. Concentration a problem in IT, where there is lack of domestic resources.</p> <p>Strong line being taken on infrastructure, and not allowing funding of:</p> <ul style="list-style-type: none"> <li>• Broadband (DE, FR, UK). E.g. in Wales, issue around not being able to demonstrate the gap at the end of the current programme. COM nervous about setting aside money which then proves to be too much/too little. Also reluctant for EU money to be used where they feel the private sector could/should provide.</li> <li>• Water and waste water infrastructure (DE).</li> <li>• Climate change measures to alleviate flooding (Eng).</li> <li>• Upgrading the energy efficiency of buildings if funding available for privately owned buildings.</li> <li>• Transport/Roads (CZ, DE, FR (except overseas regions), SK, UK).</li> </ul> <p>Human capital infrastructure (PT) support should be well justified and based on a gap/needs analysis to concentrate investments.</p> <p>GR criticised for not providing extensive coverage of water and leaks of water networks.</p> <p>FR (ESF): higher education can only be supported in exceptional and justified cases.</p>	<p>Trying to meet this expectation while continuing support for some other important areas of basic research.</p> <p>Commission is easing position but some work to do to reach agreement.</p> <p>Argument accepted in GR as PA is the country's only development programme.</p> <p>Funding for broadband withdrawn DE (under ERDF, not EAFRD), allowed in parts of UK (Sco, Wal); unresolved FR.</p> <p>Not being funded (but water management for rivers can be funded (FR).</p> <p>Discussions ongoing.</p> <p>Only funded in exceptional cases, e.g. as part of a financial instrument (FR).</p> <p>Under discussion.- urban transport can potentially be funded under TO4 if based on a strategic plan (FR). Being addressed.</p> <p>Issue being addressed, but extends PA length. Under discussion.</p>

Themes	Issues/problems mentioned in 2014 interviews	How resolved?
<p><b>Results orientation</b></p>	<p>Target setting (NRW ERDF OP). Commission wants to set targets showing the impact of the OP on the <i>Land</i> situation as a whole (and wants the <i>Land</i> to collect ad hoc data for this).</p> <p>Unsatisfactory intervention logic (Eng, Sco, SI).</p> <p>Indicators (CZ), some indicators required that cannot be calculated in practice.</p> <p>Specific objectives need to be more focused so they can be measured; improvements on selection criteria (e.g. target groups), result indicators and targets required; recommendation to use common indicators (FR).</p>	<p>Unresolved.</p> <p>Provision of additional supporting material/unresolved.</p> <p>Unresolved.</p> <p>Under discussion.</p>

Themes	Issues/problems mentioned in 2014 interviews	How resolved?
<p><b>Ex ante conditionalities</b></p>	<p>Knowing what documents needed as proof of fulfilment (AT, DK).</p> <p>Transport conditionality not yet met (PT).</p> <p>Changing guidelines, addressing public procurement (IT).</p> <p>Need for Smart Specialisation Strategy (DK).</p> <p>Clarifications on S3 required (entrepreneurial discovery process, selection of specialisms, mobilisation of private investment, budget framework, monitoring and evaluation arrangements), action plans may become necessary (FR).</p> <p>Gender equality (DK) - a more detailed explanation of how gender equality is taken into consideration required.</p> <p>State aid rules (DK), description required in PA of how to ensure advisory staff have sufficient knowledge on State aid rules.</p> <p>Domestic law on public servants not yet approved (required ex ante conditionality) (CZ).</p>	<p>Under discussion.</p> <p>Addressing requests.</p> <p>Under discussion.</p> <p>Discussed and agreed separate strategy not needed; a number of national and regional strategies fulfil the conditionality.</p> <p>Text clarified and is to be included as a criterion in application forms.</p> <p>Text added: 'Throughout the Structural Funds period meetings are held in networks of different levels of government. There will be training and exchange of information on State aid.'</p> <p>Action plan for the law adoption proposed.</p>
<p><b>Territorial dimension</b></p>	<p>How urban activity is handled – one OP priority (DK) Commission insists activities must contribute to at least two TOs.</p> <p>Commitment required on linking different priorities on integrated urban development, name/number of cities required (critical mass and integrated plan necessary, dispersion of funds not acceptable) (FR).</p> <p>Urban allocation/London (Eng/UK) - London proposed to meet the 5% urban allocation but Commission keen for more urban areas to be put forward and also very keen on urban platform networks.</p>	<p>Two Thematic Objectives (1 and 4, used to be just 4) are being addressed in the urban priority in the OP.</p> <p>Under discussion.</p> <p>Under discussion.</p>

Themes	Issues/problems mentioned in 2014 interviews	How resolved?
<p><b>Programming issues</b></p>	<p>Length of PA and OPs (GR). Conflicting positions between different DGs on concise nature of PA and length of analysis caused confusion.</p> <p>Resistance to support for large firms (PT).</p> <p>Lack of linkages to a macro region strategy (DK).</p> <p>Reluctance to accept multi-objective priorities (Eng, FR). Commission guidance for one axis per Thematic Objective, category of region and Fund (1-1-1) was met with mixed feelings also in Greece.</p> <p>Lack of focus in OP (Vla).</p>	<p>Issue addressed but PA is 150 pages not the required 80-100 pages, conditionalities included in Annex following other MS practice. OP length issue unresolved.</p> <p>Being dealt with but not closed.</p> <p>No specific sums set aside but detail added, inspired by concept paper developed by MA in SE (Tillväxtverket) that describes approaches to how the transnational element can be added to OPs. E.g., the OPs now include possibility of projects engaging in activities in other BSR countries without including actual project partners. It has also been made clearer how priorities relate to EUSBSR.</p> <p>Not resolved (Eng); remains to be discussed both domestically and with the Commission (GR). The Ministry of Development and the Regions in Greece consider this anti-developmental as they would like to base Smart Specialisation on Thematic Objectives 1,2,3 and perhaps 4. On the other hand the Certifying Authority considers that 1-1-1 allows better monitoring of payments.</p> <p>Under discussion.</p>

Themes	Issues/problems mentioned in 2014 interviews	How resolved?
<b>Management &amp; implementation</b>	Concern over new Commission fraud prevention system, ARACHNE (DE).	Unresolved.
	The granting of IB status (e.g. in DE, Commission argues that local authorities must be IB for urban development strategies, role of cities needs to be clarified in FR).	Unresolved.
	Important to ensure coordination between national ESF OP and ESF sections in regional OPs (FR).	

### 3. FINANCIAL ALLOCATIONS AND CRITERIA

The Commission formally published the national allocations for each category of region in August 2013, providing a basis for bilateral negotiations with the Member States on the allocations to regions and programmes. The criteria which partners are using to break down funding between programmes and regions was discussed in the last review paper<sup>6</sup>; a common goal among partners was to ensure an equitable distribution of funding across regions that minimised abrupt changes relative to the previous period. Details are emerging of how budgets are being allocated across programmes and within programmes; emerging themes include keeping open the option to transfer resources between different categories of regions; the ring-fencing which is taking place above and beyond the Commission's specified limits; and the desire to deconcentrate resource management in several programmes.



#### **What are the outcomes?**

One emerging theme is partners using the option to **reallocate funds between different categories of regions**, including using the three percent flexibility specified in Article 93 (2) of the CPR, which allows resources to be moved between categories of region.<sup>7</sup>

- In Greece, three percent will be transferred from **Less Developed Regions and three percent from More Developed Regions (mainly Attiki and Notio Aigaiio) to Transition Regions**. This is based on the fact that all the Transition Regions in Greece are currently experiencing such a high GDP reduction that they share the same characteristics and indicators with the Less Developed Regions (e.g. unemployment rates). The proposed transfer of resources will allow the Transition Regions to formulate OPs with sufficient budgets.
- In Slovakia, the Bratislava region, the only region falling under the category of More Developed Region, will be able to use €328 million in the period 2014-20, if the proposal to transfer resources from Less Developed Regions is approved by the Commission.
- In England and France, the draft PAs reserve the option to transfer funding from **More Developed to Less Developed Regions**.

In Poland, special arrangements are being made to take into account the changed status of Mazowieckie region (where Warsaw is located) from 'Convergence' to More Developed. Although it is the most prosperous region in Poland, there are significant disparities between Warsaw and the poorest districts. It is anticipated that specific priority axes in sectoral OPs will be dedicated to Mazowieckie, consisting of 40 percent of total ERDF and 25 percent of ESF funding. Thus, for each priority axis of a sectoral OP, there will be two separate financial envelopes: one for Mazowieckie and one the other 15 regions. Special arrangements will be made in the case of priority axes providing projects at a national scale and priority axes with projects implemented in several provinces, including Mazowieckie.

<sup>6</sup> Vironen H, Michie R and Granqvist K (2013), *op. cit.*

<sup>7</sup> CPR Regulation, Consolidated Text, 24 July 2013, Article 85; allows this to be done in '*duly justified circumstances*'.



The balance between Funds has also been under discussion. During the negotiations on the French PA it appeared that the share of ESF needs to be increased by €70 million to be transferred from ERDF, this will have an impact on programme envelopes. In Greece, a political and policy-related decision was taken to increase the total share of ESF, as it is considered more relevant for fighting the crisis through tackling unemployment and social exclusion. Thus the ESF has been allocated an increase of one percent, to reach a total of 31 percent.

**Ring-fencing** over and above the Commission's specifications is taking place within a number of partner OPs, especially for **urban areas**.

- In Nordrhein-Westfalen ERDF OP, 20 percent of funds will be earmarked for 'sustainable urban development and social inclusion', i.e. for TO6 (protecting the environment and promoting resource efficiency) and TO9 (promoting social inclusion and combating poverty), with a particular focus on strategic support for problem urban areas. Regions will also be able to apply for funding under this priority axis, on the basis of integrated bottom-up strategies.
- In Vlaanderen ERDF OP, the budget for cities is around 10 percent of the total budget, split between Gent and Antwerpen (in the 2007-13 programme there was a ring-fenced budget for 13 cities in Vlaanderen; the Commission's view was that allocation of the budget to all 13 cities would make it too dispersed. Hence the decision was taken to focus on the two biggest cities).
- In France, at least 10 percent of overall funding available to regional OPs (ERDF and ESF) will be allocated to urban development; at the level of individual OPs, the percentage will be aligned with the importance of urban areas and sub-regional disparities.

**Rural/peripheral areas** have also been targeted - peripherality has been used as a weighted criterion in determining the distribution of funds among the regions in Denmark, while the specific needs of the Highlands and Islands of Scotland (a Transition Region) will be addressed by both strategic interventions at a national level, tailored to meet the specific needs of the region, and by more focused interventions developed and delivered at a Highlands and Islands level only. These are likely to include business infrastructure support and community sustainability measures to reflect the particular demographic and business challenges.

## 4. PROGRAMME DEVELOPMENT

### 4.1 Changes to programme architecture

There are elements of both **continuity and change in the programme architecture for 2014-20** across the EU in terms of programme rationalisation (the number of programmes and associated balance between national and regional programmes) and integration (the use of mono-fund or multi-fund OPs).



The total number of programmes has fallen in Spain and Croatia (one fewer), Estonia, Latvia, Slovenia, France, Lithuania, Portugal, Belgium, Germany, Slovakia, Finland, Hungary, Austria, Czech Republic and UK (ten fewer).



The total number of programmes has stayed the same in Bulgaria, Cyprus, Denmark, Ireland, Italy, Luxembourg, Malta and the Netherlands.



The total number of programmes has increased in Romania (seven more), Greece, Poland and Sweden (one more).

A total of 16 countries have chosen to introduce multi-fund programmes in 2014-20, including, among IQ-Net partner countries, CZ, DE, GR, FI, FR, PL, PT and SI.



#### **Partner experiences with programme architecture**

**Experience so far with multi-fund programming is regarded as quite positive.** Progress has been good in Finland, France, Poland and Portugal, where experience of multi-fund programming in 2000-06 has been found to be very helpful. In practice, development of the various chapters was carried out largely separately in Finland, and then integrated into a joint programme, while integrated programming has required changes in working practices and culture in Portugal, although there is a strong political commitment to this and no major challenges have emerged. The use of fund-specific priorities has been helpful in France; the main issue is expected to relate to the demarcation line between the regional ESF OPs and the national ESF OP.

In Poland (Śląskie), the managing authority already has experience of integrating ERDF and ESF so no major difficulties have been encountered so far. There has been strong support for integrating the funds at project level as it is here that the strongest synergies are thought to be found, whereas integration at Priority level using cross-financing is found more challenging. As in Portugal, above, this shift has prompted organisational changes. The new programme was developed by three departments (Regional Development Department, European Social Fund Department, Strategy and Spatial Planning Department), whereas the previous mono-fund ROP was prepared by only one department.

The challenges have been complex in Slovenia, where a multi-Fund, multi-objective OP has been developed; the OP covers three Funds, two types of region (a More and a Less Developed region), covers 11 Priority Axes and involves many IBs. Similarly in Austria, where a national OP has replaced regional programmes, setting up the joint OP has been challenging. Finding an agreement was only possible once it has been assured that the *Länder* could continue to exert influence on programme implementation. This is done via a 'supervisory group' involving the political level of all *Länder*, and more importantly via a 'Steering group ERDF OP', including all former MAs in the *Länder* and the new MA based at ÖROK. This structure will be integrated into the new so-called 15a-agreement,<sup>8</sup> which will replace the current one that sets out national and *Land*-level responsibilities for the 2007-13 programme period. Programme development required aligning already ongoing strategy development processes in all nine *Länder*, as the decision to create a joint *Länder* OP instead of individual *Länder* OPs was taken during the programming process.

## 4.2 Programme content

Information is starting to emerge on programme content as draft OPs are published. As evidenced in the informal PA and OP negotiations, thematic concentration has been challenging for many. This can clearly be seen at the level of the PAs, where no country has selected to focus on fewer TOs than recommended by the Commission in their Member State Position Papers (see Annex III) (although the coverage may be using Funds other than ERDF and ESF). Despite the broad thematic coverage of the PAs, greater thematic concentration is expected to be shown at the level of the OP in several countries (e.g. IT, UK). However, thematic concentration has also proved challenging at programme level:

- In Slovenia, where there are many different IBs responsible for different thematic areas, it has been challenging to find an agreement on a more narrow thematic focus of the future OP.
- It has been challenging also at OP level in Greece, where for ERDF there is a large diversification in terms of categories of regions as well as also derogations with regard to island regions and former phasing out regions.

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<sup>8</sup> The duties of the federal state and the *Länder* are coordinated through agreements based on Article 15a of the Austrian constitution.

#### Use of financial instruments 2014-20

- Much is still not yet known/ public on planned future use of FIs, many have not yet carried out ex ante assessments which will be required to justify decisions on specific FIs.
- Little interest is noted so far in EU level instruments or off the shelf models among partners.
- Considerable continuity is expected in several MSs and regions (dependent on results of ex ante assessments), in part due to length of time and complexity involved in setting up and negotiating FIs.
- The desire for continuity has also been expressed in terms of management arrangements and the use of existing structures where possible.
- The early debate about whether to continue with regional funds or amalgamate FIs into larger, national funds may not result in much overall reduction in the number of FIs in partner countries in 2014-20. For example, in Austria, the introduction of a new national fund will be accompanied by the continuation of one regional fund as well as the introduction of new regional fund.

### 4.3 Use of territorial instruments in partner programmes

More detail is beginning to emerge of how Integrated Territorial Investments (ITIs) and Community Led Local Development (CLLD) will be implemented by the partners which have chosen to introduce these territorial instruments. At least nine partners have plans to use ITIs; eight plan to use CLLD approaches. These are at different stages of development and emerging details are outlined in Annexes I and II.

Most commonly, ITIs are being introduced to deliver **integrated support in urban areas**, often following on from integrated urban projects in 2007-13, although nature parks (FR), inter-municipality communities (PT), regional strategies (SK), water supply and maritime policy are also being covered by these instruments (PT).

In terms of CLLD approaches, preparations are still at an early stage. Several partners are planning to build on experience under LEADER. There are minor variations between the size of rural areas being targeted (e.g. populations of between 10,000-15,000 inhabitants in SK; populations of up to 20,000 inhabitants in Śląskie), with wider variation in approaches to combining funds (ERDF plus EAFRD in SK; ERDF plus ESF in Śląskie, still under discussion in GR).

### Facilitating the implementation of Community-Led Local Development

The Commission has produced a guide to facilitate the implementation of CLLD and encourage good practice. The guide is aimed at local actors and practitioners and specifically local action group coordinators and chairs as well as managing authorities and other stakeholders involved in implementation of CLLD. For existing partnerships, the guide aims to help them to develop more focused and higher quality strategies with a clear results orientation and which are responsive to changing external conditions.

The guide breaks down the process of launching CLLD into a series of eight iterative steps for designing and shaping three basic components – the strategy, the partnership and the area:



1. Decide what you want to change
2. Build trust and alliances with the people that can help to make the change
3. Define the boundaries of your area
4. Prepare a local strategy for change based on the involvement and needs of local people
5. Agree on a partnership structure and clarify who does what
6. Adjust boundaries
7. Prepare an action plan and funding application
8. Establish a system for periodically reviewing, evaluating and refreshing the strategy.

**Source:** Soto P and Ramsden P (2014) *Guidance on Community-Led Local Development for Local Actors* (March 2014), European Commission, [http://www.netzwerk-laendlicher-raum.de/fileadmin/sites/ELER/Dateien/02\\_Regionen/leader\\_clld/Guidance\\_on\\_CLLD\\_for\\_local\\_actors\\_16-04-2014.pdf](http://www.netzwerk-laendlicher-raum.de/fileadmin/sites/ELER/Dateien/02_Regionen/leader_clld/Guidance_on_CLLD_for_local_actors_16-04-2014.pdf)

## 5. PROGRAMME IMPLEMENTATION ARRANGEMENTS

Programme management arrangements for 2014-20 are becoming clearer; details for the IQ-Net partners are provided in Annex IV. This includes a brief commentary on the main changes which have taken place between the 2007-13 and 2014-20 programme periods.

Trends in programme management and implementation include a political and policy desire to **deconcentrate/decentralise decision making and management of resources** in some countries. This has resulted in a bigger share to be managed by regions in Greece and Poland. The share of the Structural Funds budget managed in the regions is increasing in Greece from about 22 percent of ERDF, ESF and CF to 35 percent, while in Poland, the regionally-managed element of ERDF and ESF funds will increase from 37 percent to approximately 60 percent. Finnish regions have also been given a bigger role than before in determining regional budget allocations, while in England, Local Enterprise Partnerships have had a role in determining programme strategy and have received indicative budget allocations. In Scotland, Lead Partners are to play a new role in programme development and implementation, while in País Vasco/Bizkaia, a share of the ERDF is devolved to the three provinces (Bizkaia, Guipuzcoa and Alava), as in previous periods.

There are significant changes taking place in France, where in April 2014, a decision was made to reduce the number of regions by at least half by 2016. This will have implications for programme areas, since mergers may be based on different types of regions (Transition and More Developed) as well as sub-regional entities (*départements*) joining other regions, thus completely altering the programme area.

More generally, the drive for **simplification** for beneficiaries is evident in partner programmes, through introduction of **simplified cost approaches** and the **drafting of eligibility rules**.



### **What are the options for simplified costs?**

Under the Common Provisions Regulation,<sup>9</sup> grants and repayable assistance from the Structural Funds may take any of the following forms:

- (a) reimbursement of eligible costs actually incurred and paid, together with, where applicable, contributions in kind and depreciation;
- (b) standard scales of **unit costs**;
- (c) **lump sums** not exceeding €100 000 of public contribution; and
- (d) **flat-rate financing**, determined by the application of a percentage to one or more defined categories of costs.

For the 2014-20 programmes, the European Commission is promoting the use of Simplified Cost Options (SCO), i.e options (b), (c) and (d) above. This follows a 2007 European Court of Auditors report which suggested that the majority of errors found in Structural Funds programmes were partly due to the complexity of the legal and implementing framework and recommended simplification of 'the basis of calculation of eligible cost and making greater use of lump sum or flat rate payments instead of reimbursement of real costs.'<sup>10</sup> In 2008, the Commission committed itself to a series of

<sup>9</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R1303&from=EN>

<sup>10</sup> Official Journal of the European Union C286, Volume 51, 10 November 2008, Court of Auditors – Annual

measures to widen the possibilities for eligible expenditure to be claimed on a flat rate basis for all Structural Funds. Detailed guidance for 2014-20 has been outlined in a Delegated Act (not yet adopted) including types of operations covered, definitions, calculations and adjustment methods.<sup>11</sup>

There are three different types of **simplified costs**:

- **Unit Costs** – funds will be paid on basis of quantified activities, outputs and results, multiplied by the unit costs agreed by the managing authority at application. Unit costs typically apply to identifiable quantities such as training hours, training modules finalised, job outcomes etc. The grant is therefore paid on the basis of physical progress of the operation, without justification of underlying real costs.
- **Lump Sums** – all eligible costs are reimbursed on the basis of a pre-established lump sum in accordance with a pre-defined terms of agreement on activities and outputs. The grant is paid if the pre-defined terms of agreement are met.
- **Flat Rate** – this approach involves the declaration of indirect costs as a percentage of direct costs claimed. The rate applied will be decided by the managing authority. All direct costs must be evidenced through a full audit trail and claimed on the basis of real costs.

**Source:** Scottish Government guidance, <http://www.scotland.gov.uk/Resource/0044/00449324.pdf>



### **Simplification in IQ-Net programmes**

In terms of simplified cost options, several partners have already introduced simplified costs in 2007-13, and will continue this in 2014-20 (AT, DK, FI). Others are currently working on exploring the options and developing methodologies (FR, GR, Sco, SI, SK, PT). Among those planning to introduce/extend simplified cost options, various approaches are being discussed:

***‘It is hard to assess whether real simplification has taken place, but without any doubt that was the goal.’***

- a **flat rate of 15 percent of direct salary costs** will be used in England;
- **simplified costs will be used for all costs in Finland**, and receipt-based reimbursement will only be used in exceptional circumstances;
- a **standard hourly rate** will be introduced in Vlaanderen;
- a **flat-rate approach to staff and general costs** will be used in Nordrhein-Westfalen. The *Land* plans to calculate staff costs on the basis of *Land*-level gross wage data from the Federal Statistical Office. In the case of general costs, the *Land* plans to apply a rate of up to 15 percent to eligible staff costs;
- **all simplified costs approaches will be used** in Scotland: the first option will be unit costs, then flat rates where unit costs don't work, and procurement where neither option works. Where organisations have an existing unit/flat rate, this will be used.
- Managing authorities in France plan to use mainly **flat rates**, and to a lesser extent unit costs and lump sums.

Report of the Court of Auditors on the implementation of the budget concerning the financial year 2007, together with the institutions' replies, chapter 2, paragraph 42.

<sup>11</sup> Draft delegated act: [http://ec.europa.eu/regional\\_policy/what/future/pdf/preparation/1\\_da\\_cpr\\_act\\_en.pdf](http://ec.europa.eu/regional_policy/what/future/pdf/preparation/1_da_cpr_act_en.pdf)

**‘Attempts have been made to write the [rules] in a more easily communicated way, but the extent of the rules has not been reduced.’**

Simplification is also being sought through the **drafting of the eligibility rules**, with mixed results so far. Measures which are considered to have had a beneficial impact include **cutting down on unnecessary text** in the eligibility rules in England; the use of **one national regulation covering all Structural Funds** in Portugal; national eligibility rules in Slovakia which provide **common ground for assessment of eligibility/non-eligibility of costs across all programmes**, intended to strengthen consistency in application and interpretation of eligibility rules across OPs and harmonisation of **Land eligibility rules with those of the ERDF regulation** in Nordrhein-Westfalen. The aim of the new ERDF Legal Framework (*EFRE Richtlinie*) is to simplify procedures from both an administrative viewpoint and for recipients.

#### **Simplification in Nordrhein-Westfalen**

Nordrhein-Westfalen is taking a number of steps to reduce the administrative burden of Structural Funds implementation in 2014-20:

- a new *Land* law, the ERDF Legal Framework (*EFRE-Richtlinie*) is being adopted to harmonise *Land* rules with EU rules in the case of projects co-funded by the ERDF and, for example, will allow the use of simplified cost options, and a simplified procurement procedure for some final beneficiaries.
- the *Land* is reducing the number of Intermediate Bodies from 108 in 2007-13 to eight in 2014-20, with the aim of ensuring a consistent approach, implementation capacity, and transparency for final recipients.
- the approach to the competitive calls will be streamlined: there will be fewer calls, each with multiple application deadlines; each call will be administered by a single body from call design to implementation and reporting; and responsibility for ensuring the quality of OP management will be located in the managing authority rather than an external body.



## ANNEX I: INTEGRATED TERRITORIAL INVESTMENTS IN 2014-20 IQ-NET PROGRAMMES

MS	Partner/OP	Practical implementation of ITIs
BE	Vlaanderen ERDF	<p>45% of ERDF programme budget to be devoted to ITIs. There will be three ITIs:</p> <ul style="list-style-type: none"> <li>• ITI North Limburg – €71 million (ERDF and ESF), ERDF is to contribute €45 million.</li> <li>• ITI West Vlaanderen – €20 million (not yet approved by Commission).</li> <li>• ITI Region de Kempen (part of Antwerp but adjacent to N. Limburg) – €10 million (not yet approved by Commission).</li> </ul> <p>ITIs in Vlaanderen will be responsible for project animation and generation. However, once project proposals have been developed, they will be scrutinised centrally and will also need approval from the Monitoring Committee at the central level. Project proposals in ITI regions require to be submitted on the standard application forms.</p>
CZ	Ministry for Regional Development: IROP	Implementation will be very similar to current Integrated Plans for Sustainable Urban Development. Holders of ITIs will prepare their own strategies.
FI	South and West Finland OP	<p>The themes of the ITI are: open data and interfaces, open innovation platforms, and open participation. The cities involved include the largest cities in Finland: Helsinki, Espoo, Vantaa, Oulu, Tampere and Turku. The ERDF funding is approximately €39.5 million (+€39.5 million of national funding).</p> <p>The ITI, labelled as open and flexible cities (<i>avoimet ja ketterät kaupungit</i>), has started well. First call for application is scheduled between June and August 2014. The decision will be taken by a management group of the six cities involved. They will present the project to the Regional Council of Uusimaa, and unless the project contravenes law, responsibility for project decisions rests with the cities.</p>
FR	Eight regional OPs	According to the PA, ITIs can be used in the fields of urban development (as a follow-on from integrated urban projects in 2007-13) and by regional nature parks. OP drafts suggest that eight OPs will be using ITIs mostly in the field of sustainable urban development, while the remaining OPs will cover urban development under a specific priority.
GR	ROPs	The intention is to emphasise sustainable urban development with more than the 5% foreseen by the Regulation. Difficult to establish functionality in the regions in view of the challenge of inter-regional programmes. There is an increased regional interest in integrated actions of the ITI logic for smart specialisation. The intention is to follow the Regulation's stipulation that integrated urban development plans should move to a logic of management by local groups as intermediate bodies. A large involvement of municipalities is foreseen. The Ministry would welcome a proposal from a number of regions on a functional area e.g. Pindus mountains.

PL	Śląskie ROP	<p>ITIs will be implemented under the ROPs. Funding for their implementation in regional cities and in functionally-related areas will come from the programme reserve (amount set aside at national level in the programming phase) and the basic allocation of the ROP. In addition, there is a possibility that complementary projects will be given preference in the selection process within the framework of national programmes, mainly the Programme Infrastructure and Environment 2014-20 and Programme of Eastern Poland. If regions decide to implement an ITI in smaller urban centres or in other areas, these will be funded solely by the ROP.</p> <p>In Śląskie, part of the ROP 2007-13 (ERDF) has been successfully delivered through projects which were pre-selected in the framework of four Sub-regional Development Programmes (central, northern, western and southern). This approach will be continued in the ROP 2014-20: there will be an ITI in central Śląskie, funded from the 'envelope' of Cohesion policy funds set aside for ITIs at national level. There will also be three other 'RTIs' (Regional Territorial Investments) in the west, north and south, following the model established by the SDPs and funded from the ROP. Currently, the MA is concentrating on the development of an ITI strategy and a list of associated projects in the Central Śląskie ITI.</p>
PT	PA/OPs	<p>Strategy set out in the PA, which has not been approved yet. The focus will be on inter-municipality communities in the mainland and the metropolitan areas of Lisboa and Porto. A functional ITI may be approved for investments in the Alqueva water supply project. There may also be an ITI for maritime policy. Territorial strategies will need to be designed and approved by the Monitoring Committees of the OPs financing the policy.</p>
SI	Slovenia	<p>ITIs will be used to implement urban development.</p>
SK	IROP, OP HR	<p>ITIs will be used primarily in the framework of the Integrated Regional Operational Programme (IROP). So-called Regional Integrated Territorial Strategies (RITS) will be developed and implemented at NUTSIII level taking into account existing strategic documents of regional authorities (i.e. social and economic development plans of self-governing regions). In total, 8 RITS should be developed and implemented during 2014-20 in Slovakia. The aim is to generate and implement integrated projects with relevance for the whole functional area of the regions. Since there is limited experience with implementation of integrated interventions, the future MA elaborated draft guidelines for the development of RITS. It provides the structure of the strategies, content of individual chapters and approach to be applied. Investment actions defined in the strategies will be financed mainly from thematic priority axes of IROP covering: transport, environment, access to public services, entrepreneurship and employment. Complementary 'soft' measures will be financed from OP Human Resources. This will require cooperation and coordination at the level of MAs. Regional authorities will be in charge of development and implementation of RITS, however the decisions will be approved by newly created regional council consisting of relevant partners.</p>
UK: Sco	ERDF OP	<p>Two ITIs are being considered for areas with specific socio-economic needs – the Highlands and Islands and the South West of Scotland.</p>

## ANNEX II: COMMUNITY-LED LOCAL DEVELOPMENT IN 2014-20 IQ-NET PROGRAMMES

MS	Partner/OP	Practical implementation of CLLD
AT	ERDF	Will only be implemented in the <i>Land</i> Tirol.
CZ	Ministry for Regional Development – Integrated Regional Operational Programme	For CLLD, individual priority axis envelope designated within the IROP (8% of the programme allocation) and the LAGs can select from relevant specific objectives (priority axes) appropriate activities/operations (i.e. LAGs adopt a typology of activities from the entire programme, while they have been ensured certain allocation).
GR	ROPs Rural Development OP Competitiveness OP	Based on experience with LEADER, the Ministry of Rural Development intends to take a leading role and maintain a mono-Fund approach. However the Regions and the Ministry of Development and Competitiveness suggests suggest that CLLDs should have a multi-fund character in order to promote synergies and limit waste of resources. Currently negotiating to keep support to SMEs in rural, mountainous and semi-mountainous areas and environmental issues under the EAFRD and fund operations related to business openness and infrastructure through ERDF. Interest from the regions in combining processes related to smart specialisation with actions related to CLLDs.
SI	Slovenia	The use of CLLD under ERDF is still uncertain. It is planned, but there currently discussions with the Regional Development Directorate in the Ministry of Economy.
SK	IROP	CLLD is considered to be a suitable instrument for addressing wide-ranging needs at local level. In the framework of 2014-20, CLLD will be applied within the IROP. It is supposed to concentrate on the following themes: development of local economies and employment, protection of environment, regeneration of rural areas, strengthening capacities of civil society. The instrument should be targeted to rural areas with more than 10,000 and fewer than 150,000 inhabitants. The density of population should not exceed 150 inhabitants per km <sup>2</sup> . Local groups will be funded from EAFRD and ERDF. Since the Ministry of Agriculture and Rural Development (MARD) has practical experience with coordination and implementation of LEADER in 2007-13, it will play a leading role in 2014-20. It will closely cooperate with the MA for IROP, which should contribute to implementation of CLLD with approximately €30 million. Local strategies will be developed and implemented by officially approved LAGs.
PL	Śląskie ROP	These will be implemented in rural areas with populations up to 20,000 but preparations are still at an early stage. Budget allocations will be ERDF: €16 million, ESF €16 million.
PT	PA/OPs	For the CLLD strand of the territorial dimension, the proposed approach will be based on the LEADER experience. LAGs may implement CLLD but the instrument is not exclusively for these groups; as stated in the draft PA, other entities may also use the

		instrument provided that they meet all regulatory requirements.
UK: Engl and	England ERDF	Currently planning to invest €124 million in CLLD, through 65 proposals from 13 Local Enterprise Partnerships. Proposing a minimum of €3 million ERDF per CLLD. Detail not yet finalised; MA would have oversight and local bodies would be involved in decision-making.

### ANNEX III: COVERAGE OF THEMATIC OBJECTIVES IN SELECTED PAS (COMPARED TO THE RECOMMENDATIONS IN THE COMMISSION’S POSITION PAPERS)

Thematic objective	AT PP	AT PA	BE PP	BE PA	DE PP	DE PA	DK PP	DK PA	ES PA	ES PA	FI PP	FI PA	FR PP	FR PA	GR PP	GR PA	IT PP	IT PA	PL PP	PL PA	PT PP	PT PA	SI PP	SI PA	UK PP	UK PA
1. RTDI	x	x	x		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
2. ICT		x	x		x	x			x	x		x	x	x	x		x	x	x	x	x	x				x
3. SME Competitiveness	x	x	x		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
4. Low-carbon economy	x	x	x		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
5. Climate change & risk prevention		x	x		x	x		x	x	x	x	x	x	x	x		x	x	x	x	x	x	x			x
6. Enviro., protection & resource efficiency	x	x	x		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
7. Sustainable transport & networks			x			x			x	x				x	x		x	x	x	x	x	x	x			x
8. Employment and labour mobility	x	x	x		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
9. Social inclusion and poverty	x	x	x		x		x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
10. Education, skills and lifelong learning	x	x	x		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x		x	x
11. Institutional capacity													x	x	x		x	x	x	x	x	x	x			
Total Number	7	9	10	N/A	9	9	7	8	10	10	8	9	10	11	11	N/A	11	11	11	11	11	11	10	N/A	7	10

