



**European Union**  
Regional Policy



# **MANAGEMENT PLAN**

## **2012**

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## 1. MISSION STATEMENT

The mission of the Directorate General for Regional Policy is to develop and pursue actions leading to the strengthening of the European Union's economic, social and territorial cohesion, with an objective of promoting a smart, sustainable and inclusive growth.

In partnership with national, regional and local actors, the Directorate General for Regional Policy ensures that:

- high quality regional development strategies and implementation structures are present in the Member States, delivering EU policy priorities on the ground throughout the European Union, particularly in the least favoured regions reflecting the principle of solidarity;
- delivery is consistent with the principle of sound financial management;
- the policy brings real benefits to, and is understood by, Europe's citizens on the ground and,
- the policy contributes to creating the conditions for future enlargement of the European Union and the integration of new Member States into the single market.

It does this through the European Regional Development Fund (ERDF), the Cohesion Fund, the European Union Solidarity Fund (EUSF) and the Pre-Accession Assistance (IPA) - Regional Development and Cross-Border Cooperation components - by:

- supporting the development and the implementation of strategic investment programmes to promote competitiveness, job creation and sustainability in regions;
- promoting adaptation and innovation in the face of new challenges;
- stimulating territorial cooperation and macro-regional strategies.

The Directorate general is responsible for the coordination of EU policies on territorial and urban affairs and on the outermost regions.

## **2. CHALLENGES FOR 2012**

### **2.1. The challenges ahead of us**

DG Regional Policy has accomplished very much in 2011. Beyond the immediate actions required to tackle the most pressing challenges posed by the difficult socioeconomic context, DG Regional Policy has continued to ensure action in view of a sustainable and job-creating growth. One of the most important accomplishments was the adoption of the Cohesion Package which included an overarching regulation setting out common rules governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). One set of rules instead of 5. The President and our Commissioner have publicly recognised the results achieved by Cohesion policy. We should be proud of this.

The economic and financial crisis is having a heavy impact in Europe and its effects will be felt for several years. Job losses, reduced growth and the debt crisis have led to a reduction of much needed investments, to slow down reforms intended to boost competitiveness, and may contribute to increase poverty. DG Regional Policy agreed to measures that should make a significant contribution to getting some of the EU's most troubled economies back on track. For many regions we represent the best or the only chance of channelling investment into the most needed policy areas, those that can have a lasting effect on smart, inclusive and sustainable growth. We in DG Regional Policy can make a difference to this outlook. Our daily work can contribute to creating job opportunities and foster competitive economies.

Firstly we will finish up and assess many programmes financed in the 2000-2006 period. We will have to monitor how they have achieved their objectives and we will have a final say on the legality and regularity of expenditure: the Treaty confers on us the final responsibility for the sound execution of the EU budget. Exercising this responsibility is an obligation, but it is also a learning opportunity, to learn from the past programmes.

Secondly, and building on what we have learned, we will support the execution of the 2007-13 programmes in spite of the debt crisis and shortage of national co-financing. For most of you this will entail connecting more and more with our national partners.

Thirdly, we have to continue to do our planning in the framework of the President's declared vision for the Commission. Concentration on "Europe 2020" represents the backbone of our priorities: Partnership Contracts for 2014-2020, agreed between the Commission and Member States, will set out the commitments to concrete actions to deliver Europe 2020 objectives. For this, we shall be linking up with other EU policies and with the Member States and their regions to discuss how the selected approach can be concretely agreed and put in place.

2012 will bring change and I would like to thank you for your commitment and support. I know that DG Regional Policy staff will perform and adapt to achieve and improve results.

Dirk Ahner  
Director General

## **2.2 Rising to the challenges: our priorities for 2012 and beyond**

### *A. IMPLEMENTATION OF REGIONAL INVESTMENT PROGRAMMES*

DG Regional Policy shall concentrate in 2012 on ensuring that the investments necessary for the development and growth of Member States and regions as well as candidate countries are implemented with support from the Structural and Cohesion Funds and the Instrument for Pre-Accession. This will need to be pursued in direct link with the flagship initiatives of the Europe 2020 Strategy (innovative Union, digital agenda, resources efficient Europe).

Sustaining the sources of growth and jobs, and fostering the structural reforms will be done through implementing the agreed programmes, in spite of difficulties linked to budget pressures in the Member States and the unfavourable economic outlook.

This will be particularly relevant in those Member States whose Structural funds-funded programmes make up for the bulk of structural expenditure. This is not an easy task and it means that DG Regional Policy will continue to push ahead the implementation of the programmes through the well established cooperation platforms with our partners in all the Member States and their regions. It also means that Member States more in difficulty (namely Romania, Bulgaria and Greece) will be assisted with a special support, along the lines of the partnership structures agreed in 2011, in order get the most out of the 2007-2013 programmes implementation.

In a period of cuts in public investment and of fiscal consolidation, DG Regional Policy is ready to take measures to help the Member States and alleviate the burden on national budgets. Six Member States which are in particular need (under IMF/EFSF programmes) will benefit from a ten percent top-up to the co-financing rates; this must be put into effect immediately after the conclusion of the legislative procedure. For other Member States, proposals to increase co-financing rates within the currently applicable regulatory ceilings will need to be examined with care.

Similarly, responding to the difficulties faced by some Member States in implementing cohesion policy projects which require private counterpart financing (mainly infrastructure and productive investments which generate revenues), the Commission proposed to amend Council Regulation 1083/2006, to allow the Member States concerned to allocate part of their cohesion policy resources to a risk sharing instrument. Such instrument would be implemented by the Commission in agreement with the EIB and involve the possible participation of other financial Institutions, with a view to provide loans or guarantees to allow project promoters to obtain the necessary financing to cover project costs which are not eligible for cohesion policy grants. These measures shall be implemented quickly upon adoption.

Whenever the effects of the crisis will make it necessary to re-programme the EU-funded interventions, DG Regional Policy will actively participate and accompany the process. DG Regional Policy will bring in its experience and competence to ensure that re-programming goes in the direction of fulfilling the EU objectives for growth and adapting the programmes to facilitate their quick implementation. In Italy for example the Commission and the government have agreed on a very substantial reprogramming of

interventions which shall be made in 2012, along the same lines of facilitating programme implementation.

DG Regional Policy is determined to speed up the screening of major projects above EUR 50 million. In doing so, it will ensure ex ante evaluation of the value added for the EU budget. It has also taken steps, in collaboration with the Member States, aiming to clear up the backlog of pending Decisions. JASPERS' support will be necessary to provide assistance aimed at improving the quality of major projects applications.

In 2012, closure of old ERDF programmes and of the CF projects will have to be rapidly carried out. Although this will be resource intensive, it will give DG Regional Policy the possibility to release more resources in 2013 for the preparation of the future programming period.

Carrying out the agreed programmes, including these changes, must be without prejudice to reduce the error rate and increase the Member States role in the effective functioning of the national management and control systems. It will be key to pass the 2010 and 2011 budgetary discharge in relation to the funds managed by DG Regional Policy and to address the issues identified by the European Court of Auditors. DG Regional Policy will seek to contribute efficiently to help increase the assurance of the delivery system for Cohesion Policy. This is critical given the history of the Court's estimated error rates in the past few years. DG Regional Policy has identified actions still necessary to continuously improve the overall systems in all Member States as well as to tackle specific issues and to cooperate with specific programme authorities where errors occur more often, in particular for programmes in the Czech Republic and in Italy, while continuously monitoring progress made in 2011 in Spain.

#### *B. SHIFT TOWARDS A STRONGER FOCUS ON RESULTS*

In 2012, DG Regional Policy will continue to strengthen the evaluation reflex and a sense of responsibility to integrate a results orientation in all stages of programme implementation. In line with the proposals for the regional policy post-2013, we need to continuously improve reporting and communication on achievements in the current programming period. We will discuss with Member States and managing authorities how they can improve both the quantitative and qualitative aspects of their reports, in particular of the Annual Implementation reports and the 2013 Strategic Report.

As regards the Strategic Report, DG Regional Policy will encourage the Member States to focus on the results of programme implementation and to give a clear picture of the achievements of regional policy with evidence on the performance and effectiveness of the programmes. Analysis of progress against core indicators will also allow aggregate reporting at the EU level on achievements: close cooperation with Member States and Managing Authorities to monitor the reporting of outputs and results against core indicators will continue and become standard practice.

#### *C. PREPARING THE 2014-2020 STRUCTURAL FUNDS PROGRAMMING PERIOD*

In 2012 DG Regional Policy shall negotiate the post-2013 Regulations with the legislator, ensuring that the principles of the reform are maintained (performance framework, conditionalities, etc). The missing pieces (implementing and delegated acts)

shall be written in parallel with the process of negotiations on the basic legislation. The principles of the reform must all be effectively communicated to the outside world.

Preparing regional policy post-2013 is not only for the group of negotiators in the Parliament and the Council: in 2012 all geographical directorates will have to learn and master the principles of the reform which are to be translated into programming documents committing Member States on performance and results. It is important that the main principles/contents of the partnership contracts and the corresponding Operational programmes are designed, by the end of that year in order to ensure the smooth starting of the implementation of the post-2013 period on the ground. In this perspective, geographical units will prepare the adoption of country negotiation mandates which should enable them to ensure the strength and coherence of the positions from the Commission toward the achievement of targets of the Europe 2020 strategy.

2013 will see great concentration on preparatory tasks for the adoption of the operational programmes: on review of compliance with ex-ante conditionality, concentration on thematic priorities, drafting decisions. 2014 will present mostly follow up on conditionality and thematic priorities and adoption of decisions.

#### *D. COORDINATING SPECIFIC EU TERRITORIAL POLICIES*

DG Regional Policy has the political mandate to coordinate the implementation of Article 349 of the Treaty regarding the outermost regions. This article recognises the special status of Outermost Regions and the fact that their special characteristics and constraints should be taken into account in the application of the provision of the Treaties and common policies. The main priorities for 2012 in this specific policy area are: the adoption of the Communication on a future Strategy for the Outermost Regions, taking into account the specific contributions of these regions in recent memoranda and conferences, the recommendations of the Solbes report, the preparation of the Opinion of the Commission to the Council on the change of status of Mayotte, as well as the organisation of the second edition of the Forum for Outermost Europe.

Croatia and the 27 MS signed the Treaty which will allow it to become the 28th member of the EU as from 1 July 2013. In the negotiations it was agreed that the current IPA programmes would automatically be transformed into Structural Funds programmes on the day of accession.

DG Regional Policy plays a similar role in the two newly adopted macro-regional strategies in the Baltic Sea region and the Danube Region. The aim of these strategies is to coordinate the efforts of various actors in the Region (Member States, regions, financing institutions, the EU, pan-Baltic organisations, non-governmental bodies) so that by working together they promote a more balanced development of the Region. This initiative is cross-sectoral and will involve a wide range of different EU policies. The specific challenge in 2012 will be to assess and show the progress of these strategies, in particular for the Danube Region.

DG Regional Policy plays also a coordinating role for the application of EU policies in favour of territorial cohesion and sustainable urban development. In 2012, it will continue to reinforce the conceptual framework for territorial cohesion and urban development and promote multilevel territorial governance. To this end, DG Regional Policy will take forward a number of initiatives and actions to accompany and promote the negotiation process concerning post-2013 programming period such as the Reference

Framework for Sustainable Cities (RFSC) and preparatory action on urban-rural partnership at the request of the European Parliament.

DG Regional Policy is also in charge for coordinating Commission services under the Northern Ireland Task Force created by President Barroso in 2007. In 2012, following the regional elections of 2011, the new Northern Ireland Executive intends to pursue more vigorously actions in this field, including in new areas of EU policy such as justice, policing and security.

#### *E. TO IMPROVE EFFICIENCY AND QUALITY OF KEY INTERNAL PROCESSES*

Given the changed context and the current debate with the budgetary authority on human resources in the Commission, DG Regional Policy must address the question of greater efficiency in its working methods and organisation.

Identifying and managing better our in-house expertise is an important step in this direction. In 2011 a lot has been done to prepare for this (work on the HR strategy). In 2012 we must carry out agreed reforms and expect to see results.

DG Regional Policy will further identify outsourcing opportunities, taking into account the constraints linked to the in-house management of external assistance. If confirmed, these opportunities will lead to specific options in order to outsource tasks and activities in 2013.

DG Regional Policy will further analyse recommendation to move toward a specialisation of roles while maintaining the current arrangement by geographic Directorates. First steps will be focused on the creation specialised teams to deal with the closure of cohesion fund projects and the drafting of legal texts. Complementary options will be analysed in order to channel technical tasks to staff who can handle them efficiently.

Streamlining processes and procedures must be a continuous aim in our organisation. We should agree on targets to be achieved in 2012 building upon the newly created governance (business process team). Administrative tasks such as briefing activities will need to be better coordinated and attributed, in order to enable staff to concentrate on their core activities which are the partnership with a Member State and the monitoring of the programmes.

DG Regional Policy will use the analysis undertaken as part of the HR strategy, in order to improve internal communication and information sharing by promoting the accessibility and usability of existing communication tools and working groups/networks and reinforcing two-way communication (from down to top and top to down).

A close monitoring and regular reporting on the defined priorities are also essential to keep the right pace for achieving the objectives set for 2012 and beyond. Hence, we need to set common indicators and intermediate milestones to measure progress and enhance in-house reporting mechanisms and tools where necessary.

### 3. GENERAL OBJECTIVES OF COHESION POLICY

The general objectives by policy area included in this chapter and the specific objectives for operational activities detailed in chapter 4 refer to the legal and multiannual objectives and implementation of the Cohesion policy. These permanent objectives are directly linked to the budget allocated to the Cohesion policy. They are presented here with their impact indicators and policy outputs related to the functioning and execution of the main financial instruments, as well as the horizontal activities. These general and specific objectives provide the framework for the accomplishment of the mission of DG Regional Policy, while strategic and operational priorities included in chapter 2 above indicate the focus for actions to be highlighted for the year 2012.

**The overall long-term objective of Cohesion policy** is set out in Article 174 of the Treaty:

"In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to **the strengthening of its economic, social and territorial cohesion**.

In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.

Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions."

Cohesion policy is a development policy aiming at improving the conditions for sustainable growth and jobs, well-being, and quality of the environment in the EU regions and at strengthening the integration of regional economies. In doing so, it allows EU citizens, wherever they live, to contribute to, and benefit, from the shared political project of a European space with a high degree of development, cohesion and solidarity.

This overall objective is served mainly by promoting investments in human, physical and productive capital which help to mobilise resources in regions where they are underutilised, remove bottlenecks where productivity is already high, improve regions' capacity to adjust to a constantly changing environment, encourage an innovative business environment, and support cooperation and exchanges.

#### *Cohesion policy's general objectives 2007-2013*

Cohesion policy in 2007-2013 pursues the following **general objectives**:

- 1) Stimulate the growth potential and employment of the least-developed Member States and regions (**the "Convergence" objective**);
- 2) Strengthen regions' competitiveness and attractiveness as well as employment by helping them to anticipate economic and social changes (**the "Regional competitiveness and employment" objective**);

- 3) Promote stronger integration of the territory of the EU to support balanced and sustainable development (**the “European territorial cooperation” objective**), by promoting cross-border cooperation and trans-national cooperation;
- 4) Assist candidate countries as well as potential candidate countries in their progressive alignment with the standards and policies of the European Union including cross-border cooperation (through **the Instruments for Pre-Accession Assistance – "IPA/ISPA"**).

### ***DG Regional Policy and the Commission's strategic long-term objectives (Europe 2020)***

European Cohesion policy will help to lead regional economies out of the current crisis and to pave the way for a greener and more sustainable growth, focussing on high quality investments.

Cohesion policy will fully contribute to EU priorities as set out in the **Europe 2020 strategy**. DG Regional Policy will develop and promote actions related to several **flagship initiatives** of Europe 2020, like the "Innovation Union" (Communication of 6/10/2010 “Regional Policy contributing to smart growth in Europe 2020”), "A digital agenda for Europe", "Resource efficient Europe" (Communication foreseen in 2011 on “Regional Policy contributing to Sustainable growth in Europe 2020”) and "An agenda for new skills and jobs".

### ***Impact indicators***

The table below highlights some impacts under each of the four general objectives of Cohesion policy. It should be noted that **Cohesion policy is only one of the policies contributing to the impacts** in terms of reduction of the disparities between the levels of development of the various regions and it is difficult to isolate the influence of Cohesion policy from other contributing factors. Ideally, one would measure the impact of Cohesion policy by comparing the situation with the policy to one without – the counterfactual. As this is not possible in practice, models can help us. However, we must be aware that the estimates of impact delivered are to a large extent dependent on the assumptions built into these models. DG Regional Policy latest approach to assessing impact is to evaluate thematically, use more rigorous methods adapted to different intervention areas and build up a picture over time of impact. This is in line with best international practice in evaluation.

The indicators used below mostly relate to economic impacts. Here work on harmonised statistics at EU level is most developed. However, we must not forget that Cohesion policy has important social, environmental and territorial impacts, even if these cannot be easily measured. Work on developing EU level statistics is ongoing but will take some years to mature. In addition, the impacts of the policy are often context specific (related to the needs of the regions and Member States concerned) and cannot be aggregated to the EU level.

In the context of shared management responsibilities for Cohesion policy, the data in the tables below relate to activity which is primarily the responsibility of the Member States. Furthermore, there is a time-lag to impacts being observed and possible to evaluate. Such impacts were presented in the Ex post evaluation reports of the ERDF 2000-2006 programmes; further information will also be gradually included in the annual implementation reports of the 2007-2013 programmes. However, many of the impacts of Cohesion policy in the 2000-2006 period have continued into the current one.

## POLICY AREA – COHESION POLICY

### Impact indicators for the period 2007-2013

<p><b>Disclaimer:</b></p> <p><i>The data, especially as regards the 2010 figures, presented below will be updated within the 2011 Annual Activity Report, ongoing additional checks are undertaken as a consequence of the recommendations made by the European Court of Auditors.</i></p> <p><b>1 Convergence: stimulate the growth potential and employment of the least-developed Member States and regions<sup>1</sup></b></p>		
Impact indicators	Latest known result	Target (result)
Additional real GDP growth thanks to the implementation of the period 2007-2013	<p>Estimated overall increase in the level of GDP as compared to a scenario without Cohesion Policy:</p> <ul style="list-style-type: none"> <li>- baseline in 2006</li> <li>- by 2009: 1.3%</li> <li>- by 2010: 2.3%</li> <li>- by 2011: 3.6%</li> </ul> <p>Estimated GDP increased by 12.2%<sup>2</sup> by 2011 due to the programming period 2000-2006<sup>3</sup></p>	<p>Expected overall increase in the level of GDP as compared to a scenario without Cohesion Policy<sup>4</sup>:</p> <ul style="list-style-type: none"> <li>- by 2016 by 12 %</li> <li>- by 2020 by 15.6%</li> </ul>
Net jobs created thanks to the implementation of the period 2007-2013	<p>Estimated increase in employment as compared to a scenario without Cohesion Policy</p> <ul style="list-style-type: none"> <li>- baseline in 2006</li> <li>- by 2009: 1.3 million</li> <li>- by 2010: 2.2 million</li> <li>- by 2011: 3.2 million</li> </ul> <p>Estimated 5.9 million net job years were created by 2011 due to the programming period 2000-2006<sup>5</sup></p>	<p>Expected increase in employment as compared to a scenario without Cohesion Policy:</p> <ul style="list-style-type: none"> <li>- by 2016 by 9.5 million</li> <li>- by 2020 by 11.5 million</li> </ul>
Lisbon index <sup>6</sup>	<p>48.2 (2006) 50.7 (2007) 52.6 (2008) 51.7 (2009)<sup>7</sup> for all regions eligible for the Convergence objective</p>	<p>Index 60 for all regions eligible for the Convergence objective</p>

1 The first two indicators are based on estimates produced by the HERMIN model run by DG REGIO. Unless specified otherwise, the three indicators cover all the Member States eligible to the Cohesion Fund (including Spain), Eastern Germany, and Southern Italy.

2 The figures show the cumulated increase in the level of GDP or employment from the beginning of the programming period. Hence, a division with the number of years involved will indicate the average yearly increase in the level of GDP or employment.

3 For the period 2000-2006, the indicators cover the Member States eligible to the Cohesion Fund, e.g. the ten Member States who joined in 2004, Spain, Portugal, Ireland, Greece and Eastern Germany, and Southern Italy.

4 In this model the current economic downturn affects both the baseline scenario and the scenario with cohesion policy in the same manner implying that the estimated impact of cohesion Policy remains unaffected.

5 See Fifth report on economic, social and territorial cohesion, November 2010.

6 See Fifth report on economic, social and territorial cohesion, November 2010.

7 The decline in the Lisbon index is due to changes in the methodology (value 2007: 39).

**2 Regional competitiveness and employment: strengthen regions' competitiveness and attractiveness as well as employment by helping them to anticipate economic and social changes**

Impact indicators	Latest known result	Target (result)
Jobs created (gross)	71,000 in 21 MS, 2007-2009 <sup>8</sup>	757,000 gross jobs to be created in 2007-2013 in 21 MS <sup>9</sup>
Lisbon index	79.6 (2006) 80.9 (2007) 81.7 (2008) 80.6 (2009) for all regions eligible for the Regional competitiveness objective	Index 90 for all regions eligible for the Regional competitiveness objective

**3 European territorial cooperation: promote stronger integration of the EU to support balanced and sustainable development**

Impact indicators	Latest known result	Target (result)
Average GDP/head disparities between border regions of EU15 and EU12 <sup>10</sup>	1.42 (2008) 1.47 (2007) 1.52 (2006) 1.52 (2005) 1.54 (2004)	1.40 in 2013 along the borders between the EU-15 and recently acceded Member States

**4 Pre-accession: assist candidate countries as well as potential candidate countries in their progressive alignment with the standards and policies of the European Union, including cross-border cooperation**

Impact indicators	Latest known result	Target (result)
Improved capacity of candidate countries; monitoring number of the recommendations implemented in the annual progress of the reports.	Situation of each country as assessed in the 2010 progress reports published in November 2011	Progress as reported in the annual progress reports of the Commission on candidate countries

**Comments**

1. The Lisbon index for the convergence and RCE regions took a dip in 2009 due to the consequences of the crisis. This indicator captures much more than only the impact of the policy. Therefore, this slight drop should not be interpreted as due to an underperformance of Cohesion Policy.
2. The disparities in GDP per head along the border between the EU15 and the EU12 continued to drop in 2008.
3. The impact of Cohesion Policy on GDP and employment as modeled by Hermin continued to show a positive trajectory. As this approach captures exclusively the impact of the policy, it is not affected by the crisis. DG Regional Policy has requested Eurostat to initiate a regional business demography data collection. The indicators calculated using the HERMIN model are based on financial allocations per programmer per year as compared to the baseline scenario. This method does not take into account delays in expenditure or decommitments. DG Regional Policy will investigate if and when expenditure and decommitment data can be integrated into the modeled impact calculations. This should allow a better monitoring of the innovative capacity of the EU regions in the future.

<sup>8</sup> Source: 2009 AIR for AT, BE, BG, CZ, DE, EE, EL, FI, FR, HU, IT, LU, NL, PL, PT, RO, SE, SI, UK. Please note that this figure refers to both objectives

<sup>9</sup> Based on 100 OPs (AT, BE, BG, CZ, DE, FI, FR, EE, EL, HU, IT, LU, MT, NL, PL, PT, RO, SE, SI, SK and UK)

<sup>10</sup> Source: Eurostat, DG REGIO calculations

## 4. SPECIFIC OBJECTIVES FOR OPERATIONAL ACTIVITIES

### 4.1. Management of the ERDF and other regional interventions

#### 4.1.1. *Description and justification*

In accordance with Article 176 of the new (Lisbon) Treaty, Council Regulation (EC) No 1083/2006 and Regulation (EC) No 1080/2006 of the European Parliament and the Council, the European Regional Development Fund (ERDF) aims to **reinforce economic, territorial and social cohesion by redressing the main regional imbalances** through support for the development and structural adjustment of regional economies.

The more **strategic approach** adopted by European Cohesion policy for the 2007-2013 programming period will seek to deliver the key policy objectives of the Union, allocating EU funds (e.g. mainly ERDF) and, through co-financing arrangements, national budgetary resources. The programmes target expenditure in fields such as RTD, innovation, information technologies, renewable energies, human resources and business development.

#### 4.1.2. *EU added value and evidence from evaluations*

The Expert Evaluation Network was established in 2010 and is now in its second year. The network has already provided interesting results in 2011 on energy efficiency in housing: There is a clear role for the Structural Funds to support measures to assist and stimulate investment in energy efficiency in housing (and buildings generally), especially in Cohesion countries where funding is likely to become increasingly constrained and for social housing in the rest of the EU.

Evaluation evidence across a number of thematic areas has also become available during the last year. First findings from an evaluation on the relevance and effectiveness of ERDF support to regions with specific geographic features suggest that the ERDF is an important policy driver and a source of funding at the NUTS 3 level, as it addresses issues related to the specific geographical contexts. The ERDF is an appropriate instrument to meet the needs of territories with specific geographic features, although more attention may need to be given to the specific needs of such regions in drawing up Cohesion policy programmes.

A forthcoming evaluation of the local development approach and the ERDF defines it as a conscious effort to bring about development through a focus on the social and economic development of disadvantaged areas, reference to a specific territory where resources can be exploited to generate development, integration of sectoral policies, and mobilisation of different actors at the local level. Different forms of local development occur when the approach is implemented on the ground. Preliminary results underline the importance of effective multilevel governance and strong and stable socio-economic partnerships as necessary ingredients of a place-based approach to provide local solutions to local needs and to promote local ownership and engagement. The results of this evaluation will support the design of community led local development in future programmes in line with the Commission's proposals for the future.

A study on the long term contribution of 10 projects from the 1994-1999 period to economic development as well as the quality of life and well-being of society is also currently under way. Emerging findings from the first case studies underline the time-lag between the completion of large infrastructure projects and when their impacts can be evaluated. The case studies also

underline the complex interplay between economic, social, environmental and territorial impacts and the importance of the perceptions of citizens in judging the effectiveness of infrastructure investments. In order to build up evidence and learning on the effectiveness of ERDF support for enterprise and innovation, the DG Regional Policy has commissioned two more studies using counterfactual impact evaluation methods. The first relates to enterprise support in Italy, with the goal of assessing the impact, and relative impact of different forms of support and different sizes of enterprise. The second has a two-fold purpose: to document the process of combining beneficiary data for the purposes of counterfactual impact evaluation and, if possible, to actually perform a counterfactual impact evaluation of ERDF support to innovation, and analyze the impact of the various grants (or the combination of) on innovation input (R&D and innovation investment) as well as on innovation output. Results from both these studies are expected in the first half of 2012 but first insights suggest that the added value of ERDF investments is greatest when it is targeted on smaller rather than larger firms. This is in line with the Commission's proposals for the future policy.

A study on the evaluation of innovation activities is also underway, aiming to provide an assessment of the state of the art of the evaluation of innovation support measures in Member States, together with an analysis of the advantages and limitations of available methodologies. A *Network of Managing Authorities Evaluating Innovation in Europe* provides an exchange of experience and practice and mutual help to improve evaluations carried out in the Member States. Results from some of these evaluations should be available in 2012.

#### *4.1.3. Main policy / operational outputs for 2012*

##### Policy outputs:

(common policy outputs: see section 5.1)

- Annual Report on the implementation of Structural Funds in 2011

##### Operational/expenditure-related outputs:

DG Regional Policy role is to coordinate the activity in the Member states through participation in monitoring committees and other technical meetings at Member States level, however, as technical meetings are initiated on an ad-hoc basis and whenever needed it is difficult to define a meaningful quantifiable indicator. Other indicators can include the following:

- Closure of the 2000-2006 ERDF programmes (95%)
- Assessment of major projects applications 2007-2013 submitted by Member States (80% adopted in less than one year)
- JASMINE activities (micro-credit potential development) in 2012: providing support to about 30 additional micro-credit providers. Final target by 2013 is 85 micro-credit providers
- JEREMIE-type and JESSICA-type instruments introduced (at least 10)
- Thematic meetings with Member States on quality of implementation, absorption, administrative capacity (at least 2 per MS and 1 per OP for ETC)
- Tripartite meetings between DG Regional Policy, Member State and JASPERS on implementation of major projects in sectors of transport, environment, energy and productive investments (14 meetings)
- Assessment of ERDF programme modifications submitted by Member States (80 % adopted in less than 6 months)
- Assessment of annual implementation reports submitted by Member States (80% approved on time)

- Launch and monitoring of studies financed through technical assistance appropriations as defined in the financing decision<sup>11</sup>
- Launch and implementation of pilot projects and preparatory actions as defined in the EU budget for 2012 (> 95% committed<sup>12</sup>).

#### 4.1.4. *Specific objective and related indicators (multiannual perspectives)*

##### Related outputs and result indicators

It should be noted that the outputs and results in the table below relate to activity which is primarily the responsibility of the Member States, given the shared management responsibilities of Cohesion policy. It is not a direct measure of the performance of DG Regional Policy. In addition, there is a time-lag to obtaining such information.

The information in the table below has been updated from last year to contain the latest available data. For 2000-2006, this includes data from a database which the DG Regional Policy has developed which contains all the indicators from the Final Implementation Reports which have been submitted by all Managing Authorities<sup>13</sup>. Data relating to 2007-2010 comes from the reporting against core indicators done by the Managing Authorities in their Annual Implementation Reports and checked by the DG Regional Policy. In the table below we report for groups of countries where we have both reports on achievements and targets in order to allow some commentary below the table on performance against targets (although this cannot be exhaustive, given the variety of regional and national contexts in which the policy is implemented).

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11 10 thematic studies/expert reports launched in the field of smart, sustainable and inclusive growth studies, results of which to be delivered under the form of guides to MA for the next programming period – Launch and monitoring of the Smart Specialisation Strategies platform, including OECD Study, to promote regional growth strategies with stakeholders.

12 With the exception of the horizontal activity: Policy Strategy, Co-ordination: International Relations which has a target for commitment appropriation of 85%.

13 Spatial Foresight, OIR, T33: Analysis of the financial and physical data in the FIRs 2000-2006 (forthcoming).

**Disclaimer:**

The data, especially as regards the 2010 figures, presented below will be updated within the 2011 Annual Activity Report, ongoing additional checks are undertaken as a consequence of the recommendations made by the European Court of Auditors.

**1 Supporting the generation of smart and sustainable growth and jobs through investments and services, including development of financing instruments, raising productivity, competitiveness and innovation capacities of enterprises, in particular of SMEs.**

Result indicators	Latest known result <sup>14</sup>	Target (result)
Number of SMEs receiving support and amounts provided to/invested by SMEs	€22.06 billion of ERDF support to SMEs over the period 2000-2008, € 9,8 billion on support for innovation and RTD <sup>15</sup>	€44.8 billion ERDF funds foreseen 2007-2013 to support RTD, innovation, information society actions and entrepreneurship in SMEs <sup>18</sup> plus €15.2 billion for the information society <sup>19</sup> .
Setting up of enterprises	230,000 enterprises directly supported in 2000-2006 <sup>16</sup>  19,000 SME support projects in 16 MS, 2007-2009 <sup>17</sup>  Number of start-ups supported in 2007-2009: 2,600 in AT, BE, DE ES, FR, IE, NL, PL, RO, UK <sup>20</sup>	Number of start-ups supported in 2007-2013: 16,000 in AT, BE, DE, ES, FR, IE, NL, PL, RO, UK <sup>21</sup>

**2 Improving accessibility and attractiveness of the regions and cities, through development of Research and Technological Development, communication (digital agenda) and energy, transport, environmental and social infrastructure.**

Result indicators	Latest known result <sup>22</sup>	Target (result)
<b>TRANSPORT</b>		
Time savings for road/rail for selected countries	Results for 2000-2009 <sup>23</sup> : CZ Rail 20% Road 7% ES Road 3.7 million hours/year saved PL Rail 9% GR Athens metro 70% (vs. car during peak hours) IRL Road 95 minutes	Average speed of interregional road trips: + 13 % (scenario 2030 with EU transport investment for the EU12 recently acceded Member States; increase as % of 2006) <sup>24</sup> Average speed of interregional rail trips: + 8.8 % (scenario 2030 with EU transport investment for the EU12 recently acceded Member States; increase as % of 2006) <sup>25</sup>
Accessibility gain	Results for 2000-2009: – Additional motorways built with ERDF: 24% of total (2020 km in the EU15) – Kms of road new/reconstructed: 100.000 – Kms of rail new/reconstructed: 4000	Km of reconstructed road in 2007-2013: 11,400 in BG, CZ, DE, EL, ES, IE, IT, MT, PL, SI, SK <sup>26</sup>  Km of reconstructed rail in 2007-2013: 4,000 in BG, CZ, EL, ES, FR, IT, PL, SI, SK <sup>27</sup>

14 Examples for selected countries where information is available.

15 Source: Certified expenditure as available from DG REGIO databases ( expenditure codes 16 and 324)

16 5th Cohesion Report, 2010.

17 Source: 2009 Annual Implementation Reports (AIR) for BE, CY, CZ, DE, EL, ES, FR, IE, IT, LT, NL, PL, RO, SE, SI, UK. In addition, 13.319 projects were reported in HU and PT.

18 Source: programme documents, expenditure codes 1,2,3,4,6,7,9 ( mainly ERDF expenditures for these categories ).

19 Source: programme documents, expenditure codes 10-15 (mainly ERDF expenditures for these categories ).

20 Source: 2009 AIR. In addition, 370 supported start-ups reported in PT.

21 Source: 2009 AIR reports.

22 Examples for selected countries where information is available.

23 Source: Ex post evaluation of 2000-2006: Work package 5a: Transport.

24 Source: Fourth Report on Economic and Social Cohesion, May 2007.

25 Source: Fourth Report on Economic and Social Cohesion, May 2007.

26 Source: 2009 AIRs.

27 Source: 2009 AIRs.

Result indicators	Latest known result <sup>28</sup>	Target (result)
<b>ENVIRONMENT</b>		
Additional population served by new/renovated: -Water projects	1.7 million in CZ,ES,FR,PL,PT,SI (2007-2009) <sup>29</sup>	9.5 million in CZ, EE, ES, FR, EL, HU, LV, PL, PT, RO, SI, SK (2007-2013)
Additional population served by new/renovated: -Wastewater projects	2.3 million in CZ,DE,ES,PT,SI (2007-2009) <sup>30</sup>	12.5 million in BG, CZ, DE, ES, FR, EL, HU, IRL, IT, LV, PL, PT, SI (2007-2013)
Additional capacity of renewable energy production (MW)	114,000 (2007-2009) in AT, CZ, DE, FR <sup>31</sup>	1,600,000 (2007-2013) in AT, CZ, DE, FR
<b>INFORMATION SOCIETY, RESEARCH and INNOVATION</b>		
Research jobs created	4,820 (2007-2009) in AT, BE, DE, FR, IE, LUX, PL, RO, UK <sup>32</sup>	41,600 (2007-2013) in AT, BE, DE, FR, IRL, LUX, PL, RO, UK
Additional population covered by broadband access	550,000 (2007-2009) in ES, FR, IE, PT, SE, UK <sup>33</sup>	10.000.000 (2007-2013) in ES, FR, IE, SE, UK
<b>SOCIAL INFRASTRUCTURES</b>		
Number of students benefiting from improved education infrastructure	9,000 benefiting students (2007-2009) in DE, ES, FR, LT, MT, SK <sup>34</sup>	385,000 benefiting students (2007-2013) in DE, ES, FR, MT, SK
<b>3 Developing regional and local potential through encouraging integrated development approach, capacity building, cross border and international cooperation and supporting networking, exchange of experience and cooperation between regions, towns and relevant social, economic and environmental actors.</b>		
Result indicators	Latest known result <sup>35</sup>	Target (result)
Number of networks and cooperation structures created.	12,000 networks and cooperation structures created or supported	Austria: 1,255 cooperation projects foreseen (2007-2013)
Number of persons participating in educational activities	550,000 persons participated in educational activities <sup>36</sup>	
<b>4 Supporting cross-border, transnational and interregional cooperation (European territorial cooperation) including cross-border cooperation between Member States and candidate or potential candidate countries.</b>		
Result indicators	Latest known result	Target (result)
Number of people getting employment on the other side of the border (result of Cross-Border-Cooperation project)	5,800 new businesses created 115,000 jobs created or secured (EU27) <sup>37</sup>	3,000 (2007-2013)
Number of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	750 (2007-2009)	

28 Examples for selected countries where information is available.

29 Source: 2009 AIR for CZ, ES, FR, PL, PT, SI.

30 Source: 2009 AIR for CZ, DE, ES, PT, SI.

31 Source: 2009 AIR.

32 Source: 2009 AIR. In addition, 22 research jobs reported in PT and 119 in SE.

33 Source: 2009 AIR.

34 Source: 2009 AIR. In addition, 1,050 were reported in EE and 270,596 in PT.

35 Examples for selected countries, where information is available.

36 Source: Ex post evaluation of Interreg 2000-2006 initiative.

37 Source: 2009 AIR.

## 4.2. Management of the Cohesion Fund

### 4.2.1. *Description and justification*

The Cohesion Fund is enshrined in Article 177 paragraph 2 of the (Lisbon) Treaty and Council Regulation (EC) No 1084/2006 with the objective of contributing financially to interventions in the field of the **environment** (and areas related to sustainable development which clearly present environmental benefits), and the **trans-European transport networks**. Member States whose per capita GNP is less than 90 % of the Community average and which have a programme leading to the fulfilment of the conditions of economic convergence, as set out in Article 126 of the (Lisbon) Treaty, are eligible for assistance from the Cohesion Fund. The Cohesion Fund covers 15 Member States (including all new ones) with Spain phasing out from 2007 onwards. The Cohesion Fund will in particular help the recently acceded Member States to catch up with the current European standards and fulfil the "*acquis communautaire*" in the field of environment as well as completing the trans-European transport networks in their territories.

The Cohesion Fund will contribute to the convergence of less developed Member States and regions through financial participation in the operational programmes of the Convergence objective. Under the 2007-2013 implementation system of Cohesion policy, **Cohesion Fund interventions are integrated into the multi-annual programming of the Structural Funds**.

### 4.2.2. *EU added value and evidence from evaluations*

The ex post evaluation of the Cohesion Fund and ex-ISPA for the 2000-2006 period is still underway. First results concerning the role of ISPA/Cohesion Fund interventions in **TEN-T network completion**, highlights two facts: the 99 approved road projects provided 4,214 km of new or rehabilitated road on the TEN-T network, contributing approximately 10% towards its total length. For rail, the 112 approved projects provided 8,477 km of new or rehabilitated track/infrastructure on the TEN-T network, or approximately 21% of its total length across these countries. The contribution of the two instruments towards the development of the TEN-T network during the 2000 to 2006 period is significant, and in the case of the EU-10, exceptional. This is because the EU-10 joined the EU halfway through the 2000-2006 programming period and faced the biggest challenge in terms of bringing their national infrastructure up to a basic standard, comparable with other Member States. In terms of the extent to which the ISPA/Cohesion Fund projects provided a balance between road and non-road transport, the overall ratio of non-road projects in comparison to road projects was favourable towards sustainable modes.

With regard to the contribution to **achieving the environmental acquis** (15 billion euro allocated to 758 environmental projects), the evaluation demonstrates that the funds provided a significant contribution to countries' needs and compliance with the environmental *acquis*. New assets, or extensions or upgrades of infrastructure in water provision, sanitation services and solid waste management, as required by countries to meet the EU Directives, were provided. Although countries received different amounts in terms of funds per sector, the average contribution to sectors' needs is quite similar, with a contribution of around 30% in the drinking water sector and 38% in the wastewater sector. In solid waste, where countries' needs differed more significantly and the nature of the projects was more diverse, the contribution was 25%.

Ex-post CBA analysis on selected **transport** projects established that all projects delivered value for money, and that the Cohesion Fund contribution was needed to unlock the economic benefits of these projects. Generally, the utilization rates found are compatible with the objective to build in sufficient spare capacity to give room for growth over a project's lifetime. Nevertheless, it was difficult to establish a direct causal link between the transport infrastructure investments and the wider socio-economic impacts (especially relevant for GDP). On the equivalent assignment on selected **environmental** projects, the exercise highlighted that all projects generated positive side effects in terms of environmental awareness and institutional learning. Many projects benefitted low-income regions, which were indirectly paid by higher income regions. The ex post CBA was too early after project completion to be able to capture the impacts. However, the wider non-economic benefits, even though they are the hardest to quantify, remain the most important outcomes. Hence the importance of undertaking some longer term analysis as is being done by the DG in relation to a sample of projects co-financed in the 1994-1999 period.

#### *4.2.3. Main policy / operational outputs for 2012*

##### *Policy outputs*

*(common policy outputs: see section 5.1)*

- Annual Report on the Cohesion Fund in 2011

##### *Operational/expenditure-related outputs:*

- 180 Cohesion Fund projects (2000-2006) to be closed in 2012 including, if possible, through flat rate financial corrections for systemic issues
- Assessment and adoption of CF major projects submitted by MS (80% adopted in less than one year)
- Starting preparation of projects for the post-2013 programming period with JASPERS assistance in all concerned MS (qualitative indicator)

#### *4.2.4. Specific objective and related indicators (multiannual perspective)*

##### ***Related outputs and result indicators***

The points made in *section 4.1.4* (for ERDF) are equally valid for the Cohesion Fund. Some of the expected outputs and results reported here relate both to the ERDF and the Cohesion Fund, since from 2007, the ERDF and Cohesion Fund are integrated into the same programmes. New data in the table below relates to the Cohesion Fund 2000-2006 and is sourced from the ex post evaluation of the Cohesion Fund.

**Disclaimer:**

*The data, especially as regards the 2010 figures, presented below will be updated within the 2011 Annual Activity Report, ongoing additional checks are undertaken as a consequence of the recommendations made by the European Court of Auditors.*

**1 Strengthen the economic and social cohesion of the Community in the interests of promoting sustainable development by: Developing the trans-European transport networks and in particular strategic projects with high European added value**

Result indicators	Latest known result	Target (result)
<b>TRANSPORT</b>		
Km of Road (new and reconstructed)	4,461 km of road (2000-2006) <sup>38</sup>	
Km of Rail (new and reconstructed)	5,350 km of rail (2000-2006) <sup>38</sup>	
Km of High Speed Rail	908 km of High Speed Rail (2000-2006) <sup>38</sup>	
Time savings for road/rail for selected countries		Average speed of interregional road trips: + 13 % (scenario 2030 with EU transport investment for the EU12 recently acceded Member States; increase as % of 2006) <sup>39</sup>  Average speed of interregional rail trips: + 8.8 % (scenario 2030 with EU transport investment for the EU12 recently acceded Member States; increase as % of 2006)

**2 Strengthen the economic and social cohesion of the Community in the interests of promoting sustainable development by: Supporting actions of Member States related to the environment and sustainable development clearly presenting environmental benefits (renewable energy, energy efficiency, clean urban transport...).**

Result indicators	Latest known result <sup>40</sup>	Target (result)
<b>SUSTAINABLE DEVELOPMENT</b>		
Additional population served by new/renovated: -Water projects	17.2 million additional population in 2000-2006 <sup>41</sup>  See ERDF table <sup>42</sup> 1,384,000 in CZ, ES, PL, SI (2007-2009)	8,135,000 in CZ, ES, PL, SI (2007-2013) <sup>43</sup>
Additional population served by new/renovated: -Wastewater projects	19 million additional population in 2000-2006 <sup>44</sup>  See ERDF table <sup>45</sup> 1,090,000 in CZ, ES, SI (2007-2009) <sup>46</sup>	6,700,000 in CZ, ES, SI (2007-2013) <sup>47</sup>
Additional population served with improved urban transport		8,900,000 in BG, CZ, EL, PL, SK (2007-2013) <sup>48</sup>

***Improvement of indicators: example of Italy, programming period 2007-13***

In 2011, DG Regional Policy carried out a wide-ranging, qualitative and quantitative assessment of the Core indicators provided in the 2010 Annual Implementation Reports (AIR). The exercise was carried out in close co-operation with the Evaluation Unit of the Ministry for Economic

38 Ex post evaluation of the Cohesion Fund including formal ISPA for the 2000-2006 period (forthcoming).

39 Source: Fourth Report on Economic and Social Cohesion, May 2007.

40 The 2007-2013 programming period was enlarged compared to previous period to also include new priorities, such as renewable energy, energy efficiency and clean urban transport. Therefore, there are no results expected on these areas for the 2000-2006 period.

41 Source: 2009 AIR.

42 For information: Length of water supply network: 17,174 km in CZ, DE, EL, ES, IT, MT, PL, PT, SK (2000-2006)

43 Source: 2009 AIR.

44 Source: 2009 AIR.

45 For information: Length of wastewater network: 9,060 km in CZ, DE, EL, ES, PL, PT (2000-2006)

46 Source: 2009 AIR. (Additional 1,088,750 reported in PT)

47 Source: 2009 AIR.

48 Source: 2009 AIR.

Development and DG Regional Policy's Evaluation Unit. Thanks to this exercise which has led in some cases to a total review of some of the indicators contained in some of the AIR and to a greater awareness among Managing Authorities of the importance of a good and reliable system of indicators, in 2012 it will be possible to give a positive reply to the question thus being able to comment on the achievement of medium-term objectives.

***Analysis based on indicators: example of Poland, programming period 2004-2006***

**Environment:**

- construction and modernisation of nearly 13 thousand km of sewage network and 5.7 thousand km of the water supply network, used respectively by 1.4 and 1.1 citizens;
- construction, development or modernisation of 275 urban waste treatment plants, 101 industrial waste treatment plants and pre-treatment plants, 1729 household wastewater treatment facilities and 313 water treatment plants;
- construction or development of 12 waste management plants, development of 8 individual urban waste sorting systems in gminas, construction of 43 and reclamation of 91 ha of waste landfills were developed, and construction of 73 installations for waste recycling in companies.

Investments in water and sewage infrastructure create sound basis for the further socio-economic development of regions. Thanks to the EU grants ca. 7 thousand hectares of new investment areas in more than 200 communes (gminas) were provided with water and sewage infrastructure. About 1.5 thousand new entities started their activity in the new areas, employing jointly 5-6 thousand persons. Construction of water and sewage network contributes to concentration of housing, thus preventing unorganised "outflow" of housing into the non-urbanised areas, which is detrimental due to both environmental issues and self-government expenditure related to the servicing of inhabitants.

**Transport:**

- more than 282 km of motorways have been constructed and modernised (63% increase in total highway length in the analysed period);
- 4,704 km of express, national, regional, poviat and gmina roads have been constructed and modernised (including 465.5 km of express roads under Cohesion Fund);
- 443 bridge structures have been constructed and modernised, as well as manoeuvre structures, technological roads and parking lots;
- 635 km of railway lines have been modernised and reconstructed, 42 railway vehicles have been purchased and 169 track vehicles have been modernised.

The accessibility of Polish regions in the examined period improved (expressed by an increase in the Inter-branch Transport Accessibility Indicator – ITAI by 3.1%). The greatest improvement was achieved in transit corridors in between the largest hubs which contribute to ensuring transportation and settlement network and the development of regions. The research on case studies indicates improvement in accessibility to agglomeration centres and 2nd level centres from the examined poviats. The calculations indicate that the global saved amount for connections with Warsaw amounted to EUR 23,5 million.

Evaluations show that on average the time of car travel needed to reach the destination was reduced by 1.5-3.6%. Implementation of transport project indicates that only major investments can contribute to the improvement of cohesion of the national settlement system. The travel time between certain cities has been considerably reduced (e.g. between Poznań and Łódź, by nearly 30%), mainly as a result of investments connected with the construction of motorways and express roads and one important railway investment (modernisation of the Skierniewice-Łódź line). Modernisation of the roads in the worst technical condition resulted as well in a reduction in the operating costs of vehicles driven at 90 km/h by approx. 3%.

### 4.3. Management of IPA and ISPA funds (Pre-accession assistance)

In its **2010 Enlargement Package** the Commission recommended to grant **Montenegro** candidate status; the European Council has formally granted this status on 17 December. In its opinion on Montenegro, the Commission has identified seven key priorities, focusing on aspects linked to the political criteria (e.g. strengthening the rule of law, the fight against organised crime, corruption, enhanced media freedom, anti-discrimination, etc). Once the candidate status granted, Montenegro will have access to the Regional Component of IPA which is of direct relevance to DG Regional Policy. In fact, Montenegro has made progress in submitting to the Commission drafts of the strategic documents like the Strategic Coherence Framework and the Operational Programme.

The Commission also considers that accession negotiations should be opened with **Albania** once the country has achieved the necessary degree of compliance with the membership criteria and in particular the Copenhagen political criteria requiring the stability of institutions guaranteeing notably democracy and rule of law. It is also noted that Albania would be in a position to take on the obligations of membership in the medium term in most of the *acquis* fields, provided that the alignment process continues and further efforts are made to ensure the implementation and enforcement of legislation. Preparations for IPA Regional Development component have already started at an informal level.

#### 4.3.1. *Description and justification*

#### **IPA**

##### ***Candidate Countries***

IPA "regional development" component is available only to candidate countries, with the exception of Iceland due to its already high level of integration with EU standards and rules. The general policy framework for IPA assistance is contained in the European and Accession Partnerships and takes account of the reports and strategy papers comprising the annual enlargement package presented by the Commission. This package includes a multi-annual indicative financial framework setting out the Commission's intentions for the allocation of funds, broken down by country and by component.

IPA introduces **multi-annual programming** and **decentralised management** by beneficiary countries, establishing therefore a close parallelism with Structural Funds. IPA will also help advance regional co-operation and prepare candidate countries for the management of Cohesion policy by the setting up of management and control authorities to whom the Commission will confer the decentralised management of assistance.

DG Regional Policy is responsible for the management of the "IPA regional development" component (7 regional development programmes adopted) in 3 Candidate Countries namely **Croatia, Turkey and the former Republic of Macedonia**) and the "IPA cross-border cooperation" component (actually 10 IPA-CBC programmes adopted between Member States and candidate or potential candidate countries).

For the remaining two candidate countries, Montenegro and Iceland, the state of play and objectives are as follows. Since it has been granted candidate country status in December 2010, **Montenegro** has made good progress in meeting the Copenhagen political criteria, achieving overall satisfactory results. Preparation for implementation of the Regional

Development Component is ongoing both in terms of drafting strategic documents and developing project pipeline.

**Iceland's** accession process continues and screening of the Icelandic legislation is being completed. The Commission takes Iceland's specificities and expectations into account, within the existing approach on accession negotiations and fully safeguarding the principles and *acquis* of the Union.

### ***Potential Candidates***

In its 2011 Enlargement package, the Commission recommended that the Council should grant **Serbia** the status of candidate country, taking into account progress achieved so far and on the understanding that Serbia reengages in the dialogue with Kosovo and is moving swiftly to the implementation in good faith of agreements reached to date. Once the candidate status granted, Serbia will have access to the Regional Component of IPA which is of direct relevance to DG Regional Policy. Preparations for IPA Regional Development component have already started at an informal level.

The Commission closely follows the progress made in **Albania**. In the fields of concern for DG Regional Policy: there has been limited progress in the area of *regional policy and coordination of structural funds*, considerable efforts are needed to establish the necessary institutional and administrative capacity and to develop a mature pipeline of projects in the area of regional development. In **Bosnia Herzegovina** and in **Kosovo**, the Commission continues to strengthen its support to the countries institutions in implementing the objectives aiming at EU Accession even though the process is at a very early stage. No preparatory activity has started yet in the fields of concern for DG Regional Policy.

### ***ISPA***

The only country that is still an ISPA beneficiary is Croatia (already acceded Member States, including Bulgaria and Romania, that received ISPA funds and for which projects were not finalised upon accession, now manage such projects under the Cohesion Fund Regulation). Six interventions approved under the ISPA instrument will continue to be implemented under the provisions of that instrument until their completion. They focus on the rehabilitation of the **rail infrastructure**, the construction of a regional landfill, and the construction and rehabilitation of **waste water treatment facilities**. They also include **technical assistance** measures to enhance the capacity of beneficiaries at national as well as sub-national level to prepare and implement infrastructure projects. Two technical assistance ISPA measures are currently under closure.

#### *4.3.2. Main policy / operational outputs for 2012*

##### *Policy outputs:*

- Annual Report on implementation of ISPA (2011)
- Annual Report on implementation of IPA (2011) (contribution for DG Enlargement)

##### *Operational outputs:*

- Modifications of 7 IPA operational programmes for the last two years (2012-2013) of the programming period (80% adopted in less than 6 months)
- Assessment and approval of IPA major projects submitted in 2011 (50% in less than one year)

- Closures of 3 ISPA projects in Croatia is expected to take place in 2012 and a 4th in 2013
- Implementation of JASPERS in Croatia started in 2011 and it is planned to be launched in the other Candidate Countries in 2012.

4.3.3. *Specific objective and related indicators (multiannual perspective)*

**IPA/ISPA**

<b>1 To assist candidate countries in building capacity for management of pre-accession assistance aiming to prepare for Structural Funds (for IPA regional component and IPA-cross border cooperation component).</b>		
<b>Result indicators</b>	<b>Latest known result</b>	<b>Target (result)</b>
Satisfactory implementation of 2007-2013 multi-annual operational programmes	7 multi-annual operational programmes adopted by the Commission, covering investments in "environment", "transport", and "regional competitiveness"	Successful implementation of programmes measured by the generation and implementation of good quality projects and full use of the financial resources available
Extension of multi-annual operational programmes to cover two additional years (2012-2013)	Financing agreements (triggering implementation of programmes) signed with all candidate countries;	Extension of 2007-2009 programmes with additional resources covering years 2010 and 2013; financing agreements amended accordingly
Satisfactory functioning of the decentralised implementation system under IPA component III	Conferral of (decentralised) management powers decided by the Commission (November 2008 for HR, July 2009 for MK and July 2009 and January 2011 (amended Decision for the Environment Operational Programme) for TR) regarding the operating structures in candidate countries responsible for the implementation of the programmes.	Satisfactory functioning of the decentralised implementation system under IPA components III proved, including in particular public procurement and sound financial management (as verified by follow-up audits)
Signature of financing agreement with candidate countries for IPA-cross border cooperation (CBC) programmes with Member States	8 Financing Agreements signed. Two financing Agreements will not be signed in the future (for the cross-border programmes Greece-Turkey and Cyprus-Turkey, which are not functional).	Signature of 10 financing agreements for IPA-CBC programmes
Effective functioning of Joint Management Structures in place for the cross-border programmes (Joint Technical Secretariat, Joint Monitoring Committee and National Authority, National Contact Point, Group of Auditors)	All structures already set-up but not all of them fully operational.	Good implementation of the IPA cross-border programmes under shared management system (which is very similar to the ERDF cross-border management system)

**Disclaimer:**

The target results presented in the table are provided until 2014, given that the latest versions of the programmes cover only the period 2007-2011. In 2012, the programmes will be extended and the indicators will be revised. The first set of projects is still under implementation, it is not yet possible to report results at this stage.

## 2 To assist candidate countries to develop pipeline of mature projects to implement the strategy/priorities agreed in the multi-annual development programmes

- A. Enhancing transport infrastructure, in particular interconnection and interoperability with trans-European networks;
- B. Improvement of environment infrastructure, to promote compliance with the EU environment acquis, particularly waste management, water supply and urban waste water;
- C. Enhancing regional competitiveness and productive environment to achieve social and economic development and creation of sustainable employment.

Result indicators	Latest known result	Target (result)
<b>Rail sector</b>		
<i>Croatia (IPA transport programme):</i> – increased average train speed on the corridor X	70 km/h	103 km/h (by 2014)
<i>Turkey (IPA transport programme):</i> – completion high speed rail line Ankara/Istanbul	0	56 km additional (by 2014)
<b>Road sector</b> – Former Yugoslav Republic of Macedonia – Km of new motorway completed	0	28.3 km (by 2014)
<b>Environment:</b> <i>Croatia (IPA environment programme):</i> – population served by the new waste management centres – population served by the waste water treatment plants	0 (baseline value 2007) 0 (baseline value 2007)	975 525 (by 2014) 165 000 (direct and indirect effect (by 2014))
<i>Turkey (IPA environment programme):</i> – number of municipalities benefiting from drinking water network services; – number of municipalities benefiting from improved wastewater services; – additional population served by drinking water projects; – additional population benefiting from improved wastewater services; – additional population receiving integrated solid waste management systems	3 159 (baseline value 2004) 319 (baseline value 2004) 0 (baseline value 2004) 0 (baseline value 2004) 0 (baseline value 2004)	3 163 (by 2014) 328 (by 2014) 1 551 325 (by 2014) 2 000 000 (by 2014) 3 900 000 (by 2014)
<i>Former Yugoslav Republic of Macedonia</i> – population served by waste water treatment plant	0 (baseline value 2007)	167 000 P.E. (designed capacity by 2014)
<b>Regional competitiveness:</b>		
<i>Croatia:</i> – number of implemented projects for business related infrastructure development	0	30 (by 2014)
<i>Turkey:</i>		

– Number of SMEs benefiting from shared service facilities established or supported under the IPA funded Regional Competitiveness programme	0	1 100 (additional by 2014)
– Number of new enterprises established industrial sites	0	730 (additional by 2014)
<b>IPA-cross border programmes:</b> <i>Programme "Slovenia-Croatia":</i>		
– Number of projects developing joint use of infrastructure	17	5
– Number of projects encouraging and improving the joint protection and management of the environment	18	40
<i>Programme "Bulgaria-Serbia":</i>		
– Assistance for project preparation – Feasibility studies	0	10
– Assistance for project preparation – Preliminary and detailed design work	0	7

<b>3 Provide assistance to the preparation for accession to the EU of Croatia in the area of economic and social cohesion, concerning environment and transport policies (ISPA Projects)</b>		
<b>Result indicators</b>	<b>Latest known result</b>	<b>Target (result)</b>
<b>ENVIRONMENT</b>		
Population connected to water and wastewater networks (Croatia)	Water: 76% (2006)	
Population benefitting from new regional waste management centre (Croatia)	Wastewater: 40% (2006)	
<b>TRANSPORT</b>		
Railway average speed (Croatia)	48 km/h (passengers) (2005) 26 km/h (freight) (2005)	Reduction in average passenger journey times of 20-40 minutes from Zagreb to Belgrade (from currently 6h45 to between 6h05 and 6h25) The reduction in average freight times from Zagreb to Belgrade will be about 30 minutes from the current 14h00 to 13h30.

## 4.4. Management of the Solidarity Fund

### 4.4.1. Description and justification

The **European Union Solidarity Fund (EUSF)** is an instrument distinct from those of Cohesion policy and was set up in 2002 to grant financial assistance to Member States and to countries negotiating their accession to the EU<sup>49</sup>, mainly in the event of **major natural disasters**. It is based on the subsidiarity principle and assists eligible countries in coping with disasters of such size and impact that they have difficulties facing them with their own means alone. EUSF aid comes in addition to national efforts as an act of European solidarity. The EUSF is not included in the EU budget as such but may be mobilised over and above the normal budget on a case by case basis through an amending budget. The maximum annual drawing right available to the Fund is EUR 1 billion.

Over the past 9 years, since its creation in 2002, a total number of 88 applications for EUSF financial aid were received<sup>50</sup> by the Commission. The mobilisation of the EUSF has been approved on a total of 27 occasions in the event of major disasters. A "major disaster" within the meaning of the Regulation means any disaster exceeding a threshold, specific for each country, of either EUR 3 billion in 2002 prices or of more than 0.6% of its gross national income (GNI), whichever is the lower.

In exceptional cases, where damage remains below these thresholds, the Fund may be activated for so-called "extraordinary regional disasters", if the major part of the population of the region concerned is affected and if there is evidence of serious and lasting repercussions on living conditions and on the economic stability of the region. In all, since 2002, the EUSF granted aid for 13 regional disasters meeting these exceptional criteria.

Proposals for improving the functioning of the EU Solidarity Fund were put forward by the Commission on 6 October 2011 in its Communication on The Future of the European Union Solidarity Fund which aims at making the fund more responsive in the face of disasters, more visible and its operational criteria clearer<sup>51</sup>.

Already in 2005, the Commission had presented a legislative proposal for an amended EU Solidarity Fund Regulation, which included a widened scope of intervention and a lowering of the thresholds that trigger intervention in the face of the damages incurred by a disaster. These amendments proved to be unacceptable to the majority of Member States due, in particular, to concerns regarding possible additional budgetary requirements. The Commission is therefore proposing that the 2005 proposal should be withdrawn.

The Commission considers that important improvements to the operation of the EU Solidarity Fund could be achieved with only a minimum of adjustment to the current Regulation, thus maintaining its rationale and character and without touching on matters of finance and the volume of permitted spending. The proposed adjustment to the Regulation would not lead to any change in the eligible operations financed from the Fund, such as the immediate repair of vital infrastructures and the costs of deploying response assets. Elements of the 2005 proposal such as the widening of the

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49 Currently Turkey, Iceland and Croatia.

50 State of play of November 2011: Number of applications: 88; of which 45 accepted, 38 rejected, 2 withdrawn, and 3 pending

51 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The Future of the European Union Solidarity Fund, COM (2011) 613 final of 6.10.2011.

scope, the modification of the thresholds or abandoning the category known as regional disasters are not included in the Communication.

It proposes the following adjustments:

- a more clearly defined scope for the Solidarity Fund;
- a new, more simple definition of regional disasters;
- an introduction of advance payments and a speeding up payments;
- a clearer framework for responding to slowly unfolding disasters;
- an administrative simplification by merging grant decisions and the implementation agreement.

The Communication is intended to serve as a basis for discussion with Member States, the European Parliament and other stakeholders. Depending on the outcome of the discussion, the Communication could then be followed by a new legislative proposal.

#### *4.4.2. Main policy / operational outputs for 2012*

##### *Policy outputs:*

- Annual Report on the Solidarity Fund 2011
- Possibly presentation of a legislative proposal to amend the Solidarity fund Regulation (to be decided)

##### *Operational outputs:*

- These depend on the number, size and nature of disasters for which Solidarity Fund applications will be received and decided in the course of 2012. By their nature, natural disasters cannot be predicted. Two applications received during the second half of 2011 (IT – Veneto flooding and ES – Lorca earthquake) were decided in November 2011. Following the adoption of the amending budget by Parliament and the Council, grants could be paid out early in 2012. In the case of the Cyprus naval base explosion of July 2011 – a disaster of non-natural origin - a decision on the Cypriot application is also expected at the beginning of 2012.
- At least 7 monitoring visits to beneficiary countries for 2011 cases (PL, SK, CZ, HR, SI, IT, ES).
- Closure of 5 EUSF operations (DE Kyrrill, IT Abruzzo, FR Dean, FR Klaus, SI flooding).

4.4.3. *Specific objective and related indicators*

<b>To grant assistance to Member States or countries negotiating their accession to the EU in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy for the financing of emergency operations undertaken by the public authorities in support of the affected population.</b>		
<b>Result indicators</b>	<b>Latest known result</b>	<b>Target (result)</b>
Number of population helped in overcoming a crisis situation where their living conditions have been affected	<p>Inhabitants helped by the EUSF interventions in 2011:</p> <p>Payment of grants for major disasters in 2010 to: PT, PL, SK, HU, RO, SI] for recovery measures in the areas of basic infrastructures mainly for transport (road, rail) and water management (securing of flood protection constructions), energy, cleaning up operations.</p> <p>The combination of these measures covers 100% of the affected population.</p>	100% of population affected and eligible under the EUSF Regulation <sup>52</sup> upon the Member States' request
Size of disaster-stricken area where rehabilitation has been assisted	Aid available for 100% of affected areas (choice of supported operations up to the beneficiary state)	100% of areas affected by the disaster and eligible under the EUSF Regulation upon the Member States' request

<sup>52</sup> Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund

## 5. SPECIFIC OBJECTIVES FOR HORIZONTAL ACTIVITIES

Horizontal activities carried out by DG Regional Policy cover policy strategy, coordination, evaluation, information and communication, audit activities and administrative support and management. These activities fully support the coordination and delivery of the operational activities of the DG for 2012.

### 5.1. Policy Strategy, Co-ordination

#### 5.1.1. Strategy developments / Strategic Planning and Programming:

<b>Specific Objectives:</b>	
Determine, coordinate and evaluate the <b>general strategy of DG Regional Policy's operational activities</b> and give the necessary impulse and coordination to policy definition, preparation, implementation and review in accordance with the Commission and the DG's priorities so that the overall mission of the DG is coherently planned and fulfilled.	
Prepare the reform of Cohesion policy post-2013 in the context of the integrated vision for Europe 2020.	
Implement the Commission <b>planning and programming process</b> so that DG Regional Policy delivers its policy objectives contributing to the overall Commission strategy in an effective, timely, efficient and accountable manner. Ensure that the Annual Activity Report demonstrates adequately and effectively the proper use of the resources and the reasonable assurance for shared management in 2010.	
<b>Policy Output(s) – Expected result(s)</b>	
<ul style="list-style-type: none"> <li>– Adoption of the Communication on Mid-term verification of additionality for the Convergence objective by July 2012</li> <li>– The regulatory package has been adopted on 06.10.2011 and is expected to be adopted by the Council and the Parliament by December 2012</li> <li>– Common Strategic Framework on Cohesion for the period post-2013 (Adoption of the Communication foreseen to be adopted in December 2011), adoption of the CSF in 2012</li> <li>– Adoption of most of the delegated and implementing acts for Cohesion Policy post 2013 by December 2013</li> <li>– Draft negotiation mandates expected to be circulated on an informal basis with Member States by June 2012</li> <li>– 8th progress report on economic, social and territorial cohesion</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Rating of DG Regional Policy's SPP documents by the central services (SG, BUDG, Court of Auditors)	At least good
Timely adoption of the Commission legislative initiatives	At least 95%
Number of consultations of studies on Inforegio website (number of hits)	1000/month

5.1.2. *Inter-institutional relations / Relations with Civil Society Organisations:*

<p><b>Specific Objectives:</b>          Secure effective and efficient <b>representation of the DG's interests</b> and strong involvement in internal Commission deliberations with other institutions, notably the Parliament's REGI Committee, reflecting the Parliament's increased role as co-legislator after the entry into force of the Lisbon Treaty, and other external fora so that the overall strategy and activities of the DG are reinforced.          Strengthening DG Regional Policy's engagement in a structured dialogue with civil society organisations, social partners and organisations representing local/regional authorities.</p>	
<p><b>Output(s) – Expected result(s)</b>          In relation with the negotiations of the legislative package post-2013, the legislative inter-institutional work involving the Council and the European Parliament as well as the Committee of the Regions and the Economic and Social Committee has already started. For the first time not only the sectoral Regulations, but also the Common Provisions Regulation, will fall under the ordinary legislative procedure. The proposed Regulations have also been sent to National Parliaments which, since the entry into force of the Lisbon Treaty, have a reinforced role in ensuring the subsidiarity check. These negotiations are being prepared with numerous reports and debates on different matters related to Cohesion policy and the Europe 2020 strategy. A permanent dialogue is essential to fruitful and efficient inter-institutional cooperation.          The dialogue with civil society organizations is progressing, based in increased informal contacts with the organisations targeted, as well as the organisation of the Structured Dialogue meeting on issues of concern.</p>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Respect of deadlines in responses to parliamentary questions	More than 95% of parliamentary questions received sent according to the deadline set by General Secretariat. In 2011, DG Regional Policy treated 450 oral and written questions for which our DG was in the lead and we dealt with more than 520 questions to which our DG was associated.
Participation of the most important organisations working in the field of cohesion policy in the Structured Dialogue meeting.	Positive feedback from the organisations shown in the evaluation forms conducted after the event and informal feedback.

5.1.3. *Territorial Cohesion, Urban development and European Urban Agenda:*

<p><b>Specific Objectives:</b>          The adoption of the Lisbon Treaty brought an explicit territorial dimension to the European cohesion objectives.          In 2012 DG Regional Policy will contribute to preparation of the next programming period, promoting place based strategies to address existing disparities, territorial assets, and deepening the coordination between the relevant EU and national policies.          In 2012, DG Regional Policy will take forward a number of initiatives and actions to accompany and promote the negotiation process concerning post-2013 period: The Reference Framework for Sustainable Cities (RFSC) - an interactive web-tool for cities promoting integrated thinking and action and offering a monitoring tool with recommended key indicators; "Urban Forum" , a political dialogue on future challenges, in February 2012; the study on “Good practice in urban development” projects supported by ERDF in 2007-2013; an European Parliament Preparatory Action on urban-rural partnerships as well as an European Parliament Pilot Project, a study on ERDF housing</p>
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interventions in deprived urban neighbourhoods. We will also reinforce the urban dimension of cohesion policy by supporting exchange of experience between the European cities and getting prepared for the future.  
 DG Regional Policy will also continue the preparation and promotion of ERDF community-led local development, in close cooperation with DGs Employment, Agriculture and Fisheries.

**Output(s) – Expected result(s)**

- DG Regional Policy has committed in the legislative proposal for 2014-2020 to take the next steps in fostering integrated and sustainable urban strategies with identified financial resources, to support innovative actions in the field of sustainable urban development and to establish an urban development platform.
- Better analysis and understanding of the territorial impacts of policies as well as of the different initiatives in favour of territorial cohesion and sustainable urban development.
- Cities mobilized to actively contribute to the objectives of Europe 2020 and an improved territorial and urban dimension of mainstream Operational Programmes.
- The (merged) **Interservice Group on Territorial Cohesion and Urban Development** will contribute to raising awareness of the territorial dimensions of Community policies and their impact on territories. It will identify and promote the different initiatives in favour of territorial cohesion and sustainable urban development and it will ensure cooperation between Directorates-General in this field.
- DG Regional Policy will contribute to the consolidation of the **European Urban Agenda** participating in the intergovernmental cooperation process aiming to promote sustainable and integrated urban development in Europe.

<b>Indicator(s)</b>	<b>Target(s)</b>
Number of cities which will use RFSC	400
Number of cities which will participate at the Urban Forum	400
Number of ISG meetings	4
Budgetary execution for PP: suburbs and PA: RURBAN	Commitment > 95% Payment > 70%

5.1.4. *Macro regional strategies*

**Specific Objectives:**

*EU strategy for the Baltic Sea Region*

To facilitate the implementation phase of the EUSBSR Strategy adopted in 2009.

*EU strategy for the Danube Region*

To facilitate the implementation of the Danube Strategy adopted in 2010.

**Output(s) – Expected result(s)**

- In the *EU strategy for the Baltic Sea Region* work plan for 2012, special attention will be given to the review of the Communication and the Action Plan, the alignment of funding as well as to the targets. The Annual Forum 2012 will take place in Denmark and will be jointly organised with the Danish Presidency. The review of the Strategy (the Communication and Action Plan) will be endorsed by the Council during the Danish presidency in 2012.
- Adoption of a progress report on the implementation of EU Strategy for the Danube region is expected by December 2012. The *EU strategy for the Danube Region* has been adopted by the Commission in December 2010 and endorsed by the Council in April 2011 under the Hungarian Presidency. The June European Council in 2011 confirmed this endorsement. This marked the start of the implementation

phase which will reach full speed in 2012.	
– Implementation of the preparatory actions defined in the EU budget for 2012	
– Adoption of a progress report on the implementation of EU Strategy for the Danube region expected by December 2012	
<b>Indicator(s)</b>	<b>Target(s)</b>
Adoption of the Commission communication on the review of the official report for the EU strategy for the Baltic Sea Region	April 2012
Action plan for the EU strategy for the Danube Region	Finalise the first report to the High-Level Group by December 2012
Budgetary execution (3 pilot projects/preparatory actions)	95% commitment appropriation

### 5.1.5. *Outermost regions*

<p><b>Specific Objectives:</b>          Coordinate the work of the Commission for the Outermost regions (OR), a status currently accorded to nine regions belonging to three Member States. The Lisbon Treaty (Art. 349 and 355.1) recognises the specific characteristics and constraints these regions face and requires that European policies should take these into account.</p>	
<p><b>Policy Output(s) – Expected result(s)</b></p> <p><b>1. Legal acts</b></p> <ul style="list-style-type: none"> <li>– Preparation of the Opinion to the Council on the accession of Mayotte as a new Outermost Region in 2014 (May)</li> </ul> <p><b>2. Conferences and other major events:</b></p> <ul style="list-style-type: none"> <li>– Organisation of a seminar to launch a "<b>Smart Specialisation Strategy Platform</b>" for the OR (Seville or one OR – June 2012)</li> <li>– Second Forum for the Outermost Europe in Brussels (2-3 July 2012 tbc)</li> <li>– Preparation of and participation in the XVIII Conference of the Presidents of the OR - under the Azores Presidency (September 2012)</li> <li>– Open Days Workshop on OR (8-11 2012October)</li> <li>– Information seminars to foster territorial cooperation - EDF/ERDF synergies</li> </ul> <p><b>3. Studies:</b></p> <ul style="list-style-type: none"> <li>– Presentation and dissemination of the Study "Demographic and migration trends in the outermost regions: impacts on economic, social and territorial cohesion", January/Feb 2012</li> <li>– Launch of a study on the impact of climate change on OR (biodiversity, ecosystems, traditional agricultural and fisheries activities)</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Adoption of the Communication on the future strategy for the Outermost Regions	by June 2012
Three meetings with political representatives of the OR's, at least one of them taking place in Açores	at least two
launch of one call for tender for the foreseen study contribution of the ORs to the mitigation and adaptation to the climate change effects and risks they face	100%
Timely adoption of the Communication	100%
Budgetary execution	95% commitment appropriation

### 5.1.6. Northern Ireland Task Force (NITF)

<p><b>Specific Objectives:</b>          The Northern Ireland Task Force (NIFT) comprises 17 DGs and operates under the authority of the Commissioner responsible for Regional Policy.          It supports the re-establishment of the devolved institutions and finds ways to help the region to become more economically competitive, to deepen its dialogue with EU institutions and thus to align its policies with Europe 2020, namely in the areas of innovation, employment, climate change/energy and social cohesion.</p>	
<p><b>Output(s) - Expected result(s)</b></p> <ul style="list-style-type: none"> <li>- Completion of Peace Building and Conflict Resolution Centre: discussions on possible inclusion of a European Union dimension as mentioned in the NITF report (2008).</li> <li>- Assisting NI in possible involvement in new areas of EU policy such as justice, policing and security.</li> <li>- Ongoing monitoring of implementation with new Executive, following 2011 elections.</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
One meeting of the NITF and their counterparts in the Northern Ireland administration will take place in 2012, either in Brussels or in Belfast.	100%

### 5.1.7. International relations

<p><b>Specific Objectives:</b>          The key objective of the dialogue with third countries on regional policy is to contribute to the strategic partnership between the EU and these countries. EU regional and cohesion policies represent a model which is of interest to third countries on how to promote greater territorial integration, while promoting growth and sustainable development, through a delivery system based on multi-level governance.          The policy dialogue in this field is supported by the European Parliament, and DG Regional Policy will be called upon to manage a new preparatory action budget line 'Enhancing regional and local co-operation through the promotion of EU Regional Policy on a global scale' in 2012 with additional resources of €2.0 million</p>	
<p><b>Output(s) - Expected result(s)</b></p> <ul style="list-style-type: none"> <li>- activities which will contribute to promoting exchanges on EU cohesion policy, e.g. studies, study visits and training courses, events, network building, contacts between regions, and preparation of information material.</li> <li>- in 2012, priority given to the new regional policy dialogues launched, and to be launched, with Eastern Partnership countries, as well as with Chile and Argentina and to the continuation of the most active pre-existing dialogues (through studies, technical assistance actions, peer review studies, seminars, training programmes and information sessions with/in main partner countries...).</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Organize study visits in Europe for third countries' representatives in the field of Regional Policy.	between 5 and 9
Budgetary execution - PA: Enhancing regional and local cooperation through the promotion of Union Regional Policy on a global scale.	85% commitment appropriation

### 5.1.8. Evaluation

<p><b>Specific Objectives:</b></p> <ul style="list-style-type: none"> <li>– To provide evidence on the performance of Cohesion policy, through ex post evaluations of the 2000-2006 programming period and synthesis of ongoing evaluations of the 2007-2013 programmes, as well as thematic evaluations with a focus on the new programming period.</li> <li>– To enhance evaluation capacity in Member States and regions through methodological guidance and networking so that they will provide credible evidence on the performance of their programmes</li> <li>– To provide support to Geographic Units of DG Regional Policy to ensure a stronger results focus in the management of current programmes</li> </ul>	
<p><b>Output(s) - Expected result(s):</b> Focus on future by providing guidance on various result-oriented processes in view of the new programming period as well as on the new regulatory framework</p>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Evaluation Reports (accurate and timely)	> 90% / planning
Meetings with high level experts / representatives from Member States (exchange of experience, communication of results of Cohesion)	2 meetings of the Expert Evaluation network
Policy to a large audience, guidance on issues for new programming period)	3 meetings of the Evaluation Network with Member States Respond to requests for bilateral, guidance meetings: 95%
Reporting against core indicators	More accurate reporting verified regularly by Managing Authorities and Geographic Units

### 5.1.9. Information and Communication

<p><b>Specific Objectives:</b></p> <ul style="list-style-type: none"> <li>– Develop, implement, monitor and adapt the most suitable external communication strategy to establish an effective and regular dialogue with stakeholders, civil society and specific target audiences to increase awareness and ownership of EU Regional Policy.</li> <li>– Contribution to the DG's internal communication strategy and put in place an improved system of sharing information and knowledge, in particular, through the intranet.</li> </ul>
<p><b>Output(s) - Expected result(s)</b></p> <p>In 2012 DG Regional Policy's Information and Communication strategy will be strongly influenced by the debate on Cohesion Policy after 2013 which will continue until final adoption of the legislative package by the Council and the European Parliament. One important priority is consequently to continue <b>communicating on and explaining the Commission's proposal on Cohesion Policy 2014-2020</b>, i.e. how it will affect regions and cities and how it will be implemented on the ground.</p> <p>Communication also needs to focus on <b>demonstrating the main strengths and successes of EU Cohesion Policy, in particular with regard to how it contributes to the Europe 2020 Strategy</b> (smart, sustainable and inclusive growth) and how this can be further enhanced after 2013. Cohesion policy is the main source of EU investment for the strategy and makes a significant contribution to growth and prosperity and promotes balanced development across the Union. Cohesion policy has great potential to promote the integration of the Europe 2020 strategy in policy and funding decisions at regional and local level. Communication actions can support efforts to secure ownership on the ground as this is an important success factor for the strategy.</p>

Evidence of results of the policy will provide important arguments to the debate on the future. **Communicating how Cohesion Policy is implemented on the ground** in the current period, in particular through giving visibility to projects and highlighting good practice and concrete results will therefore also be of utmost importance. The discussions on the scope and level of ambition of cohesion policy after 2013 will most likely be influenced by the still on-going global economic crisis. In view of this it will be essential to demonstrate the added value of EU Cohesion Policy and the real benefits it brings to EU citizens, for example by helping regions to exit stronger from the crisis.

*Priority actions in 2012:*

- Communication tools supporting the legislative proposals 2014-2020
- OPEN DAYS 2012 (10<sup>th</sup> anniversary)
- Regions for Economic Change conference (5<sup>th</sup> anniversary)
- RegioStars awards 2012 (5<sup>th</sup> anniversary)
- Work closely with managing authorities to visualise results of projects
- Social media – explore further use
- Euronews – production and broadcasting of an 8-minute magazine on cohesion policy
- Explore ways to publish data extracted from SFC and Infoview on Inforegio in a regularly updated and accessible format

<b>Indicator(s)</b>	<b>Target(s)</b>
Density of collaboration between the DG and stakeholders and media, measured by: •• <ul style="list-style-type: none"> <li>– number of conferences, seminars and workshops organised or co-organised</li> <li>– number of media seminars organised in Member States</li> </ul>	15  3
Timely and thorough updating of on-line information on Regional Policy measured by: <ul style="list-style-type: none"> <li>– successfully migrating MyRegio to the Commission's new corporate portal,</li> <li>– MyIntracomm number of regioFlashes sent to the full or partial mailing list</li> </ul>	done by 30 June  25
Degree of involvement of DG Regional Policy staff in communication efforts, measured by: <ul style="list-style-type: none"> <li>– degree of involvement of management and staff in the formulation and implementation of the DG's communications strategy</li> <li>– number of meetings of Communicator's Network</li> </ul>	regular contacts with all units concerned, discussions in Directors meetings  2
Overall satisfactory level rating of feedback received on the Open Days 2012: <ul style="list-style-type: none"> <li>– quality of seminars</li> </ul>	85% good or excellent

## 5.2. Legality and regularity of underlying transactions

### *Audit Strategy*

#### **Specific Objectives:**

To seek reasonable assurance that the management and control systems in the Member States and beneficiary countries comply with the requirements of the EU Regulations and are functioning effectively, so as to prevent and detect errors and irregularities and assure the legality and regularity of the expenditure declared to the Commission.

#### **Audit activities in 2012**

The overall aim of the control activities undertaken by the DG is to promote good governance in relation to

the implementation of programmes and projects in order to contribute to sound and efficient financial management of Community funds and to seek to obtain reasonable assurance that the underlying transactions are legal and regular. The audit work leads to recommendations which aim at improving the administrative capacity of the Member States and candidate countries to manage and control the funds.

The audit directorate contributes, together with the other directorates in charge of implementing programmes, to the assurance process of the Directorate General. The audit activities are to be appreciated in this general context of the assurance building process. Assurance on the systems is built up gradually over the programming period through a logical assurance chain which is underpinned by the single audit concept. The reinforced role of the audit authorities compared to the previous programming period means that they have a significant responsibility in ensuring that the national audit strategy is well implemented and its results properly reported to the Commission.

The necessary preventive and corrective actions will be recommended: in the event that deficiencies are identified in the systems, recommendations for remedial actions are made by the Commission. The Member States are in the first instance responsible for preventing, detecting and correcting irregularities and for carrying out financial corrections. The Commission can also interrupt payments if there is evidence to suggest a significant deficiency in the functioning of the management and control systems or it can suspend payments if there is a serious deficiency in the management and control systems.

The audit directorate has elaborated audit enquiries for each audit activity based on updated risk-assessments and enquiry planning memoranda which form the basis for the audit work.

As regards the provisions on management and control in the legislative proposals for 2014-2020, the focus will be on seeking to ensure that the provisions will provide the necessary tools to sufficiently guarantee legality and regularity of the use of the funds as well as sound and efficient financial management.

The following audit activities are set out in more detail in DG Regional Policy Audit Strategy for 2007-2013 and are also based on the continuation of the actions set out in the Commission Action Plan of February 2008 (COM(2008) 97).

#### **Programming period 2007-2013:**

The following audit enquiries will be implemented.

1) The audit enquiry on the review of the audit authorities under which the Commission will assess the reliance which can be placed on the audit work of the audit authority and in particular to enable to adopt the provisions of Article 73, whereby the Commission can conclude that it can rely principally on the opinion provided by the AA and limit its own on-the-spot audits thus freeing up audit resources for the riskiest programmes.

2) The audit enquiry on bridging the assurance gap, which complements the aforementioned enquiry on the review of the audit authorities, under which the Commission carries out its own on-the-spot audits directly at the level of the Managing Authority/intermediate body, with a view to bridging any perceived assurance gap related to e.g. public procurement, management checks, state aid and financial engineering instruments.

3) Thematic audits on financial engineering and Member States' systems for recoveries identified as risk areas and pilot performance audits with a view to developing DG Regional Policy's methodology and capacity in these types of new audits which focus on the results and sound financial management of our policies.

4) As regards European Territorial Cooperation, audits on adequate implementation of management verifications which have been identified as a high inherent risk.

5) Contribute to the closure of Cohesion Fund projects (examination of winding-up declarations) and audit of closure declarations on a sample basis

7) Reasonable assurance on the set-up and functioning of the management and control system for IPA:

- ensure compliance with applicable regulations, that management and control systems function effectively and that expenditure declared is legal and regular;
- prepare Croatia, FYROM, Iceland, Montenegro and Turkey for the introduction of the Structural

Funds, by providing guidance on the requirements of the Community regulations.

8) Audit of selected financial support dossiers from the European Union Solidarity Fund, which presents specific risks.

**Build-up of management and control systems, control reports and opinions, input to the AAR:**

- Review of the remaining three compliance assessments
- Analysis of Member States' system audit reports
- Analysis of the annual control reports and the accompanying audit opinions which provide key input regarding legality and regularity and to the assurance of the DG in the AAR
- Examination of the annual summaries sent by Member States, based on Article 53b of the Financial Regulation.
- Examination of national declarations

**Capacity-building:**

- Apart from providing guidance and training to audit authorities (in particular as regards public procurement and eligibility issues), the contribution of the audit directorate to the strategy for capacity-building covers, for the audit authorities, the organisation of annual bilateral control meetings, of technical meetings and the annual meeting with the "homologues") and focused actions targeted to all programmes authorities.

**Relations with other institutions:**

- Follow-up of DAS cases of errors detected by the Court and arising from their annual reports, including actively contribute to the DAS 2011 contradictory process to defend the positions of the directorate general.
- Implementation of the Joint Fraud Prevention Strategy and the Communication of the Commission anti-fraud strategy in cooperation with OLAF.

**Programming period 2000-2006:**

Assurance on the closure process for 2000-2006 programmes in order to verify that all necessary corrective actions have been implemented at closure as well as assessment of the residual risk after closure. ERDF closure audits in selected Member States in order to eliminate any remaining irregular expenditure, and assessment of the residual error rate for the 2000-2006 ERDF programmes in 2013 on the basis of a representative sample of closed operations (following a risk-based selection of closed programmes) to be able to conclude that there is low risk after closure. Audits on the Cohesion Fund, both on closed and on-going projects in all Member States concerned.

**Output(s) - Expected result(s)**

- Annual audit opinion on all operational programmes for both programming periods in view of the assurance of the director general in his AAR2012
- (Joint) updated audit strategy
- Contribution to the delivery mechanism in the Council and Parliament General Regulation for Cohesion Policy post 2013, including specificities for ETC
- Commission answers and follow-up to the ECA Annual Report and EP and Council Discharge resolutions and recommendations
- Contribution to DGs' decisions on interruption and suspension of payments
- Preparation of guidance notes for the attention of audit authorities

<b>Indicator(s)</b>	<b>Target(s)</b>
<b>2007-2013 programming period:</b>	
Number of audit missions performed	95 % of the number of missions planned in Directorate J plan

Number of draft audit reports sent out within 3 months after the end of the on the spot audit	95% of the number of missions performed
Review of system audit reports submitted by MS	80 % within 3 months from receipt of the Member State report
Assessment of annual control reports and opinions	within 2 months from receipt of ACR
Assessment of annual summaries submitted by the Member States	before completion of AAR
Financial corrections accepted by the Member States	within 24 months of the on the spot audit
<b>2000-2006 programming period:</b>	
Closure audits for high risk programmes	100% in accordance with annual mission plan
Financial correction decisions	within 3 months from the hearing with MS
<b>Capacity building:</b>	
Technical meetings with audit authorities	once per year
Specific targeted training to Member States with weak administrative capacity	according to needs
Internal directorate J training actions	at least 6 times a year
<b>DAS cases:</b> Follow up of DAS cases	> 80% of cases closed within 2 years after the publication of the report