

EUROPEAN UNION



Committee of the Regions

# Regions and cities for integrated territorial development

A Common Strategic Framework for cohesion policy, rural development and fisheries funds for the period 2014-2020

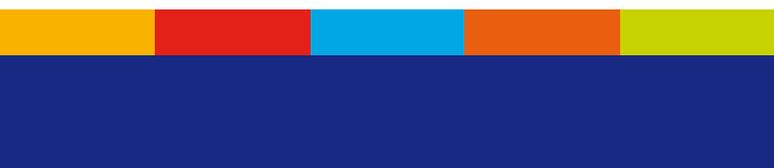


Proceedings of the Forum held at  
the Committee of the Regions  
on 10 May 2012



# CONTENTS:

- **Introduction** ..... p. 3
- **Opening session** ..... p. 4
- **Workshop 1:  
Multilevel governance of  
CSF funds post-2013** ..... p. 7
- **Workshop 2:  
The Europe 2020 strategy and the challenge  
of an integrated territorial approach** ..... p. 11
- **Workshop 3:  
Delivering results:  
Ensuring coherent approaches** ..... p. 16
- **Closing session** ..... p. 21



## Introduction



On 10 May 2012, the Committee of the Regions' (CoR) Forum on "Regions and cities for integrated territorial development" brought together 300 participants from all the EU institutions and from regional and local authorities to discuss the Common Strategic Framework (CSF) for cohesion policy, rural development and fisheries funds 2014-2020. Debates were centred around three topics:

- Multi-level governance of CSF funds post-2013;
- the Europe 2020 strategy and the challenge of an integrated territorial approach; and
- Delivering results: ensuring coherent approaches.

The event took place just a few days after the adoption of the CoR's opinions on the new regulations on cohesion policy post-2013 with three Commissioners concerned – **Johannes Hahn** for regional policy, **László Andor** for employment, social affairs and inclusion, and **Dacian Cioloş** for agriculture and rural development - as well as CoR President **Mercedes Bresso**, 1<sup>st</sup> CoR Vice-President **Ramón Luis Valcárcel Siso** and the chairpersons of the most relevant Commissions of the European Parliament and the CoR, **Danuta Hübner** and **Michel Delebarre**. The event offered the opportunity to Members of the European Parliament and the CoR to discuss about important topics linked to improving the effectiveness of cohesion policy, rural development and fisheries funds during the next programming phase. More information such as speeches, presentations, photos and this brochure can be found at:



<http://cor.europa.eu/en/news/forums/Pages/forum-common-strategic-framework.aspx>

## Opening session



The opening session took stock of the current debate on the future of cohesion policy, rural development and fisheries post-2013, focusing specifically on the aspects of their implementation under common provisions. The President of the Committee of the Regions (CoR), **Mercedes Bresso**, welcomed the 300 participants, who included 50 members of the CoR as well as representatives from the other EU institutions and regional and local administrations from all over Europe. She reminded the audience that the Common Strategic Framework (CSF) would seal the entry into force of the Lisbon Treaty by increasing coordination and coherence among the Union's financial instruments, which promoted economic, social and territorial cohesion. Integrated territorial approaches must strengthen the assets and lessen the economic and social deficiencies of a region, including urban, rural and coastal areas and regions with certain handicaps, she insisted.

### The Common Strategic Framework for cohesion policy 2014-2020

Ms Bresso noted that the Common Strategic Framework (CSF) played a key role in the context of the proposals made by the European Commission for cohesion policy, rural development and fisheries funds post-2013. It would be the guiding document translating the Europe 2020 strategy for smart, sustainable and inclusive growth into the key actions of the five 'CSF funds': the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. In line with the provisions of the Lisbon Treaty, the CSF aimed to make an integrated territorial approach a reality. Regional and local stakeholders would be of mayor importance for the implementation of the CSF funds and for effective coordination between different policies with territorial impact.

Between 2014 and 2020, some **500-600 programmes** covering all regions and cities of the EU would involve European, national and regional authorities in the management of approximately **EUR 400 billion of funding** from the EU financial instruments that come under the CSF. Although this sum represented no more than 0.4% of the overall GDP of the EU, it would be more than 40% of the EU budget and – through its orientation and implementation – the major instrument delivering Europe's 2020 strategy for smart, sustainable and inclusive growth. For the first time, a systematic link was to be made between these interventions and the Union's new economic governance.



Ms Bresso then highlighted the positive fact that the CSF interlinked eleven thematic objectives with the Europe 2020 strategy and its seven flagship initiatives, and would build partnership contracts and programmes following the multilevel approach. However, she urged that regional and local authorities be involved as key partners at all stages of the policy cycle, as they were responsible for a large proportion of funding. In line with the CoR opinions adopted on 3 May 2012, she listed a number of critical topics, including:

- the need to adopt the CSF together with the Common Provisions Regulation instead of a delegated act;
- the necessity to more clearly define the eleven thematic objectives, the six EAFRD priorities and the EMFF priorities, as well as the key actions and priority investments;
- the concern to take account of mountainous regions, islands, the outermost regions and sparsely populated regions;
- the opposition to macro-economic conditionality and to the performance reserve as envisaged;
- the fear that there is a risk of sliding towards annual adjustment of regional or national strategies under the pretext of aligning them with the National Reform Programmes.

“ There cannot be smart, sustainable and inclusive growth in Europe without regional and local authorities, which are the key players in regional development.”

**Mercedes Bresso**, *President of the Committee of the Regions*

In his speech, Regional Policy Commissioner, **Johannes Hahn**, expressed his strong belief that cohesion policy in its reformed and modernised shape will play a major role in boosting growth and creating employment. He thanked the Committee for its active role in the on-going debate, particularly Ms Marini for her in-depth work on the Common Provisions Regulation and Mr Woźniak for his preliminary reflections on the CSF. The discussions in the Council and the European Parliament were at an advanced stage and broad consensus had been reached on several pillars of the Commission's proposals, including ex ante conditionality and orientation towards results. On the principle of thematic concentration, the Commissioner stressed the need to focus resources and invest in a much improved environment for innovation, SMEs and the shift to a low carbon economy.

Mr Hahn regarded the partnership principle as being at the heart of an effective cohesion policy since it would increase ownership and responsibility, whilst noting that Member States had voiced reservations about the proposed “European code of conduct on partnership”. Mr Hahn reassured the audience that the Commission did not intend to change the CSF every year to respond to changes that might be made in the economic governance process, but said that the Commission did wish to retain the possibility of introducing targeted changes in the event of major changes in EU strategy. The CSF provided a single programming tool, cutting across the various funding instruments and providing a single strategic framework for all five funds implemented under shared management, thus offering a much more integrated delivery of regional development investments, addressing the territorial dimension and providing a strong basis for multi-sectoral integrated programming. He concluded by calling upon the participants to defend an ambitious budget for a strong cohesion policy, demonstrating commitment to a modern and smart implementation process.



“ We can only defend an ambitious budget for a strong cohesion policy if we demonstrate our commitment to a modern and smart implementation process.”

**Johannes Hahn**, *European Commissioner for Regional Policy*

On behalf of the Presidency, **Preben Gregersen**, Director for Regional Policy with the Danish Business Authority, gave an overview of the negotiations within the Council of the European Union. The thematic approach chosen by the Polish, Danish and Cypriot ‘Trio Presidencies’ had led to the opening of discussions on nine thematic blocks, and the General Affairs Council had reached a consensus on six of them during its meeting on 24 April. These concerned:

- the ‘programming’ parts of the Common Provisions, European Social Fund and European Territorial Cooperation regulations suggesting that Partnership Contracts were renamed ‘Partnership Agreements’, that partnership arrangements had to respect ‘national rules and practices’, that the notion of ‘key actions’ would be lifted and the link to fund-specific rules strengthened instead, that the CSF was to be annexed to the Common Provisions regulation, and that the possibility of adopting a delegated act on a ‘European code of conduct on partners’ was to be deleted;
- ex ante conditionality, which should only be applied when a direct and genuine link to and a direct impact on the effective and efficient achievement of the specific objectives for an investment priority or a Union priority existed;
- major projects to facilitate the deployment of “up-stream” quality reviews by independent experts;

- management and control;
- monitoring and evaluation;
- and eligibility, which should exclude the financing of already completed projects.

Three other thematic blocks – thematic concentration; financial instruments; and revenue generating projects – were currently being discussed, with a view to concluding the debates during the General Affairs Council in June.

Following the principle that, “nothing is agreed until everything is agreed” the negotiations on important parts of the regulations with budgetary relevance were continuing in parallel in the ‘Friends of the Presidency’ group, which was looking into the Multiannual Financial Framework (MFF) and all its aspects. Whilst the Presidency acted as an honest broker, Mr Gregersen was not sure whether the objective of presenting an agreed financial table to the European Council of 28 and 29 June was achievable, but remained optimistic that the objective of reaching agreement on the MFF in the Council before the end of 2012 could be attained.

During the debate, which was moderated by **Mark Rogerson**, a number of members of the CoR took the floor, including Marek Woźniak, Marshal of the Wielkopolska Region, Poland, Jerzy Zajakąła, Mayor of Łubianka, Poland, Adam Struzik, Marshall of the Mazowsze Region, Poland, Luc Van den Brande, Chairman of the Commission on Citizenship, Governance, Institutional Affairs and External Relations, and Ivan Zagar, Mayor of Slovenska Bistrica, Slovakia, as well as other representatives of regions and cities. Questions concerned the legal basis of the CSF, the role of cities in the multilevel governance approach, transition regions and the partnership principle. Ms Bresso and Mr Hahn engaged in a lively debate with the audience before the meeting broke for lunch.



**Johannes Hahn**



**Preben Gregersen**



**Mark Rogerson**



## Workshop 1: Multilevel governance of CSF funds post-2013

How can coherent approaches to partnership arrangements be ensured across the EU? What is the role for regions and cities in the preparation of Partnership Contracts? And how can the linkages between a multiannual CSF and the National Reform Programmes be ensured?

These questions were discussed during the Forum's workshop on multilevel governance of CSF funds from 2014-2020. The workshop was chaired by **Michel Delebarre**, Mayor of Dunkirk, France, chair of the CoR Commission on Territorial Cohesion Policy (COTER) and rapporteur for the opinion on the revision of the European Grouping of Territorial Cooperation (EGTC) Regulation. **László Andor**, EU Commissioner for Employment, Social Affairs and Inclusion, opened the workshop with a key note speech. **Catiuscia Marini**, **Jan Olbrycht** and **Luc Van den Brande** joined the panel for a debate with the audience. Catiuscia Marini is President of the Umbria Region, Italy, and CoR rapporteur for the Common Provisions Regulation. Jan Olbrycht is a Polish Member of the European Parliament and rapporteur for the European Regional Development Fund Regulation. Luc Van den Brande, Belgium, is the Chair of the CoR Commission on Citizenship, Governance, Institutional Affairs and External Relations (CIVEX). The workshop closed with an academic comment by **John Bachtler** of the European Policies Research Centre at the University of Strathclyde, Glasgow, United Kingdom.

Smart, sustainable and inclusive growth and strong cohesion in the forthcoming programming period calls for efficient multilevel governance of cohesion funds, said **László Andor**. He went on to say that regions and cities, and the social partners and NGOs, must have a say in the design of the

national reform programmes. Local and regional authorities had special knowledge of local labour market developments and needs. They had the capacity to establish clusters of educational institutions and employers' organisations to anticipate and adapt to future labour market requirements. The Commission proposal for cohesion policy provided for a number of mechanisms to achieve the involvement of local and regional authorities, both in policy planning

and implementation. The Commission was encouraging integrated approaches to territorial development and community-led local strategies. However, the initial reactions in the Council were not very encouraging. Therefore, Mr Andor called for the active support of the CoR to make "partnership" a true implementing principle of the cohesion policy everywhere in the EU. Concretely the Commission wanted to set up a European code of conduct on partnership to set out the minimum requirements needed for high-quality cooperation. In terms of management and governance of the cohesion resources, László Andor was in favour of in-depth, critical analysis of the funds' real returns in terms of economic development.



László Andor

## Multilevel governance of CSF funds post-2013

Proposal the European Commission, adoption by the European Parliament and the Council of the EU	<b>Common provisions and fund specific regulations</b> Budget and eligible member states/regions	End 2012/ early 2013
European Commission (delegated act)	<b>Common Strategic Framework</b> Coordination between funds and with NRP, objectives and key actions at EU level	+ three months
Proposal by member state, decision by the European Commission (implementing act)	<b>Partnership Contract</b> Alignment with Europe 2020 strategy, integrated territorial development, priorities, implementation and partnership arrangements at member state level	+ three months, adoption + six months
Member states (regions) propose, European Commission decides (implementing act)	<b>Operational programme</b> Strategy, priorities, budget, indicators, ex ante evaluation	together with Partnership Contract, adoption after six months
Member states and regions	<b>Project selection</b>	2014-2020 (+2 years)

Governing cohesion policy in partnership and involving the authorities at multiple levels ('vertical partnership') as well as economic and social partners and bodies representing civil society ('horizontal partnership') had been a key principle since the policy's inception in the late 1980s. The underlying rationale was that partnership lends more legitimacy to the decision-making process, brings together a wider range of expertise and knowledge, contributes to collective commitment and ownership of interventions, and helps to develop institutional capacity. The partnership principle had been strengthened over past programming periods and involved the relevant partners at all stages of the policy cycle. However, the fact that the principle was only applied "where appropriate and in accordance with current national rules and practices" had led to a certain degree of inconsistency.

Article 5 of the draft Common Provisions Regulation (CPR) lays down the partnership principle, stipulating that "in accordance with the multi-level governance approach" (...) "competent regional, local, urban and other public authorities, as well as economic and social partners; and bodies representing civil society, including environmental partners, non governmental organisations, and bodies responsible for promoting equality and non-discrimination, shall be involved by Member States in the preparation of Partnership Contracts and progress

reports and in the preparation, implementation, monitoring and evaluation of programmes".

Based on the same article, the European Commission published a Staff Working Document on 24 April 2012, including elements of a European Code of Conduct on Partnership<sup>1</sup>. The document suggests that Member States identify, within their respective national context, the relevant stakeholders in the CSF Funds, the incentives and the legal and administrative barriers to partnership and possible ways to address these obstacles. Drawing on existing approaches, it gives examples of how to involve the partners during the preparation, implementation, monitoring and evaluation of the CSF funds, in particular in monitoring committees. In view of their role in co-financing, the Operational Programmes, the document draws specific attention to the role of regional and local authorities. Finally, consideration is also given to the issue of how the national authorities can contribute to capacity-building for the partners, in particular smaller organisations, and how ongoing exchanges of experience and best practice can be ensured.

<sup>1</sup> European Commission (2012): The partnership principle in the implementation of the Common Strategic Framework Funds – elements for a European Code of Conduct on Partnership (Staff Working Document SWD 2012/106 final), 24 April 2012

**Catiuscia Marini** stressed that good governance was the key when it came to EU policy makers finding a solution to the current crisis. The involvement of local and regional authorities was essential in this governance process: they were responsible for the implementation of 70% of the EU legislation and, with globalisation, their role was increasing still further. EU cohesion policy required a bottom-up approach. The CoR was advising that regions and cities be involved in all parts of the policy process, including the Common Strategic Framework, the Partnership Contracts and the operational programmes. The Partnership Contracts with the European Commission were not the exclusive remit of the Member States. On the contrary, involving local partners led to more contracts that were of high quality, in terms of structure and content. Catiuscia Marini urged that an explicit sub-national dimension be added to the Europe 2020 strategy.

**Jan Olbrycht** elaborated on the idea of the code of conduct presented by the European Commission. According to the initial feedback, Member States were not in favour of such a code, fearing that it would represent an overly binding and restrictive framework. In the MEP's view, multilevel governance was not a theory, nor an ideology. It was not about dividing powers, but about cooperating. Legal instruments covering multilevel governance should make processes easier and more functional. This functional approach should dominate the ongoing debate: all partners had to be around the table to determine how to move from "consultation" towards "partnership", how to guarantee flexibility and differentiation and how to evaluate and follow-up the management of the Partnership Contracts. In Mr Olbrycht's opinion, Partnership Contracts should, in any case, be obligatory as a condition for opening funding programmes in a Member State.

Functionality and flexibility were also the keywords of **Luc Van de Brande**. The main principles of multilevel governance should be applied "à géométrie variable", adapted to the structure and administrative setting of each territory. He had been very pleased to hear the European Commission asking explicitly during that day's debate for the support of the Committee of the Regions to promote the multilevel approach. The CoR had a long tradition in this area, as illustrated by its White Paper on Multilevel Governance. Luc Van den Brande highlighted the major breakthroughs that had taken place since the publication of the White Paper in 2009. Firstly, as mentioned by previous speakers, the Commission had included a specific article on partnership in its proposed regulation establishing common provisions for the Structural Funds and the Cohesion Fund. A second breakthrough was the joint effort by the CoR and the European Parliament to develop a European Codex on Administrative Law. These developments might soon lead soon to a third breakthrough: the drafting and adoption of a European Charter for Multilevel Governance. Luc Van den Brande concluded that a subsequent multilevel approach would lead to shared ownership and shared responsibility, respecting the right combination of subsidiarity and proportionality.

**John Bachtler** began his academic comment with some reflections on the concept of multilevel governance – in his view an often misused term in European integration studies. He questioned some of its commonly accepted virtues: multilevel governance did not always lead to more democratic accountability, nor did it necessarily lead to better policy outcomes. In the management of cohesion policy, academics had observed several evolutions in the past two decades. The focus of the relationship between the Commission and the member states had shifted from policy inputs in the 1990s to effectiveness



Catiuscia Marini



Jan Olbrycht



Luc Van den Brande



John Bachtler

of administration in the 2000s to policy outcomes for the upcoming period. In parallel, governance had evolved initially in the direction of greater decentralisation and regionalisation, and – in the current period – in the reverse direction, with more centralisation. After 2013, he foresaw a tension between the thematic and the territorial focus, a rationalisation of the programme architecture and efforts to improve coordination. Professor Bachtler argued for the importance of institutional capacity, which was not only a factor in the quality of programme design and delivery but also in the ability to implement the partnership principle. Finally, improving the efficiency of the governance of cohesion policy depended on raising standards of public administration more generally across the EU.

**Michel Delebarre** concluded the workshop by emphasising the CoR's role in giving voice to the needs and concerns of local and regional authorities in this debate, taking account of the difficulties facing Member States with a less decentralised structure.



Michel Delebarre



## Workshop 2: The Europe 2020 strategy and the challenge of an integrated territorial approach

This workshop was chaired by **Danuta Hübner**, Member of the European Parliament (EPP) and Chair of the Committee on Regional Development (REGI). It focused on the role of the Europe 2020 strategy in the implementation of the CSF funds post-2013, looking in particular into the question of achieving the right balance between thematic concentration and flexibility and how to coordinate CSF funds, the Europe 2020 strategy and National Reform Programmes. The keynote speech was delivered by **Dacian Cioloş**, EU Commissioner for Agriculture and Rural Development. **René Souchon**, President of Auvergne Regional Council, France, Member of the Committee of the Regions (PES) and **Riikka Manner**, Member of the European Parliament (ALDE), Finland, highlighted the findings from their work as rapporteurs, respectively, for the EAFRD regulation (“Complementarity between cohesion policy funds and the Rural Development Fund”) and the European Territorial Cooperation Regulation (“The role of the CSF for ETC programmes; the EGTC and ETC programmes”). The workshop benefited from the academic insight of **Philip McCann**, Endowed Chair of Economic Geography, University of Groningen, the Netherlands.

**Danuta Hübner** introduced the workshop theme by speaking about the importance of synergies for efficient and effective implementation of policies. The territorial approach was not simply confined to implementing policies that had territorial aspects. It was also about exploiting the development potential of specific territories.

In his keynote address, **Dacian Cioloş** pointed to the territorial approach included in rural development programmes and the European Commission’s proposals for the CAP reform. Territories – in particular, promoting development of rural territories - was one of the three pillars of the reform, alongside food security and natural resources. The European Commission’s proposals included: enhancing cooperation within rural development programmes, with the possibility of supporting pilot projects; bridging technical divides between European funds (e.g. agriculture projects could be implemented in urban or peri-urban areas, supporting the development of local markets) and diversification of rural activities. Since it was not always about farming, new instruments had been proposed, such as a lump-sum for starting economic activities and fostering entrepreneurship, which could be allocated without complicated procedures. These types of subsidies had

a territorial effect. The Commissioner concluded that the CAP had a strong territorial hallmark.

From the perspective of the European Commission, an integrated territorial approach was defined by **simplification** and **coordination**. Mr Cioloş further elaborated on another two elements that illustrated this approach, namely bringing together the five major European funds under the CSF and the multi-fund approach (LEADER). Better coordination of funds was important, especially in the current difficult financial situation, where we did not want to spend more, but to get as much value as possible from what was spent and, simultaneously, to introduce new economic dynamics to re-launch growth. He had worked closely with his colleagues, Commissioners J. Hahn, M. Damanaki and L. Andor on how to better coordinate the different funds. Considerable effort had been put into aligning the administration and evaluation rules and methodology, whilst maintaining the requisite differences, to take account of fund specificities which were not convergent. Partnership Contracts were instrumental to coordination and better integration of EU objectives, as they defined how the funds intervened nationally, regionally and locally. In order to increase complementarity and synergy, all stakeholders needed to be involved. Political players at all levels needed to take responsibilities so as to embrace a broader and more flexible framework. There was no point in regulating if there was no willingness to implement.



Dacian Cioloş

Mr Cioloş stressed that cooperation was also essential at the local level, hence the proposal to enlarge the possibilities for financing local development strategies with funds other than those from rural development policy. The approach of LEADER programmes and Local Action Groups could apply not only to rural territories, but also to urban or peri-urban areas. The existing 2300 Local Action Groups, each of which affected between 5 000 and 150 000 inhabitants, set a benchmark to build upon. This could become a model for the five major European funds. Moreover, different sources of financing could be used for the same Local Action Group. Three elements of simplification could encourage such a multi-fund approach: harmonised implementation rules; drawing on various funds (one with a leading role and others to intervene alongside); and a single procedure for adopting local development strategies. A reinforced LEADER programme would encourage the set-up of new Local Action Groups, for instance through “start-up kits” proposed within the CAP reform. The trans-national dimension of the LEADER programme should also be developed, bearing in mind that the added value of the EU level was not limited to financing. It also acted as a facilitator for the exchange of expertise.

**René Souchon** expressed his concerns about rural non-agricultural regions. While the Cohesion Report still talked about bridging gaps, there was a risk that certain areas would become “grey areas” if funding was decreased. Most money from rural development went into agriculture and there was no obligation for Member States to focus on particular areas. With no money set aside for non-agricultural rural development, these particular regions risked being marginalised. Mr Souchon advocated a central role for regional and local authorities in drafting the Partnership Contracts and implementing rural development programmes. He also emphasised the need for flexibility when it came to a multi-fund approach. There was “a world of differences” out there and flexibility should take account of the existing diversity. He concluded that more needed to be done to ensure uniformity of action at the EU level and to make this action understood on the ground.

**Riikka Manner** stated that the European Territorial Cooperation regulation would make the administration of projects much easier than in the case of reverting to national instruments. The role of the European Territorial Cooperation regulation would be important for specific measures in niche areas of cooperation between different regions, and for finding ways to save money by pooling resources. The CSF would be an instrument for cross-border cooperation. Different funds would also be better implemented if they were more streamlined. Some illustrative examples were given in the field of public services (in Finland, cross-border services for the elderly were endangered and there were concerns on health-care cross-border cooperation). She also stressed the importance of macro-regional cooperation. The CSF could be used to promote investment opportunities and should therefore ensure coordination and balance of investment priorities, rather than mentioning “key actions” as defined in the Common Provisions Regulation..



## The Europe 2020 strategy and the challenge of an integrated territorial approach

Linking the Europe 2020 strategy to the implementation of cohesion policy as well as the challenge of 'integrated territorial development' has been at the heart of the reform debate for some time. The CSF is at the centre of this challenge, as demonstrated by the definition referred to in the draft Common Provisions Regulation (CPR) where it is referred to as "the document translating the objectives and targets of the Union strategy for smart, sustainable and inclusive growth into key actions for the CSF Funds, establishing for each thematic objective the key actions to be supported by each CSF Fund and the mechanisms for ensuring the coherence and consistency of the programming of the CSF Funds with the economic and employment policies of the Member States and of the Union."

Numerous publications and much current research had been devoted to the regional and local dimension of the Europe 2020 strategy. For example, the 7th progress report on economic, social and territorial cohesion<sup>1</sup> took account of the regional and urban dimension of the strategy by distinguishing between 'convergence, transition, and

regional competitiveness and employment' regions and looked into data at NUTS 2 level. A series of country fact sheets<sup>2</sup> compiling national, regional and urban indicators and progress made towards the Europe 2020 targets had been published by the European Commission in March 2012. Finally, the ESPON project SIESTA<sup>3</sup> (Spatial Indicators for a Europe 2020 Strategy Territorial Analysis) looked into evidence for implementation of the flagship initiatives at regional level.

The CPR lists a number of new instruments for supporting integrated territorial development, including 'community-led local development' (for all CSF Funds) and 'integrated territorial investments' (ITI) (for the ERDF, the ESF and the Cohesion Fund). Finally, as part of 'sustainable urban development strategies', 5% of national allocations for the ERDF are to be earmarked to such ITIs, and, in addition, 0.2% of the ERDF are planned to go towards supporting 'innovative actions' at the initiative of the Commission in the area of sustainable urban development and the establishment of an 'urban development platform'<sup>4</sup>.

<sup>1</sup> European Commission (2011): The regional and local dimension of Europe 2020. Seventh progress report on economic, social and territorial cohesion, November 2011

<sup>2</sup> See: [http://ec.europa.eu/regional\\_policy/information/brochures/pages/country2012/index\\_en.cfm](http://ec.europa.eu/regional_policy/information/brochures/pages/country2012/index_en.cfm)

<sup>3</sup> See: [http://www.espon.eu/main/Menu\\_Projects/Menu\\_AppliedResearch/siesta.html](http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/siesta.html)

<sup>4</sup> Article 84 CPR

## Thematic objectives, CSF funds and budgets

Commission proposal, 2014-2020, in bn EUR, 2011 prices

Thematic objective	ERDF	ESF	Cohesion Fund	EAFRD	EMFF
Research/innovation					
ICT					
Competitiveness/SME					
Low carbon economy					
Climate change/ risk prevention					
Environment protection/ resource efficiency					
Sustainable transport/ infrastructure					
Employment/ labour mobility					
Social inclusion/ combating poverty					
Education, skills, lifelong learning					
Administrative capacity					
<b>Budget</b>	<b>182.5</b>	<b>83.8</b>	<b>68.7</b>	<b>89.9</b>	<b>6.5</b>



**Ms Manner** expressed concerns about the excessive categorisation and supported flexibility in terms of programming. It was important to ensure that Partnership Contracts were not restricted because of budgetary concerns. Programs had to be seen as a whole, working for the benefit of all stakeholders.

During the debate with the audience, Commissioner Ciolos had the opportunity to address some of the points made by Mr Souchon. He stated that the proposed six priorities for the agricultural policy reform allowed for adequate margins for Member States and regions to address specific local needs and that these could also be addressed through dedicated sub-programmes, which represented a further factor of flexibility. This built-in flexibility gave freedom in drawing up strategies, but programmes would need to be negotiated with the European Commission, which would be responsible for coordination. In the field of rural development, Member States could choose to adopt a more targeted territorial approach. The CAP was a common policy and needed to have sectoral ambitions, but supporting young farmers had a territorial impact as well. Territorial programmes with territorial ambitions linked to agriculture could be considered. "We do not have to create walls between agriculture and rural development" warned Mr Ciolos. With regard to the debate about the role of regions and cities, he stressed the limits of the Commission's mandate: "The European Commission cannot do everything, we cannot create conflict between Brussels and the national level about what needs to be done at the regional level". All stakeholders were expected to state their case and assume responsibilities in order to achieve partnership in its full meaning. Partnership was based on Europe 2020, so there were targets that needed to be translated at national and local level.

Responding to a question from the audience about the level of ambition of LEADER programmes, Mr Ciolos considered that they were designed to be simple. Large scale programmes would risk becoming overcomplicated in terms of coordination, or even unmanageable, adding an intermediate level between the European Commission and the end-user. Addressing the concern of Ms Manner and others from the audience about the CSF being too detailed, he admitted that an increased number of priorities might seem detrimental to cooperation, but it was necessary to defend the efficient use of funds. There was sufficient local freedom to decide what was more important, although some targets needed to be fixed, so that the instrument could also achieve the objectives of the European Commission.

Thematic concentration versus flexibility was a recurrent question, also raised on behalf of Romeo Stavarache, the CoR rapporteur on the Cohesion Fund Regulation. Ms Manner supported the possibility of choosing five out of the eleven priorities instead of just four. She expressed her hope for more flexibility, to combine a number of themes for investment priorities.

One of the participants was of the opinion that putting LEADER programmes into the mainstream could endanger their innovative spirit. There could be less enthusiasm to get involved. Mr. Ciolos was confident that LEADER programmes would not suffer from their own success if the human approach was retained. There would still be some administrative battles to be fought to defend the Local Action Groups, but LEADER projects should not lose their local aspects. They played an essential role in showing locally what Europe was about. Lastly, he said that he hoped to get Member States on board and to convince them that they did not have to be afraid of LAGs and the LEADER project.

**Philip McCann**, adviser to Commissioner Johannes Hahn, shared his analysis from an academic point of view. There was a wide variety of views on the reforms. Whilst some people felt that they represented significant changes, for others they were not enough. Some perceived the reforms as pro-rural, others considered them to be pro-urban, while some argued about what urban and rural actually meant. In any case, there were reasons behind all these comments indicating the interest generated but also of the fact that regions were becoming more and more different. Designing an architecture for such diversification was a real challenge. Being involved in the details, one was likely to lose sight of the worldwide shift in mentality and of its fundamental nature. It was about a new post-crisis understanding of growth and development, which was not merely a political position, but one supported by research. Growth and development were integrated by definition and policies were needed to respond to that. Smart, sustainable and inclusive was not a menu to choose from. All three elements went together. Cohesion policy was uniquely positioned to respond to this challenge and to deliver on Europe 2020 objectives. It required different thinking at all levels and thinking related to different places. There was no "one size fits all". It was difficult to understand everything that was going on, and therefore each level was important. Prioritisation was based on knowledge and had therefore to involve multilevel governance. The central level had the overview, while the local and regional level understood the realities on the ground. The two facilitating instruments were smart specialisation and the use of indicators.

In her closing remarks, Danuta Hübner stated that the Code of Conduct on Partnership was one of the best documents prepared by the European Commission. It showed how all partners could be brought into the picture, whilst taking specificities into account. On the CSF, she believed that something more than complementarity was

needed, namely, ways of building synergies. As for the format, she was in favour of converting at least a part of the Staff Working Paper, which she felt was as an excellent document, into a legally binding text, in the form of an Appendix to the Regulation. She then reported on the EP calendar. Amendments were tabled until the end of May and the vote on the first version of the report was scheduled on 1 July. Negotiations would then start with the other institutions. At that stage, many issues had been identified by the rapporteurs and there was considerable room for improvement. For instance, Ms Hübner looked forward to even more simplification. She hoped for excellent cooperation between the European Commission, the European Parliament and the Council, as it was in their common interest to achieve the best framework, but admitted that sometimes coordination within the European Parliament was a challenge in itself. Nevertheless, she was looking forward to achieving the ambition of having the final version of the regulatory framework agreed by the end of 2012. This would set a milestone in the approach of European institutions to development, she said.



Philip McCann

## Workshop 3: Delivering results: Ensuring coherent approaches

This workshop addressed the performance orientation of the Common Strategic Framework (CSF) funds 2014-2020. The chairman, **Marek Woźniak**, Marshal of the Wielkopolska Region, Poland, Member of the Committee of the Regions (EPP) and rapporteur on the CSF, introduced the topic and the speakers. The European Commission was represented by **Lowri Evans**, Director-General for Maritime Affairs and Fisheries, who delivered the keynote speech, which was followed by presentations by the rapporteurs for the European Parliament and the Committee of the Regions, respectively, **Victor Boștinaru**, Member of the European Parliament (S&D), Romania, and **Petr Osvald**, Councillor of Plzeň, Czech Republic, Member of the Committee of the Regions (PES) and rapporteur for the European Territorial Cooperation Regulation. The debate was enlarged to present the views of **Pierre Maille**, President of the Finistère General Council, France and Member of the Committee of the Regions (PES) and **Harald Noack**, Member of the European Court of Auditors. Professor **Gerhard Untiedt**, from the Institute for Financial and Regional Analyses, Münster, Germany, closed the workshop with his academic comment on the topic.

The moderator, **Marek Woźniak**, emphasised the need for discussion on the new results-based approach of the CSF since the increased focus on results would coincide with the imminent pressure on the budget and financing structures of the CSF. He welcomed the integrated approach to the CSF, where the different financing instruments and funds were linked, and the fact that the objectives were explicitly linked with a view to achieving the common EU 2020 objectives of the Europe 2020 strategy. In addition, simplification and optimisation in the take up of the funds remained a challenge.

In her keynote speech, **Lowri Evans** of the European Commission focused on how to frontload stability and growth-enhancing policies. The key to economic and social sustainability was environmental sustainability. In the case of fisheries policy, the economic sustainability came about when fishing pressure was relieved: fish stocks increased, the fish grew in size, more catches could be made, and more land jobs in the fishing communities could be created. The Commission proposal on the Maritime and Fisheries fund had been designed to support the reform - and to make economic sense. A part of the fund would support the integrated maritime policy, aiming at turning oceans and coasts into sources of smart and environmentally sound growth, with quality jobs, well beyond fisheries. The main funds supporting the policy were the cohesion fund and the research fund, Horizon 2020. Member States would prepare partnership agreements setting out how they intended to use the funds and how they would be coordinated at national and regional levels. Ms Evans then highlighted how, more specifically, community-led local development allowed local solutions to be found for local problems, helping to create jobs, promote innovation and foster growth, as had been proven with the success of the LEADER initiative in rural development. Local development strategies would apply in rural, urban and fisheries areas and be supported by several funds in parallel. Secondly, the integrated maritime policy, particularly important for coastal regions, outlined key actions including support for marine-based renewable energy production, investments in coastal defences and support for TEN-T infrastructure covering sea transport.



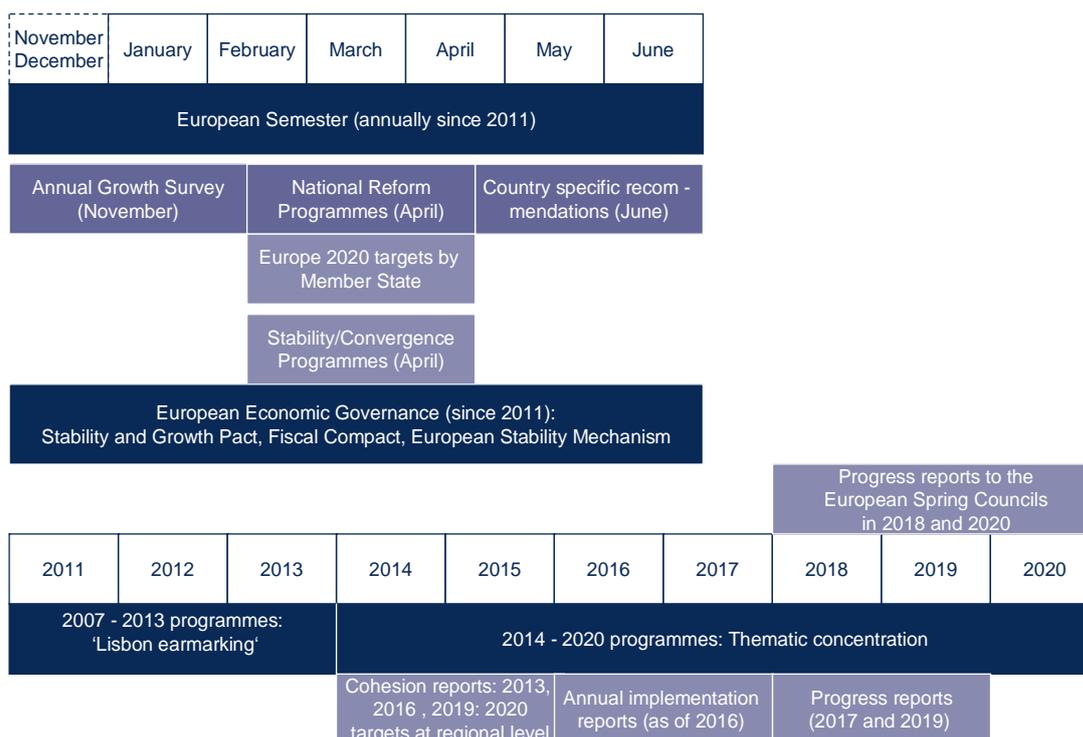
## Delivering results: Ensuring coherent approaches

The results-oriented approach would apply to all CSF funds through monitoring, reporting and evaluation as well as a performance framework. It concerned the monitoring committees, milestones set in the Partnership Contracts, annual implementation reports, annual review meetings, progress reports, ex ante and ex post evaluations, and a performance review. Milestones would be established, with targets set for each priority for 2017, 2019 and 2022. The performance review would be based on the 2017 and 2019 progress reports. These would be followed by recommendations from the European Commission in 2017 and the allocation of the 5% performance reserve in 2019. The more results-oriented approach would be based on shared management and

- the definition of common and programme-specific indicators for reporting, monitoring and evaluation;
- a performance framework for all programmes;
- clear and measurable milestones and targets;
- a performance reserve of 5% of national allocations;
- the possibility of Joint Action Plans;
- ex ante conditionality to ensure that conditions for effective investment were in place;
- macro-economic conditionality;
- alignment with the new economic governance.

The suggestion was that the ex ante evaluation would be carried out together with the preparation of the Operational Programmes by the Member States or regions and submitted to the Commission. At programme level, monitoring would be based on financial and output data for projects (operations) and result indicators when it came to investment priorities. Monitoring data would feed into the annual implementation reports. Specific impact or implementing evaluations during the programming period would be part of a long-term evaluation plan and could cover aspects such as programmes, priorities and cross-cutting themes across programmes. In 2017 and 2019, progress reports would also give information on progress towards the Europe 2020 headline targets, and would be presented to the European Spring Councils in the subsequent years. Finally, the purpose of the ex post evaluation was to get an overview of the programming period as a whole. Responsibility for the ex post evaluation would lie with the European Commission, which was to complete it by 31 December 2023, in cooperation with the Member States and managing authorities, and it would examine the effectiveness and efficiency of the funds, their impact on economic, social and territorial cohesion and their contribution to the Union priorities of smart, sustainable and inclusive growth.

## Europe 2020 and cohesion policy



**Victor Boştinaru**, recognised the added value of cooperation between the European Parliament and the Committee of the Regions in the drafting phase of the CSF. The need for both balanced budgeting and better spending were evident. Mr Boştinaru referred to the EP amendments on the Cohesion Fund's support for energy efficiency and renewable energy use in the housing sector. The amendments strove to make the fund more effective in addressing the public's needs by means of an integrated approach to support the cycle of heat/cold/power production-distribution-efficient use in the Member States. The final part of the cycle was energy efficiency in buildings. Under the proposal, public infrastructures and SMEs were already eligible, but not social housing. Obtaining cheaper energy was an important objective, as savings in energy bills concerned all Europeans. Energy efficiency in buildings was a major factor, as the construction sector accounted for 30% of industrial employment in the EU, contributing about 10.4% of GDP, with 3 million enterprises, 95% of which were SMEs. Today, the construction sector was aware of its responsibility, being the highest energy consumer in the EU by about 40% (and the main contributor to GHG emissions). Therefore it was clear that it must contribute to the Europe 2020 goals, and aim at increasing energy efficiency to achieve a reduction of 20% of total energy use and to contribute to the use of renewable energies. Mr Boştinaru concluded by summarising the other key amendments, which included the need to double support from the ERDF and the Cohesion Fund for energy efficiency, as this was the most cost-effective way to improve energy efficiency and meet the EU2020 goals. Furthermore, this could stimulate the green economy and green jobs, through the SMEs involved. Finally, it was also necessary to cut carbon emissions and household energy bills, and to guarantee energy security.

**Pierre Maille** elaborated on the need for an integrated approach to territorial development, from the maritime regions' point of view. The Fisheries Fund was a specialised fund, oriented to professionals (fishermen, producers) and infrastructure (boats, ports). On the other hand, the maritime regions had multiple, co-existing – and sometimes competing – activities, such as harbours, industries, marine renewable energies, fishing, tourism, aqua culture and agriculture. Fishing was often an essential source of revenue, but sustainable fishing practices required a more long term approach, including assessment and follow-up of stocks in close co-operation with the scientific community, and administration of yields and floats, including analysis of their energy efficiency and security, working conditions etc. Moreover, fishing harbours needed upkeep and modernisation, good transport connections, and follow-up of sanitary requirements, such as assessments of water quality. Therefore it was essential to promote and expand an integrated approach for the development of the maritime regions, combining both ecological and economical sustainability. Mr Maille stressed that the perspective of local development and the simplification of administrative procedures was vital. The local and regional authorities should be involved in the definition of objectives and operational programmes from the start, because they would be responsible for the implementation, and finding the most efficient way of making combined use of the different cohesion fund instruments. This would also support the Member States' capacity to use the funds successfully.



**Petr Oswald** stressed the importance of the future partnership contracts between the Commission and each Member State setting out the commitments of partners at national and regional level and the Commission. These new contracts should encourage results-oriented spending and link the Europe 2020 strategy objectives and the National Reform Programmes. As such, they would set out an integrated strategy for territorial development, supported by all of the relevant EU structural funds, and include objectives based on agreed indicators and strategic investments. However, a clear methodology was needed from the Commission on how to design the national programmes, with clear guidance for the local and regional authorities. Furthermore, it was important to note that many policy areas, such as environmental and transport policies, required a transnational approach and effective cross-border cooperation. Therefore, the regulation on European territorial cooperation should also be linked to the CSF. Petr Oswald then presented the case of Pilzen's candidature for European Capital of Culture 2015, in the process of which the city had encountered difficulties in accessing EU funding and noticed overlaps and red-tape concerning the funding from different Directorate Generals of the European Commission. It was evident that the rules for calls for proposals should be simplified, and that in general, the impact of the funds would be strengthened by simplifying and harmonising the rules of the different funds.

**Harald Noack** presented the Court of Auditors' concerns regarding the urgent need to improve the effectiveness of EU Funds. In this respect, conditionality - both ex ante and ex post - were essential tools for addressing the present lack of coordination among different policies. Ex ante conditionality should be defined for each Fund and EU actions should be reinforced by facilitating the necessary integration of the CSF with other EU policies to maximise the positive impact on the effectiveness of the investments. Ex post conditionality, in the form of mid-term performance reviews, focused on financial implementation and outputs but could assess the results (outcomes and impacts) only in a limited way. The performance reserve releasing 5% of the Funds depending on the results obtained, had its limits due to the nature of the expenditure cycle: in most projects, only a very limited amount of expenditure had been completed in time for the mid-term review, and appropriate methodology to assess the progress was lacking. Also, the allocation of a performance reserve should be subject to adequate implementation of operational programmes. Mr Noack drew attention to the fact that adequate institutional capacity was necessary to ensure that EU funds were correctly spent to support sustainable economic development. Furthermore, each funded programme should define priorities and set out indicators to assess the progress of programme implementation as well as set measurable objectives as a basis for monitoring, evaluation and review of performance.



**Gerhard Untiedt** questioned the principle of one set of performance indicators being suitable for all Member States and all programmes. The net impact of the structural funds could be measured, but how could the individual priority areas be measured and compared? There was also a need to link the administrative rules at the European and regional levels. This issue could perhaps be addressed by the Partnership Contracts. Furthermore, it was necessary to develop reliable and workable indicators, which were statistically validated, could be easily interpreted and comprehended, were published rapidly and directly linked to operational programmes. Moreover, it was necessary to assess how results which would only be visible in the long term could be taken into account. In conclusion, Mr Untiedt stated that it was clear that policy-oriented indicators would be desirable and could improve the efficiency of EU funding programs. The appropriate groundwork had to be done to ensure that the evaluation systems and indicators were validated and implemented, rather than remaining a subject of continuous critical discussions. This would mean that the indicator systems would be checked for both reliability and validity and critically tested. Finally, despite the claimed focus on results, the new CSF remained input-based, and therefore oriented towards compliance rather than performance.

All the panellists agreed that in the next programming period the focus must be more than ever on achieving results and better coordination between the different funds. The next generation of EU funding instruments should be designed to deliver as much growth and as many jobs as possible, as soon as possible.



Gerhard Untiedt

## Closing session

The Forum's closing session began with short reports of the three thematic workshops. **Michel Delebarre** presented the conclusions of the workshop on Multilevel governance of CSF funds post-2013, **Mark Rogerson** reported on the workshop on the Europe 2020 strategy and the challenge of an integrated territorial approach and **Marek Woźniak** spoke on the workshop on "Delivering results: Ensuring coherent approaches".

Keynote speeches were then delivered by **Monika Kirbiš Rojs**, Secretary of State, Ministry for Economic Development and Technology, Slovenia, **Birgitta Wolff**, Minister for Science and Economic Affairs, Saxony-Anhalt, Germany and **Fiona Hyslop**, Cabinet Secretary for Culture and External Affairs, Scotland, United Kingdom. Concluding remarks were given by the President of the Autonomous Community of Murcia and First Vice-President of the Committee of the Regions, **Ramón Luis Valcárcel Siso**.

**Michel Delebarre** drew attention to the fact that multilevel governance had been lacking in the past, when local and regional levels were not sufficiently involved at the implementation stage of the structural cohesion funds. He noted that new ideas, in the form of the CSF, partnership contracts and codes of good practice, were genuinely changing the old way of dealing with the cohesion funds. The COTER chairman stated that "governance has to be seen as a specific way of putting projects together", with partners being not only consulted but also involved, deciding on the shape a project should take and also implementing it. He pointed out that the partnership concept was vital to the new approach to be adopted on cohesion policy and that proper evaluation of projects should be ensured by public discussion among partners.

**Mark Rogerson** summarised what had been said in the workshop on the Europe 2020 strategy, where "territorial", "sectoral" and "flexibility" had been the most frequently recurring words. He began with **Ms Hübner's** reminder of the need for mechanisms which could translate objectives into the territorial framework. **Mr Cioloş** had stressed that common agriculture policy was territorial and not just sectoral and also that better coordination was required to get better value for money. In this sense, he had underlined that local action groups were part of the broader, more flexible framework for developing local markets.

**Mr Souchon** had showed his concern about how rural development was going to be funded and was worried about heavy regulations making it impossible to run



Michel Delebarre

Mark Rogerson

small-scale projects. With regard to the ETCR (European Territorial Cooperation Regulation), **Ms Manner** had noted that it was good to finally have a specific regulation for EU regional cooperation, since better cross-border cooperation “has a vital role in service provision and allows local authorities to find a way to save money by pooling resources”. **Professor McCann** had pointed out that the greater diversity among regions was making regional policy more and more difficult to manage and that, consequently, the thinking behind the policy needed to be changed. Concluding the workshop, **Ms Hübner** had stated that “looking at what is going on at the European Parliament, the Commission, the Council and the Committee of the Regions, the wind is blowing in the right direction for policies which favour a growth agenda”.

**Marek Woźniak** explained that the main issue that had come up in the workshop was the call for a focus on CSF procedures in order to achieve results. He stressed that this result-oriented approach needed to have measurable objectives, in order to prove that results had been achieved with EU budget resources and that they had been properly spent. At the same time, he noted that the system of indicators needed to be improved, using academic expertise to explore how to define and use them. Mr Woźniak also reported that the use of incentives for implementing the programmes was a point of discussion and highlighted the successful example of Poland’s Ministry of Regional Development, which used a national bonus reserve to reward the best use of structural funds, achieving faster management of projects.

**Monika Kirbiš Rojs** considered that the CSF would enable Member States and regions to concentrate to an even greater extent on the selection of investment priorities which pursued the objectives of the Europe

2020 strategy. At the same time, she stressed that “we also need to take into account the special needs and territorial challenges at the national and regional level. Indeed, we need to allow a certain degree of flexibility.” As an important benefit of the CSF she mentioned the greater emphasis on reaching results, something Slovenia had been - for a long time - striving for, she said. To achieve greater effectiveness and coordination of the policies, all of the funds should be placed in the national context, particularly in the framework of all available resources and foreseen structural reforms. She also stressed the importance of setting long-term and clear common objectives and priorities with the aim of ensuring that each project contributed to growth and jobs.

**Birgitta Wolff** focused her speech on the importance of innovation and the use of knowledge to strengthen the economy and growth, following the triple helix cooperation (politics, research and economy). She underlined the need to exploit the potential complementarity of academia and business to pool resources and produce value because “business has to turn knowledge into money and academia has to turn money into knowledge”. With regard to possible cuts in the EU budget that would affect the structural funds, she noted that they should not be at the expense of transition regions alone. Ms Wolff optimistically concluded that, in the context of the current economic crisis, regions needed to invest in creativity to take advantage of the opportunities, rather than focusing solely on demanding more money.

**Fiona Hyslop** stressed that, given the political and financial challenges Europe was facing, “we must harness together a combination of European, national and regional efforts and have a Team Europe approach.” She added that funding had to be targeted at those



Marek Woźniak



Monika Kirbiš Rojs



Birgitta Wolff



Fiona Hyslop

regions most in need of support. However, whilst focusing on those regions, it must not be forgotten that transition regions still faced a significant disadvantage compared to more developed regions. While welcoming the Common Strategic Framework, she also stressed that meeting the CSF objectives would not be easy. Even given the commitment at regional level, more needed to be done at a European level. The rhetoric of integration and alignment would have to be matched by action across the various programmes. In her view there were a number of areas where the reality of integration did not look as if it would match the rhetoric.

In his closing remarks **Ramón Luis Valcárcel Siso** summarised that European funds had to act as levers not only for achieving the objectives of the Treaty for economic, social and territorial cohesion but also for reaching the growth and employment levels pursued by the Europe 2020 Strategy. He stated that, since simplification and efficiency should be at the core of the management of the funds, local and regional authorities had to be directly involved in the design and application of the CSF and the funds, as well as in the Europe 2020 Strategy. The President of Murcia also stated that, in view of the importance of coordination, flexibility was also needed, so that each region's specificity was taken into account when conditionalities were defined. **Mr Valcárcel Siso** ended his speech by calling for a credible budget, one that matched the current situation, but was also brave and ambitious, in order to boost European policies in favour of growth and the development of all the Union's territories.



Ramón Luis Valcárcel Siso



On 10 May 2012, the Committee of the Regions held a conference on the Common Strategic Framework for cohesion policy, rural development and fisheries funds 2014-2020, which involved more than 300 participants from all EU institutions and from local and regional authorities. In the presence of Commissioners Johannes Hahn (regional policy), László Andor (employment, social affairs and inclusion) and Dacian Cioloş (agriculture and rural development), members of the Committee of the Regions and the European Parliament discussed three main topics: multi-level governance of CSF funds post-2013; the Europe 2020 Strategy and the challenge of an integrated territorial approach; delivering results: ensuring coherent approaches.

More information can be found at:

<http://cor.europa.eu/en/news/forums/Pages/forum-common-strategic-framework.aspx>

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