



EUROPEAN COMMISSION

Observations on the Partnership Agreement with Portugal

PART I

Introduction

The observations to the Partnership Agreement (PA) laid out below have been made within the framework of the Common Provisions Regulation (CPR) and the fund-specific regulations. The observations take into account the 2013 country-specific recommendations adopted by the Council on 9 July 2013 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:217:FULL:EN:PDF>) as well as its supporting analysis (SWD) (http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm) and are based on the Commission Services' Position Paper (hereafter CPP) for the use of the European Structural and Investment (hereafter ESI) Funds in 2014-2020.

The observations address issues based on the PA submitted by Portugal on 4 February 2014.

The most critical issues for the Commission are noted under Part I of the observations. In Part II they are generally presented following the structure of the PA, as laid out in the template.

The Commission takes this opportunity to thank the Portuguese authorities for their engagement in a very open and productive exchange with the Commission during the informal dialogue.

We strongly encourage the Portuguese authorities to take full account of these observations for the revised version of the PA to be submitted afterwards, so as to allow it to be agreed and subsequently adopted by the Commission within a timeframe that is as short as possible.

Special care should be taken to ensure that all required data is properly inserted in the system (SFC) before the next version of the PA is formally submitted, as the current version has missing or corrupted data.

1. Assessment of Member State policy objectives

- (1) The PA is a framework document that should set out clear political commitments to the strategic goals to address the key challenges identified by the Europe 2020 strategy. It should define a framework for achieving the maximum European value added of the ESI Funds' investments in Portugal for 2014-2020 by addressing the bottlenecks hampering growth and by pursuing an ambitious development strategy enabling enhanced competitiveness of the Portuguese economy and reducing regional disparities.

- (2) The draft PA does not make explicit the links to the Europe 2020 targets. An explanation of the ESI Funds' contribution to these targets must therefore be included and detailed where necessary. The expected results under thematic objectives should be better linked to Europe 2020 targets where relevant and quantified.
- (3) We would also request that identified negative investment priorities (i.e. that should not be supported by ESI Funds) are mentioned explicitly in the PA text (and subsequent programmes) so as to avoid any further misunderstandings.

Research & Development (R&D) and Innovation

- (4) ESI Funds must concentrate their interventions under this heading in promoting business-oriented R&D and innovation through product and service development, technology transfer, networking, clusters and open innovation through smart specialisation.

Some progress has been detected in this version of the PA towards a more integrated innovation approach. However the way the PA text is drafted for this theme still leaves very much open the funding of a wide range of activities unrelated to the above-mentioned ESIF support rationale and therefore must be further revised. The mechanisms to counter 'insufficient articulation' and ways to achieve more specialised productive profile at national or regional levels (for instance to increase high value added in exports) need to be identified. The text is too vague, mentioning 'structural projects' involving entities of technology and knowledge transfer without clarifying either who the entities are or which types of projects are involved and how these are linked to smart specialisation strategies (hereafter RIS3).

- (5) As resources dedicated to R&D need to be focused either on cooperative well-defined projects (i.e. involving businesses, academic and scientific institutions) or enterprise R&D, a proportion representing 7/10 of total ESIF R&D funding resources under TO1 must be indicated ('ring-fenced') in the PA (and subsequently at the level of each of the concerned programmes) as a mandatory minimum European Regional Development Fund (ERDF) expenditure target for knowledge transfer (specific objective 1.3), cooperative (i.e. involving academia or R&D institutions and enterprises) or enterprise R&D projects. Investments in R&D infrastructure need to be detailed and totally aligned with RIS3 strategies, with evident regional development impacts and prioritised on the basis of identified gaps.
- (6) The PA needs to provide guarantees and details that two critical issues in terms of innovation governance are addressed: that a proper 'bridging institution' such as the innovation agency is fully operational and that R&D critical mass is pursued through a merger or restructuring of existing R&D centres in some key strategic domains as identified by the RIS3.
- (7) Innovation must also be precisely defined to reflect the different phases of research, technology and service development up to the market testing of new products and services (proof of concept, prototypes, pilot tests and early field trials/technology and commercial validation trials) i.e. promoting business investment in research and innovation. Support to enterprises under this TO (thematic objective), must be

exclusively focused on these specific aspects and not broadly support productive investments. It should therefore cover the different aspects of the innovation chain and complement them with later stage support to SMEs as foreseen under TO3. The ERDF will not fund entrepreneurial investments for large enterprises except for the ones falling under a precisely defined innovation concept as mentioned before, which must be properly reflected in the PA text.

Information and Communication Technologies

- (8) The text needs to be adapted according to the identified challenges: (i) although it is mentioned that information and communication technology (ICT) and digital economy will be used to support SMEs, the text must indicate what exactly is intended, and (ii) the regional dimension of continental Portugal and Azores and Madeira should be included in terms of distinctive gaps, needs and envisaged initiatives. The results expected must also capture correctly the priorities, which is not the case now.
- (9) The PA, respectively under TO3 and TO11, must define clearly the role of ICT in enhancing the competitiveness of SMEs as well as the administrative capacity and modernisation of public services. There is now a reference to a monitoring mechanism with specific indicators for TO2, but it is very vague and no coordination is ensured. Also, nothing is said about the Portuguese Digital Agenda, as the relevant strategic framework, or which entity will be responsible for its implementation and coordination.
- (10) TO2 is not included under the OP (Operational Programme) Lisbon: it must therefore be explained how investments under Priority 2.3 will be funded for the Lisbon region as i) all the ICT investments for the public administration not considered as central administration would not be eligible under other OPs and, ii) for the central administration, only a proportion of the eligible costs can be allocated to other regions (on the basis of the respective regional populations) leaving out a substantial part of the ICT investments. These clarifications must be inserted in the PA.

Support to SMEs

- (11) It should be demonstrated in the PA that the interventions of TO3 are aligned with the Smart Specialisation Strategies and how this will be ensured.
- (12) In the PA, a summary of the main guiding principles and the type of support provided to SMEs through financial instruments (FIs) needs to be included. Furthermore, the proposals for funding instruments must be substantiated by the existence of market failures and demonstrated by the results of an ex-ante assessment as requested in the CPP. For the moment, there is only a generic reference to higher interest rates that Portuguese companies have to pay compared to businesses in other Member States and a comparative reduction in SME lending as compared to larger enterprises.

Furthermore, the text outlines a strategy for competitiveness and internationalisation which appears to be developed without an in-depth assessment of future challenges indicating an intention to follow a 'business as usual' model rather than proposing solutions which are adapted to the specific conditions confronted. The strategy must include the results of the assessment and identify well targeted and support to SMEs that will be provided to certain type of initiatives and SMEs, with a view to promoting

business innovation and the competitiveness, and internationalisation of the Portuguese economy.

A strategic vision regarding the role of SMEs in redressing the economic situation in the country should be included in the PA.

The document indicates that Portugal will 'ensure adherence' to the SME Initiative. In this context, further clarification and required details should be provided regarding the concrete intentions of the Member State (including the type of FI to be supported) since this would imply the setting up of a dedicated OP which should be foreseen in the PA.

- (13) The PA states the intention to use repayable assistance as a general rule. Evidence of in-depth analysis of the issue needs to be presented and as a result the areas in which grants should be used and other fields where FIs or other repayable mechanisms would be adequate should be clearly delimited and identified. The funding volumes which would be involved in these different mechanisms must be detailed as they are essential to determining their importance.
- (14) The document indicates a preliminary list of types of FIs to be used. Nevertheless, their selection and weight needs to be justified and validated by an appropriate analysis which needs to be presented in a summarised way. The PA cannot just limit itself to affirming that 'past experience points to the use of the same kind of instruments' with no further reasoning and ignoring shortcomings and limitations detected during the current period and the challenges for the next years.
- (15) Although a basic description of the Financial Institution for Development (IFD) exists in the text, more information is needed on which ESIF instruments will be implemented through IFD. In particular, it is necessary to clarify the distribution of resources between reimbursable and non-reimbursable instruments, the foreseen allocation of the non-reimbursable instruments to be managed by the IFD, and the origin of such funds (programme). Also the state of preparation of the new institution raises concerns on the timetable for launching the instruments this year. An alternative institutional setup needs to be identified in case of delays.

Shift towards a low-carbon economy and promoting climate change adaptation

- (16) The draft PA should give greater attention to the mainstreaming of climate action across the board and in all ESI Funds and TOs, and to the contribution to the goal of reaching at least 20 % climate-related expenditure overall for the MFF 2014-2020. Additional consideration should be given to actions relevant for climate change concerning ERDF and European Social Fund (ESF) and to opportunities to include climate-related actions under TOs 3 and 10.

The table on climate-related expenditure is missing and needs to be included.

- (17) Regarding energy efficiency, we agree to focus investments on energy efficiency for publicly owned social housing (not housing in general), public infrastructure and buildings, support to increased energy efficiency in SME business processes and the transport sector. This support however, must be dependent on the public ownership and use of public buildings and infrastructures and must for all domains be subject to strict standards and targets established at national level (including the two autonomous regions).

Furthermore, support has to be provided on the basis of FIs that fully integrate in their design and support mechanisms the cost recovery aspect and take into account state aid limitations. This is not the case now and therefore the PA text needs to be extensively revised on this issue. The only exception could be for publicly owned social housing, for which a clear definition must be provided, and for which on the basis of properly identified energy poverty criteria, non-reimbursable grants for energy efficiency interventions could be envisaged.

In the case of both publicly owned social housing and public buildings where building interventions are foreseen, there has to be a pre-defined maximum standardised support per unit (e.g. m²) to avoid support being used for general building renovation purposes.

These principles must be explicit in the PA.

- (18) Regarding the funding of smart energy networks and systems (in particular smart meters), the case for its extensive funding by ERDF or Cohesion Fund as opposed to it being directly paid by the consumer and/or the energy supplier should be further elaborated. The type of ESIF support envisaged is also unacceptable: according to the draft PA, the support would be on the basis of grants; this represents a poor use of ESIF resources, as it would be next to impossible to ascertain and verify (and therefore ensure) cost recovery, and would fail to ensure embedded re-use of reimbursed funds in the FI itself which should be the underlying principle of funding support for all energy efficiency initiatives. As such, the envisaged broad ESIF support to these systems is not accepted, and we would request that instead the national authorities consider well-targeted and limited pilot projects in this area, with well-identified demonstration objectives, for support from the ERDF and/or Cohesion Fund.
- (19) We would request that clean urban and suburban transport systems (e.g. suburban rail systems for passenger transport and integrated and sustainable urban mobility plans) are included under TO4 as part of the overall policy objectives to increase energy efficiency in this very important sector.

Transport

- (20) There has been some progress regarding the transport domain. The Portuguese authorities have provided some elements to fulfil the *ex ante* conditionalities, namely a transport plan setting out the contribution to the single European Transport Area consistent with TEN-T Guidelines. However this plan is not yet comprehensive, since it does not cover the whole Portuguese territory (does not include the autonomous regions of Madeira and Açores) and does not include the Strategic Environmental Assessment (SEA), which is also mandatory. Furthermore, the Commission considers some improvements are necessary in the plan to allow for the elaboration of a prioritised, realistic and mature list of projects, envisaged for support from ERDF and the CF (Cohesion Fund), and aligned with an assessment of the gaps and needs of the sector, notably to plan the development of interoperability along TEN-T, in cooperation with Spain. The European Commission Services will convey, in a separate document, a more detailed comment on the transport strategy document sent by the Portuguese authorities.

- (21) In view of the limited budget foreseen, the PA should ensure a realistic focusing and concentration of transport investments along the priorities of the EU and in particular the TEN-T networks.
A clear demarcation of investments between ESI Funds and the CEF (Connecting Europe Facility) must also be provided, identifying the coordination mechanisms and indicating how complementarity will be ensured.
- (22) Both development needs and growth potential ought to be better analysed and elaborated; the geographic position of Portugal and the strategic framework should be better reflected in the analysis. The transport strategy (and social pact, as was mentioned) needs to be outlined in the PA. The strategy as presented in the PA remains exclusively focused on the need to reduce context costs to improve competitiveness of SMEs. It should however include passenger transport, namely for access to work, existing gaps and investment needed to improve railways and public transport taking into account distinct territorial needs.
The document must indicate the specific development needs and growth potentials of urban, rural or low-density areas.
- (23) The current text must provide the justification and rationale of some priorities such as the inclusion of the financing of rail 'secondary lines' (which is proposed in spite of the recent closure of seven lines) if this is to be accepted.
- (24) ERDF and CF support for road infrastructure projects, which is an area that the CPP has identified as negative priority are not accepted and must therefore be excluded, including the financing of the undefined 'last-mile' road infrastructure.

Employment, Education and Social Inclusion

- (25) The Commission welcomes the concentration of the financial allocation of TO8 in Investment Priorities (IP) 8.1, 8.2, 8.3 and 8.5. It also welcomes the intention to have a stronger articulation between IP 8.3 (Self-employment, entrepreneurship and business creation) and IP 8.8 (development of business incubators and investment support for self-employment, micro-enterprises and start-ups). However, there are still gaps in information, in particular in relation to IP 8.5 as far as investment in upskilling of employed people is concerned (apart from managers, public workers or researchers), which are planned to be part of the Competitiveness and Internationalisation OP.
- (26) As regards TO9, there is a persistent lack of prioritisation of investment priorities. The Commission expects additional information and justification on the investment priorities that were not foreseen in the CPP, especially those with higher funding.
- (27) For TO10, the draft PA takes into consideration most of the Commission's comments.

One area for which the approach taken in the draft PA is highly inconsistent came up during the first reviews and discussions of the draft OPs: while the Commission acknowledges that in past years Portugal has achieved notable progress in increasing its number of new doctoral graduates which is - from a research perspective - a positive development, this development gives also rise to concern as the real economy and the labour market do not keep up with this (over-)production. The share of employment in knowledge-intensive activities in Portugal is still substantially below the EU average,

reflecting the slow rate of transformation of the economy towards more knowledge-intensive activities and measures to increase the actual employability of human resources in science.

The mismatch between the outputs of PhDs and the opportunities for employment (in research institutions or in companies) is based on the fact that for both situations the ESF finances salaries (in both the thematic OP and also in the planned regional OPs).

We therefore request that any ESF support to further PhD grants and PhD programmes is done exclusively for those aligned with RIS3, in the context of increased quality improvement measures in the higher education sector with the objective to improve the effective integration into an open labour market. Furthermore, only the placement (under the regional programmes) of highly qualified people in companies – and not just PhDs - is to be supported and clearly linked to the support to R&D capabilities (which should be also under the regional programmes) and innovation processes in companies as supported under the ERDF. Only this focus and close links between the different initiatives would guarantee what in our view should be the objective of such actions: support companies in adapting to significant economic challenges and innovating by providing them with the advanced human skills that they need.

The Commission does not consider that ESF support to PhD employment in the scientific or academic institutions or a post-doctoral programme as such serves these objectives and as such they cannot be accepted. Moreover, according to the CPR, the support to R&D is not a primary Thematic Objective for funding for the ESF. It also fits hardly under other investment priorities to be financed by the ESF.

It also indicates an allocation that shows a high amount for infrastructure, which must be better explained, justified and focused. The two main explanations refer to the need to rationalise the school network by closing and adapting the remaining ones, and the opening of new centres for Early Childhood Education and Care (ECEC). However no explanation or strategy for rationalisation is found. However, it is also mentioned that part of the funds will be assigned to maintenance of existing premises, which is not acceptable and must be explicitly excluded in the PA text.

Public administration reform

- (28) The text does not seem to be based on a clearly defined strategy to modernise the public administration with priority areas for intervention. It is therefore difficult to assess how effectively ESI Funds could contribute to this purpose. The proposed actions are too broadly defined and the expected outcomes only refer to promoting the use of e-government and 'institutional participation'.

- (29) The PA does not adequately address some of the priorities of the CPP and Economic Adjustment Programme, namely a strategy to enhance efficiency in the public administration including human resources management, better regulation, good governance, reform of the judiciary, and anti-corruption measures, as well as matters related to customs and taxation.

- (30) For TO11, it is difficult to see in the PA a clear strategy to modernise the public administration with priority areas for intervention. While it is possible to identify elements of diverse strategies, such as the qualification, re-qualification and upskilling of human resources as pillars to the modernisation and innovation processes and the efforts to improve human resources issues related to the development of eGovernment, the Commission is of the view that this reflects a scattered approach and does not make use of the potential of this thematic objective. It would welcome if public administration reform was addressed in a more comprehensive way. The identification of bottlenecks and weaknesses of the public administration and corresponding corrective (and monitoring) measures should be the basis for establishing the needed ESIF intervention (e.g. complexity of the tax system and compliance costs, length of proceedings in civil and commercial cases, insolvency proceedings and contract enforcement).
- (31) Relevant information about the ESF support to this TO, in particular providing expected results and targets, must be included in the next version of the PA, including for the 'requalification scheme' for the reintegration of public servants into the civil service. The scope of ESF investment has to be embedded in a clearly defined strategy for modernising the public administration with priority areas for intervention.

2. Fund-specific observations

Key fund-specific issues for ERDF and the Cohesion Fund

- (32) ERDF thematic concentration requirements seem to be met with the exception of TO4, although verification still needs to be done at OP level for instance regarding the thematic concentration by category of region.
- (33) The scope of ERDF investment in R&D, social, educational and health infrastructure needs to be precisely justified, defined and embedded in a strong strategic framework with clear objectives and measurable targets. This is still not the case despite previous requests. The strategies outlined should indicate the current situation, gaps, strategy and actions planned and link them to the proposed ESIF-supported investments. The PA must exclude new investments where overcapacity exists (e.g. university-level infrastructure which must be explicitly excluded) and in no way include ERDF/CF support to infrastructure maintenance or renovation of previously funded infrastructure.
- The long-term mapping showing the 2007-2013 investments and plans for 2014-2020, as part of an overall strategic framework for an accessible, financially sustainable and cost-efficient research, social, educational and health system, together with an assessment of its contribution to the set of objectives, is crucial and should be made available to the Commission together with the programming documents. The demographic trends should be taken into account as an important aspect of strategic planning. The proposed investments should form part of an integrated approach with ESF actions.
- (34) The approach to sustainable urban development is missing from the PA. An analysis of the existing situation, identification of main needs, constraints as well as the overall strategy, objectives and principles for the selection of operations need to be included. The approach to the use of ESI Funds (and instruments) for urban development (including but not exclusive to the metropolitan areas of Lisbon and Porto) should be part of the proposed strategy.

- (35) The approach as regards all types of integrated territorial investments across the ESI Funds still has to be better defined.

Key fund-specific issues for ESF

- (36) The concerns voiced by the Commission in relation to the regionalised approach for the ESF are still valid. Through the increased number of OPs, there are also higher risks in relation to audit detected errors, management efficiency and, ultimately, delivery to final beneficiaries. The Commission takes note of the mitigating measures and it welcomes the strengthened coordinated management to compensate for the fragmentation effects. However, these intentions should be further strengthened by a firm commitment also with regard to monitoring to allow for a comprehensive picture of the implementation of policies in the diverse OPs at diverse regional levels.
- (37) In order to achieve the best results for ESF interventions under TO11, there must be a clear strategy with clear objectives and measurable targets. The ESF should not be reduced to a support instrument for the ERDF under TOs 2 and 3 (see ESF regulation Art. 3 and ERDF regulation Arts. 3 and 5).

Key fund-specific issues for the European Maritime policy and Fisheries

- (38) This version of the PA develops to a larger extent than earlier versions fisheries as well as coastal and maritime areas. However, the EMFF intervention logic: analysis-needs-actions-results-indicators are still missing. Support for blue growth in the maritime economy should not be only limited to the EMFF. We would strongly advise the Portuguese authorities to follow the guidelines of the EMFF programming logic proposal as published on:

http://ec.europa.eu/fisheries/reform/emff/draft-template-guidelines-operational-programme-annex_en.pdf with a strong focus on three TOs: TO3, TO6, TO8. Notably, EMFF will not contribute to TO1 and TO2 (contrary to mention p115), nor to TO9 nor 10 but to TO 8 (contrary to mention p132). Support to these objectives in coastal and fisheries areas should be contemplated under other Funds.

Key fund-specific issues for the European Agricultural Fund for Rural Development (EAFRD)

- (39) As regards demarcation and financial allocation, the Commission reserves its position for EAFRD due to the absence of the SWOT and needs analysis for rural development.
- (40) The PA must clearly indicate the interaction between LEADER ('links between the rural economy and development actions' / *Liaison Entre Action de Développement de l'Economie Rurale* in French) and Community-led Local Development (CLLD).

3. Financial allocation proposed by the Member State

- (41) Given the absence of stable indicators and target numbers in the PA and until the analyses of the programmes are completed, it is not possible to establish whether the financial allocations reflect the needs and are in full compliance with the thematic concentration requirements. Regarding the latter, it seems that the thematic concentration requirement for TO4 is not complied with; this needs to be addressed.
- (42) We would require that the PA specifies what Portugal intends to contribute from ERDF and EARDF resources to new FIs to be set up under the SME initiative and the amount of such possible contribution.
- (43) The justification of the proposed transfer increasing the allocation for the Algarve region is still not sufficient. It should be proven that this proposal does not prejudice the principles of Cohesion Policy, namely concentration on less developed regions. The PA should justify and quantify the need for a transfer of financial resources through regional and thematic concentration. The externalities and benefits for the whole country of investments in the Algarve region should be demonstrated.
- (44) The annual breakdown of the funds in Table 27 of Chapter 1.6 is not in line with the annual breakdown of the financial allocation of cohesion policy to Portugal, as communicated by the Commission to the Member States in December 2013, and should be revised. That table should also include sub-totals by fund and by type of region (more developed, transition, less developed); a new chapter 1.6 should be included, with a table of request for transfer of Structural Funds' allocations between categories of regions, according to Article 93 of the CPR – Regulation (EU) N° 1303/2013 of 17/12/2013 (hereafter designated CPR). A new paragraph 1.10 should also be included, with the information on the allocation related to the performance reserve, broken down by ESI Fund and, where appropriate, by category of region, and on the amounts excluded for the purpose of calculating the performance reserve.
- (45) The EMFF financial allocations are to be added when defined (Table 37).
- (46) Taking into account the need to optimise the leverage effect of funding, the Commission asks (Member State) to identify in which priority axes in the Operational Programmes it intends to modulate the co-financing rates in accordance with Article 121 of the CPR and recalls that as set by Art. 120 of the CPR the co-financing rate is to be determined on a case-by-case basis and the maximum co-financing rates should not always be applied to their full extent.

4. Cross-cutting policy issues and effective implementation

Demarcation between operational programmes and territorial instruments

- (47) This PA draft still lacks a clear and balanced geographical coverage of the different OPs as well as formal mechanisms of articulation between the thematic operational programmes, the regional ones and integrated territorial approaches.

In particular, it should be explained how the right mix of thematic coverage is ensured for Algarve, Lisbon and in some cases Madeira and the Azores, given that these regions cannot benefit within the proposed architecture from the thematic OPs.

The PA does not appear to ensure adequate articulation between thematic OPs covering the three less developed regions and the regional OPs particularly Lisbon and Algarve (this is a critical issue that has been raised by the *ex ante* assessment of the PA).

The absence of both the Lisbon and Algarve regions risks leaving out the most important competitive area of the country and thus risks incoherence and incompleteness of the programme dealing with the major economic challenges that Portugal faces.

In this context, difficulties arise also with respect to interventions under TO11. Most of the interventions are programmed in thematic OPs, targeting the central government services in Lisbon and as such benefitting the whole country while the thematic programmes themselves cover only the less developed regions. In these cases, a repartition key (based on population) will have to be applied to render the expenditure allocated to Lisbon and Algarve ineligible. These costs will be borne by the national budget.

As this problem of geographic eligibility is systemic, and due to the programming logic, a description of how it will be addressed should be included in the PA.

- (48) Integrated territorial development as it stands cannot be considered satisfactory due to the inappropriate methodological approach and the lack of comprehensive elements on the territorial dynamics. Although we can understand the political context which advised for a multi-municipal role at NUTS III level through Inter-Municipal Communities (CIMs in Portuguese), we believe nevertheless that several critical issues must be addressed in the next draft PA: i) a proper rationale for the intervention based on identified territorial challenges and ii) a well-identified scope of intervention consistent with other intervention levels (regional and national) and funds specificities (EAFRD, EMFF), iii) tackling the potential conflict of interest of the governance model, i.e. municipalities being beneficiaries of projects which they also influence (including verification of expenditure) through the municipality controlled CIMs, iv) for Integrated Territorial Investments (ITIs) the selection and award process being ensured by a national independent body (from the ITIs and municipalities) which would ensure common selection and award standards, v) for local action groups (LAGs, or 'GAL' in Portuguese), a general description of the selection process of LEADER and Fisheries Groups based on the experience thus far, vii) the establishment of clear performance objectives that would allow for a technical mid-term revision of the financial allocations.
- (49) For sustainable urban development actions, only two ITI cases are mentioned for Porto and Lisbon; there is no indication on how other programming instruments (e.g. priority axis) would be mobilised for other urban areas; we also need to have a clear definition of what are considered as urban areas, the principles for the selection of operations and what would be the approach to be taken for the Porto and Lisbon areas.
- (50) Although social exclusion dynamics are well highlighted and the relevance of its concentration in territories and disadvantaged communities is recognised, data regarding concrete elements on the spatial dynamic of the phenomena and information on the identified territories and communities as a justification for the instruments to be mobilised need to be included in the PA. Even if the document presents an overview of challenges to be addressed, it does not set out a definition and delimitation of the relevant territories.

Demarcation between funds

In relation to the demarcation between the cohesion policy funds and the EAFRD and EMFF, and in particular the demarcation indicated in Table 39, we would like to convey the following additional comments.

- (51) On p. 175 under 'Maximising the complementarity of public funds', it should be explained how coordination mechanisms will be improved in order to ensure adequate support to maritime areas by all the funds.
- (52) The Portuguese authorities are invited to clarify and explain the relevance of keeping the proposed ITI "Alqueva" and the link between different thematic objectives as ERDF is not going to intervene in the financing of the irrigation network as initially proposed.

Partnership arrangements

- (53) The partnership process is not finished; it should be ongoing until the adoption of the PA and beyond. No consultation on the PA itself took place. There was a consultation on the '*pressupostos*' but that is clearly not sufficient. Partners have to be consulted on the current version of the text and must still have time to make comments.

Even if there are significant efforts in the partnership field, there could be some additional elements in the process, especially making sure that the most important stakeholders, and particularly NGOs, are reached and thus giving them more attention and a better opportunity to be listened to.

It should be noted that the main added value of the partnership in the preparation of the PA are indicated in an extremely summarised manner, e.g. instances where the strategic choices have been significantly influenced by partners, or the main results of the consultation with partners, including significant concerns, comments and recommendations raised by multiple partners. The list of consulted partners should be added.

Ex ante conditionalities (EACs)

- (54) The Commission acknowledges and thanks the Portuguese authorities for their comprehensive work on the self-assessment of the EACs and the readiness to provide information. Nevertheless, significant differences exist between the self-assessment and the assessment by the Commission of the fulfilment of the criteria.

The PA should contain a summary of fulfilment of all applicable (both thematic and general) EACs that fall within the remit of the national level, and if not fulfilled, a summary of the action plans. Alternatively, the Member State can also present the detailed action plan in the PA, instead of summarising it. However, it is always mandatory to present the detailed action plans at OP level.

Even if EACs can be fulfilled at a later stage (through agreeing on proper action plans) taking into account the degree and the level of risk of non-fulfilment, this can have serious consequences for the programme implementation (Article 19(5) CPR).

PART II

1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH

1.1 Analysis of disparities, development needs and growth potentials with reference to the thematic objectives and the territorial challenges

- (55) The Commission would welcome a more detailed analysis on how the different priorities set out in the document contribute to achieving different Europe 2020 targets. This could be achieved by developing 1.3.1 ('Europe 2020' strategy and Portugal 2020 targets) and elaborating further on 1.1.2 (Social Inclusion and Employment) and 1.1.3 (Human Capital).
- (56) The analysis is extensive but there could be better prioritisation as regards development needs and challenges in various fields and subsequent priority areas. Also, as regards tables in Chapter 1.3, while we welcome the examples of actions under thematic objectives (e.g. p. 82), which give an indication of nature of initiatives planned, expected results should be set out in a clearer manner, and also linking them to Europe 2020 targets where relevant.
- (57) Challenges related to sustainable use of marine resource and development of maritime economy should be translated into concrete strategic actions in TOs. The text under the section 'specific contribution from EMFF for the TO competitiveness' (pp. 114-15) concerns only the EMFF but the section should also be about the joint and coordinated contribution of all ESI Funds to TO competitiveness, namely to integrate maritime policy.
- (58) The chapter regarding the use of the ESI Funds in Portugal in the framework of the EU strategy for an intelligent, sustainable and inclusive growth takes into account the national reform programme (NRP) guidelines. The main constraints for social inclusion are identified even though the NRP provides a better overall picture of the current poverty situation in the context of the financial crisis. In the PA, the needs for social inclusion, employment and human capital must still be more clearly identified, as well as the territorial challenges and the specific actions foreseen.
- (59) For EAFRD, limited references are made throughout the text to the Regional Development Programme (RDP) 2007-2013 experience. There is no information on the state of achievement of objectives and on the lessons learnt. Throughout the analysis, references are made to several economic or sectoral surveys and studies; however no reference is made to any fund-specific studies or evaluations (not for EAFRD).

The analysis in this chapter is carried out with reference to the identified four clusters of challenges and not to TOs (analysis per TO is made in Chapter 1.3, together with expected results). The analysis refers to the NRP, as well as to other strategic documents. Territorial changes are also taken into account. However, a substantial part of the analysis in this chapter is duplicated later on in Chapter 1.3, where it is made per TO; this should be avoided.

- (60) For reasons of comparability, the assessments in the PA shall preferably make use of available European Statistical System (ESS) statistics. In case the necessary data are not available on the EU level, it is recommended to provide next to the national data source links to similar datasets in ESS statistics.

Competitiveness and internationalisation: research and innovation, ICT, competitiveness

Research and innovation

- (61) The introduction of national conditions aimed at ensuring better efficiency and effectiveness of the actions is welcome. However, the concept of 'innovation' is still vague and oriented towards supporting productive investment and the reasoning introduced based on state aid rules cannot be extrapolated to ESI Funds and should therefore be deleted.
- (62) As support to R&I (research and innovation) projects of entities based in the Lisbon or Algarve regions is not possible under the thematic programmes (OPs), it should be explained what type of initiatives will be funded under the regional programmes for these two regions, namely in terms of alignment with national and regional RIS3 and the requirements of multi-regional collaboration.
- (63) In terms of articulation and complementarity between programmes, the proposal to establish a mechanism to ensure strategic coordination and operational management in the field of research, technological development and innovation (RTDI) is a very positive initiative. In this regard, it is recommended that this coordination mechanism should be closely linked to monitoring programmes, in order to maintain complete consistency between programmes and their strategic frameworks (S3).
- (64) The PA needs to provide details on how the alignment with RIS3 priorities would be ensured and monitored to be subsequently assessed, and also what is meant by science and technology programmes of 'strategic interest' – i.e. how are they defined and what are the criteria – as they are at the forefront of intended R&D support. R&D support must be on a project basis excluding either support to programmes or research activities undertaken by isolated researchers (i.e. postdoctoral researchers). It should also be clear and explicitly stated that maintenance and operating costs will not be funded.
- (65) Synergies between ESIF support to R&I with other EU funding mechanisms also need to be explicitly identified with both the complementarity and coordination explained, and the scope for synergies with specific instruments under Horizon 2020 described (excluding support to participation in international institutions).
- (66) We appreciate that PA priorities align with the priorities resulting from national and territorial S3. However, the fact that the S3 plans do not contain measures to stimulate private investment in emerging specialisations, leads to the need to apply a concrete plan of action for this key element of S3 and, in particular, the participation of companies in the process of definition of the policy mix in an entrepreneurial discovery process. Although there is a clear link from the analysis to the priority setting process, there could be a better explanation/justification on how stakeholders had a direct influence on the priorities, especially at the regional level (at the national level this is spelled out in detail).
- (67) The RIS3 is at the heart of the theme 'competitiveness and internationalisation' but it should have an impact on the other themes too. The national and regional strategies have all closely followed the Commission guidance (RIS3 Guide). There is now a clear articulation of how the national and regional strategies fit together and the steps

needed to fully meet the *ex ante* conditionality requirements. The analysis is good but the themes are analysed independently of each other. The RIS3 EAC is much more advanced but a policy mix and monitoring and evaluation system is needed. For TO1 we suggest a more territorialised innovation policy. Above all, there should be a clearly demonstrable commitment on behalf of the relevant ministries as well as the Regional Coordination and Development Commissions (CCDRs) to work together in the finalisation and implementation of the Portuguese S3.

- (68) The PA refers to implementing actions to support the coordination and management of clusters, but it does not give any further detail. The PA should further specify what the foreseen measures are and how cluster policy is going to be developed. It should be noted that the evaluations concerning the National Strategic Reference Framework 2007-2013 (QREN) have pointed at the insufficient follow-up and coordination of the clusters policy as areas for improvement.
- (69) The potential for innovations linked to the conservation of marine resources, that introduce methods and techniques that reduce the impact of economic activities on the marine environment, including mitigating climate change and improving energy efficiency, should be analysed.

ICT

- (70) There is poor analysis regarding ICTs which is partially linked to the lack of full implementation of the relevant *ex ante* conditionalities and no clear link is established to Portugal's main digital strategy and its implementation.
- (71) There is still no evidence of any infrastructure mapping, which should be at the basis of decisions concerning investment on broadband infrastructures (to validate the claims regarding a good level of deployment but also to identify if there are any particular needs focused in a specific territory). Some clarity is still necessary in relation to the financing of broadband. It could be indicated whether it might, in duly justified cases, be financed by the EARDF, or otherwise an explanation is required on what is meant by '*outros fundos*'.
- (72) For ICTs there is still no mention (nor assessment) of the previous experience with the period 2007-2013, namely as regards the support to SMEs. There is no territorial analysis (also not for the outermost regions) to justify the market failure for some low density areas and rural areas.
- (73) The PA does not necessarily diverge from the analysis in the CPP in relation to eGovernment issues but there has not been much evolution from the previous version. There is a need for an analysis of the situation and of the reasons that explain the lower general use of internet, eCommerce, public administration services, eHealth, digital inclusion, eEducation, eCulture, eProcurement, etc. and the adoption of corrective policies.

The priority is exclusively given to the public administration, on the offer side which is not enough to change the situation and to stimulate demand and the uptake of ICTs/internet.

There is therefore also a need for a stronger focus on strengthening basic ICT skills (e-skills) and the motivation to use online services in order to increase the use of e-

government services in the population. This should get more focus in the PA analysis and particularly in the priorities.

The support to the use of ICTs in the context of other types of public services, such as learning, culture or health and eInclusion, are also mentioned under TO2 but without any clear indication of the type of initiatives intended.

The support to the use of ICTs in relation to companies and SMEs will not be part of TO2 but will be incorporated transversally in other activities under TO1 and TO3. Unfortunately the exact nature of the initiatives foreseen remains too vague and there is no indication of what exactly is intended.

- (74) There is now mention of the intention to monitor, through specific indicators, how the ICTs (TO2) are being transversally implemented, under other TOs and included in more integrated approach measures for SMEs. However no information is provided on exactly the coordination that is to be implemented and who will monitor the process; this must be provided.
- (75) eSkills and the role of ICTs in education continue to be equally neglected in the analysis, as also indicated in the *ex ante* assessment.

The reference to the support of e-skills under TO8 remains equally undefined and vague. The PA must define clearly under TO8 the initiatives taken to tackle what is recognised in the PA as one of the main barriers for the use of ICT and electronic public services, i.e. the lack of digital literacy, notably through initiatives to improve eSkills and foster eInclusion.

The regional dimension of continental Portugal and Azores and Madeira remain absent and have not been characterised.

In the same line, whereas Portugal has a developed ICT sector, the document only briefly recognises that the potential of the digital economy is not fully tapped due to the insufficient level of digital skills. What seems an important new concept (*'atendimento digital assistido'*) is mentioned as potentially providing easier access to eGovernment services by digitally illiterate people, without however explaining the concept, how it would be made operational or in what way the ESI Funds would be called on to intervene. This needs to be clarified as well as concrete responses to identified challenges (i.e. population ageing). Another indication of a skills-related problem is the fact that Portugal's share of ICT professionals in the total workforce is just above 2 % while the EU27 average is above 3.5 % (Eurostat).

The recent European Council Conclusions (October 2013) have given a large space to digital skills, and have specifically requested that ESI Funds be used to upgrade these skills. A stronger emphasis on digital skills training, in particular for ICT specialists, needs to be made in the document. Moreover, the document does not take sufficiently into account the Position Paper, in particular for the need to invest in the stimulation of use and demand for ICT.

It is now mentioned that '*Os Programas Operacionais apresentam informação mais detalhada sobre o tipo de intervenções prioritárias em diversas áreas (e.g. Justiça, Administração Tributária, Economia, Segurança Social e Ensino Superior)*', however some level of information must already be included in the PA.

- (76) The '*Plano Global Estratégico de Racionalização e Redução de Custos nas TIC*' (PGERRTIC) is mentioned in the *ex ante* conditionality summary table, but there is no elaboration on how it will be implemented; PGERRTIC includes 25 measures along 5 main axes, and even one for best practice ('*M20 - eDiretório de boas práticas TIC*'), and all for the public administration; the PA should mention this and to what extent the ESI Funds will be used to reach these objectives.

Support to SMEs

- (77) The document describes the symptoms of the current economic situation but does not assess in detail the underlying causes and the role that better designed public policies could play. The analysis appears consistent with the CPP, however the choices made require further development and reasoning and overall, the PA lacks a clear result-oriented intervention logic.

As indicated in the *ex ante* assessment of the PA, more detail should be provided as regards the expected results.

There is an overall lack of precision in the text. It is difficult to identify the future use of the ESI Funds. Please note that we are not talking about longer texts but rather more precision. As a result of this lack of precision, it is also difficult to assess whether the lessons learnt from the past have been duly taken into account. Experience from 2007-2013 still does not seem to be carefully analysed and taken into account in order to improve the quality of the interventions and provide appropriate responses to the challenges raised by the next programming period.

- (78) There should be an explanation and lines of action on how the untapped potential of competitiveness in businesses of the various maritime sections will be unlocked. Following the Common Fisheries Policy (CFP) reform, we expect a strategy to be devised to improve competitiveness in the fisheries sector especially in relation to its future economic profitability and social sustainability. On pp. 106 to 108, the PA should indicate the business clusters in maritime sectors that could create growth and jobs. Maritime sectors are referred to as resilient to the financial and economic crisis, so in this sense it should be interesting to outline how they could induce competitiveness in the economy.

Transport

- (79) Overall, there is a vague analysis of the development needs, and growth potentials with reference to the thematic objective, but less so (or only in an incomplete form) of the territorial disparities and challenges. There is no analysis of previous experience and assumptions are not supported by figures; the links between this rather superficial strategy and the priorities and between these and the results to be achieved and actions to be developed are not clear and should be further developed, so as to provide a better understanding of what is intended. The TO7 is only marginally mentioned in Chapter 1.1.

There is no link to regional development or territorial development strategies of the country, namely to the PNPOT (*Programa Nacional de Política de Ordenamento do Território*) which should be a basic condition for any transport development strategy.

This is probably linked to the non-fulfilment of the *ex ante* conditionalities (non-existence of a strategic transport master plan).

- (80) In relation to Europe 2020 targets, the need to contribute to reach a level of 10% renewables in transport is mentioned in a footnote, however it should be mentioned as a concrete target to be reached; there has been no further elaboration regarding development of sustainable mobility and a strategy/methodology to elaborate consistent mobility plans.
- (81) There is a rather one-sided approach, only focusing on the need to improve the transport sector for enterprises to be more competitive, however never mentioning that it is (also) important to develop the passenger transport system in such a way as to ensure sustainable mobility; and while the strategic development needs referred to are certainly important, they are not based on any analysis of experience (namely of current and previous programming periods) nor in an assessment of the current situation and trends (internal and international) and the analysis of possible evolution scenarios. The accent is put mainly on the need to reduce the time and cost of transports for enterprises, but while time may be a constraint for some products, 'logistics, such as transport and storage, accounts for only 10-15 % of the cost of a finished product'.
- (82) The availability of infrastructure and logistics is a key factor to attract, locate and retain enterprises; the overall context ought to take on board the revision of the TEN-T guidelines and notably the 'Atlantic Corridor'. Although there is a mention of the TEN-T in the framework of the Atlantic Corridor, this should be further developed, referring to the core and the comprehensive networks. In this context, the rail freight corridors as defined by Regulation 913/2010 should be mentioned, considering the identified need to reinforce interconnections with Spain and the rest of Europe, as well as the removal of legal barriers to the access of infrastructure, which could be helpful too to improve the competitiveness of rail.
- (83) The realistic and mature project pipeline that has to be provided as one of the EACs means a list of projects for which the works are expected to start during the first three years of the programming period, for which (i) a feasibility study (including options and preliminary design) has been concluded, (ii) there is a positive cost-benefit analysis, (iii) the Environmental Impact Assessment and other assessments are ideally finished or at least sufficiently advanced (public consultations and other authorities finalised), therefore without outstanding environmental issues, (iv) identification of potential state aid has been considered, and (v) there is a detailed implementation timetable, detailing procurement procedures and permission procedures. For the successive years, the comprehensive transport plan should contain an indicative list of projects.
- (84) Synergies with CEF are treated in a very vague paragraph, repeating what is already in the CPR. The PA should state how the synergy and complementarity is going to take place in practice. The type of projects that should be supported by cohesion policy and what type of projects should be supported by CEF.
- (85) The key problem of the high level of debt of the state-owned enterprises (SOEs) and the forthcoming privatisations and launch of concessions in many SOEs should be taken into consideration when setting the strategy and the priorities.

- (86) There is a lack of logical framework for TO11, as in a coherent line presenting all the main weaknesses of the public administration, the means to correct them, concrete actions and goals, follow-up of the elements of Public Administration reform in place (Section 1.1.6), and expected results. Box 9 could be improved with a description of the intervention logic in this domain across thematic and regional OPs. Also, the Commission would welcome more information on why the reform should be supported by the ESI Funds, what would be funded or not, and why so.
- (87) Spatial organisation and institutional capacity are still just vague ideas. There are mentions of eGovernment but no information on how this facility will reach the common citizens, since there is still great computer illiteracy (please see also comments on ICT). It is not clear what the response to the challenges identified is.
- (88) As regards the low level of competitiveness and growth of the Portuguese economy, the Commission notes that substantial efforts are needed at all levels of public administration, including public sector agencies, to respond to the expectations of citizens and businesses through regulatory and structural reforms, including anti-corruption measures. Though various anti-corruption initiatives have been implemented over the last decade, including new legislation, there is no comprehensive national anti-corruption strategy in place. A clear reference to such a strategy should therefore be made in the PA, taking into account also the findings of the Commission's 2014 Anti-Corruption Report.
- (89) In general, some comments issued by the Commission during the informal dialogue have been taken into account. However, the results to be achieved are not clear. It seems that the goals to be reached in the framework of TO11 are all directed to increasing citizens' internet access to the public services. There is nothing concerning reduction of burden in justice or reduction of the delays in the acquisition of the public services.
- (90) One of the priorities stated in the CPP is the increased capacity building for social partners, non-governmental organisations (NGOs) and other relevant stakeholders in employment, social and education policies. There is very little information on this issue. There is no reference to the liaison between the public administration and other partners outside the sphere of the state, such as NGOs, social partners, business networks, etc.

Social Inclusion and Employment: employment, social inclusion, education

- (91) It is clear that Portugal is programming the ESI Funds to meet the Europe 2020 targets. The analysis refers to the Europe 2020 targets and CSR. However, there are no lessons learned from ongoing assistance in order to ensure future activities' effectiveness. Moreover, problems linked to employability and skills matching are not properly addressed since there is a strong focus on increasing qualification without a proper strategy to increase employability.
- (92) In spite of the positive evolution in terms of early school leaving, there is still a significant gap which will be quite challenging to reduce. The measures proposed to address the needs and achieve the Europe 2020 targets seem to replicate the current interventions without enough innovation. At present, more concrete information regarding the OPs is also required to understand how the inter-regional disparities in terms of education, employment, poverty and social exclusion will be addressed through

a coherent strategy integrating the thematic and regional OPs. The Commission expects this to be further assessed in the OPs.

Employment

- (93) The substantial budget allocated is considered appropriate but the Commission would like to see more focus on learning from past experience, a really integrated future strategy, and expected results.
- (94) As the Commission recommended, this version of the PA gives a stronger focus to youth unemployment and contains well-organised information on the youth guarantee. A summarised description of the NEETs (not in employment, education or training) situation in Portugal should be included.
- (95) The target groups to be addressed by active labour market policies are mentioned but it is still not clear which measures will address who. Examples of actions taking place in the field to address the needs of marginalised groups were not further identified under this IP. Internships for skilled young unemployed and long-term unemployed are foreseen, but it is still not clear how the Member State will actually fulfil the needs of long-term unemployed (LTU) and low qualified workers. There is an additional reference to the need to create and maintain sustainable employment, but no specific measures are described.

Social inclusion

- (96) An explanation on the contribution of the ESF to the achievement of Europe 2020 targets is still missing, even though the PA says that this information will be detailed in the OP. The health strategy needs to be more specific on how to improve access to the health and social services by people in disadvantaged situations, since this is a key aspect to promoting social inclusion. The PA should include information on how the ESI Funds will be used to support this strategy.
- (97) Action lines to fight poverty and social exclusion for the programming period 2014-2020 must be better specified.
- (98) Proximity care, the 4th age and unemployed must be better addressed and these measures should be further developed in the chapter on Social Inclusion and Employment. It is also not clear whether new typologies for social inclusion to deal with new realities were studied. As previously mentioned, a clear strategy to address the needs of people in disadvantaged situations must be designed and the articulation between funds must be assured and well organised.
- (99) The identification of challenges in the health sector is still missing; although the global strategy is presented, the document fails to present both strategy and challenges for the main investments (current situation, gaps, strategy and actions planned). Exact measures are not laid down, even though there is commitment towards the priorities defined by the Commission in the European Innovation Partnership on Active and Healthy Ageing.

Education

- (100) In Chapter 1.1.2 – Social Inclusion and Employment – fighting early school leaving is considered part of the human capital field. Regarding the chapter on Human Capital, the bottlenecks analysis was further developed and more detailed information is provided. However, the high rates of early school leaving (ESL) in Madeira and Azores are still not mentioned and the regional analysis remains insufficient and needs to be completed.
- (101) The PA foresees the development of mechanisms for anticipating and identifying training needs, crossing qualitative and quantitative methods, considering different socio-economic strategies and territorial scales (national, regional and local). Regarding the mismatch between higher education and the labour market, there is a will to rationalise the training offer in higher education, adapting it to the needs of the labour market aiming at fostering mobility and employability. However, the Commission would appreciate more engagement of the Portuguese authorities on the international dimension of higher education, as well as on university-business cooperation, university-led business creation (spin-offs, start-ups) and on entrepreneurial education.
- (102) We note with satisfaction the attention that is given to the support of cultural and creative industries (in line with the CPP) with emphasis on the production of higher added value and innovation in the context of social innovation and social inclusion at local and community level.
- (103) The Commission welcomes the developments made on the table with the main results expected for TO10 investment priorities. There is also now an explanatory text on the coordination of the instruments and actions used to address the different IPs, as well as an intervention logic. Nevertheless, the table regarding the human capital constraints remains almost unchanged and thus some clarification is still needed on the distinction between the most important policy instruments and actions to address the three constraint areas identified - (i) low level of qualifications among young people and adults, (ii) quality and efficiency of education/training, (iii) adjustment of people's skills to the labour market.
- (104) The PA indicators provide feedback of the measures' effectiveness in terms of enrolment and attainment levels only but not in terms of employability and growth, which are their ultimate goals. Indicators could be improved in this line.

Sustainable growth: resource efficiency, climate, environment

- (105) As a general comment and in addition to similar comments made in Part I, we would require that for all the infrastructure sectors, the PA should analyse the needs for further infrastructures/large equipment investments, taking into account the significant investments by the ESI Funds over the last decades. This would refer in particular to risk management (where the whole system should be explained) but also the waste and water sectors could be more concrete. An analysis should also be done for potential improvements for public buildings affected by earthquakes/critical buildings.

Resource efficiency

- (106) Investments to promote a low-carbon economy are one of the main priorities in the future in Portugal. This requires the particular needs of the country to be well identified

in order to ensure a proper concentration of investment resources and attainment of policy objectives.

- (107) When addressing the priority to shift to a low-carbon economy and the investments on renewable energy sources (RES), the PA should mention the Strategic Energy Technology (SET) Plan as the main EU strategy addressing the needs of R&I in the area of low-carbon energy technologies. Its objectives are indeed guiding the national strategies of Member States and Portugal is a member of the SET Plan Steering Group.
- (108) The draft of the PA had improved significantly in terms of the analysis of the current situation and the contribution of ESI Funds to Europe 2020 targets; however, the PA should still better explain what the complementary investments/actions are, in order to fulfil the objectives.
- (109) If investments are envisaged on energy efficiency related to agriculture, forestry and the use of biomass-related energy, an analysis identifying the current situation and its potential is required.
- (110) The disparities of regions are also important. It is important to highlight the specific needs and characteristics of the urban/rural areas. Furthermore, the two outermost regions have very specific handicaps and challenges that must also be identified to justify a broader range of investment proposals.

Climate and risk management

- (111) The analysis is not complete: this is in part due to the fact that the risk management system is not explained. It should be explained how the current system works (including meteorological systems and others if the Member State intends to finance them), what infrastructure/vehicles exists, analysis of current capacity and previous period financing. Technological risks and international cooperation should also form part of the analysis. There should be a clear needs analysis for the country, including the islands. The concrete vulnerability of the nine listed sectors for climate change must be elaborated with key priorities/needs including distance-to-target; there is no clear link between analysis and objectives.
- (112) A brief description of the goals of the following strategic documents should be added '*Roteiro nacional de baixo carbono 2020-2050*', '*plano nacional para as alterações climáticas (PNAC) 2020*' and '*planos sectoriais de baixo carbono*'.
- (113) The selection of funds and thematic objectives is largely coherent with the needs of the country for climate change mitigation and adaptation and the funding priorities reflect the country's needs. However, the PA should give additional consideration to the contribution of ESF and EMFF to climate action. Additional consideration should also be given to opportunities to include climate-related actions under TO1 (e.g. actions on supporting partnership development and the research infrastructure for climate change), TO3 (e.g. business development linked to low-carbon economy and resource efficiency), TO8 (e.g. green jobs), TO10 (e.g. training to promote climate change adaptation and risk management and research partnerships), and TO11 (e.g. targeted awareness campaigns on low carbon, enhance administrative capacity in relation to climate action impact in climate change strategy). The PA should give more details on

what climate actions are envisaged under other sectors: agriculture, industry, energy and water.

- (114) A broader perspective is needed including both natural and technological disasters. It is not enough to mention the risks, the PA should analyse them and explain why the situation is what it is for the risks mentioned (fires including forest fires, tsunami, earthquake and others), so that a clear link can be made to the objective part.
- (115) The PA should better link the development needs that had been identified in the CPP (addressing natural as well as chemical and industrial disasters, links between detection and early warning systems, training in cooperation with Member States) and the proposed actions. The needs and proposed actions should be reflected on the basis of the national risk assessment being prepared by the Portuguese authorities (also relevant for *ex ante* conditionality 5.1). It is worth recalling in the PA that, in addition to sustainable development risk prevention, risk management and resilience should contribute to 'disaster proofing' key development sectors such as transport and energy, infrastructure, innovation and R&D, increasing business competitiveness of SMEs, sustainable urban development.
- (116) Interventions addressing flood risk prevention and management need to be coherent with the Flood Risks Management Plans due in 2015. For the time being, Portugal needs by 2013 to develop flood hazard maps and flood risk maps for areas where real risks of flood damage exist (p. 55). No references to natural water retention measures are found. The Flood Risk Management Plans should be specifically mentioned. As requested for other directives, a reference where Portugal is in relation to the Floods Directive should form part of the analysis. The 22 areas of significant risk identified only show areas on the mainland. Information for the islands should also be added.
- (117) When addressing climate change adaptation, risk prevention and management, the PA should better take into consideration the specific territorial imbalances within the country. There is no mention/analysis of cross-border challenges, cooperation or cross-jurisdictional areas, and little specific analysis of the outermost regions, especially for the Azores.
- (118) There is a reference to the use of funds to support measures in nitrates vulnerable zones but it lacks more information on what type of measures or funds (EAFRD) will intervene. Portugal has to comply with the Nitrates Directive so more detail is needed on what intervention is sought. A link to the Portuguese Rural Development Programme should be made (assuming this will be the major intervening fund) and the indication of what type of intervention is foreseen as, for instance, agro-environmental measures will indirectly have an effect in these areas.

Environment

- (119) Overall we recognise the efforts made by the Portuguese authorities to take on board the environmental concerns in a satisfactory manner. However, we consider the analysis still incomplete. All analysis namely of biodiversity, water, water quality, small water supply zones (as identified in the Position Paper), noise and air quality, should be done based on the relevant EU directives and assessing the Portuguese situation in relation to them (gap-to-target analysis), as has now been done for waste. All main strategies should be briefly described with their objectives, including the River Basin

Management Plans (RBMP). The analysis needs to include for all sectors what has been financed in previous periods (waste, water, biodiversity, etc.).

- (120) Environment, sustainability, green economy, resource efficiency are rarely mentioned when the development needs, funding priorities and results are described in TO6. For waste water, biodiversity and waste, the PA should show the needs also on a regional level.
- (121) The application of the polluter pays principle needs to be well described for the distinct sectors and users, for instance, in relation to the apparent proposal to use EAFRD Funds to help implement the Nitrates Directive.
- (122) TO1, 2, 3 and 8 have big opportunities to mainstream environment that should be taken into account.

Water

- (123) The water analysis should be complemented with information regarding water pollution, water pricing, structural water shortages, water losses, sustainable use of water, sludge management, over-capacity, application of polluter pays principle for water and tariff systems.
- (124) Good quality of water: please explain the main objectives of RBMP and specify what is meant by '*outras medidas*'.
- (125) In general, the PA seems to take into account the water-related priorities identified in the CPP. However, there are several issues that require attention.
 - Apart from the envisaged innovation intervention in the field of agriculture, Portugal is also recommended to consider developing innovation actions on water priorities within the EIP European Innovation Partnership (EIP), where relevant.
 - Any planned interventions in the utilisation of renewable energy resources should properly take into account the Water Framework Directive (WFD) requirements.
 - Portugal rightly points out that the water priorities have to be consistent with the RBMPs, the Programme of Measures and the implementation strategies for sectoral directives (Nitrates Directive (ND), Drinking Water Directive (DWD) and Urban Waste Water Treatment Directive (UWWTD)). However, it is difficult to comment as the RBMPs have been reported late and the Commission is currently undertaking their assessment.
- (126) Where the implications of implementing existing water legislation are outlined, the link should be made also with the implementation of the Marine Strategy Framework Directive (MSFD). Attainment of 'good environmental status' by 2020 (as required by the MSFD) is partly dependent on proper implementation of legislation governing upstream water bodies and water treatment.
- (127) Many agglomerations in Portugal are still not compliant with the UWWTD regarding the different deadlines. The PA is a way to accelerate the compliance which has to be finished as soon as possible, not setting out a new 2020 deadline.
- (128) The CPP mentions the low compliance of the Drinking Water Directive with regards to small water supply zones (WSZ) and this should also be addressed in the PA. We hope

that in the PENSAAR 2020 we will find all the responses about the implementation of the water directives with detailed information for each agglomeration and WSZ. This should be explained and confirmed.

Waste

(129) There is no analysis of the reasons for the still high levels of landfilling of municipal solid waste. Portugal must explain concretely the strategy for achieving these goals. There should be a target year by year to show how the 2020 goals are to be achieved. Portugal should explain PAYT systems (Pay As You Throw) in place and planned for the future as well as landfill tax, producer responsibility and hazardous waste.

The current waste system must be explained including reasons why the situation is like it is. A regional analysis should be added to show where the problems are. More information should be provided on the use of FIs.

Biodiversity

(130) The PA should explain the situation, more concretely regarding biodiversity in Portugal, including the reasons for the main problems and what has been financed and the lessons learnt. The PA should indicate how many sites are lacking management plans, what is the status regarding the EU nature directives, the distance to targets and obligations. The main objectives of the Prioritised Action Framework (PAF) should be explained. It needs to make clear that the lack of management plans for some Natura 2000 sites will need to be addressed in the programmes, but that such a lack should not be seen as an obstacle to the introduction of interim protective measures in these areas.

Air quality/noise

(131) Air quality figures would be welcome to improve the description of the current situation, as well as a justification on why measures targeting air quality and noise reduction should be funded, as noise reduction has not been identified in the Position Paper as a priority for Portugal. Both air and noise analysis has to be more concrete to understand the extent of the problems. This analysis should be done in relation to the EU directives.

Environment - Nature

(132) The issue of soil quality needs to be added: we expect actions to address this, whether via paid measures, or CAP 1st pillar Good Agricultural and Environmental Conditions rules, to address the problems of low soil organic matter, and the related problems of soil erosion and desertification

(133) Forestry: we would also expect to see something about intentions for forestry.

Territorial challenges

(134) The paragraph on territorial disparities and potential cannot be considered satisfactory due to an inappropriate methodological approach (having a sectorial approach to a

cross-cutting dimension), as well as the lack of comprehensive elements on the territorial dynamics. In addition to the analysis of the sectorial challenges, the chapter must therefore provide a detailed analysis of the territorial development needs, potentials, imbalances and bottlenecks.

As already mentioned for employment, social inclusion and human capital, this chapter is still quite incomplete as it includes basically general comments regarding the need to take into consideration the specificities of the different territories and the asymmetric impacts of the actual economic crisis.

The territorial analysis shall make use of harmonised spatial definitions where applicable. In particular urban, rural and coastal areas referred to in the analysis shall be delineated according to the harmonised definitions published by the European Commission.

- (135) No territorial analysis has been undertaken regarding ICTs. Territorial imbalances are hinted at regarding broadband coverage but no evidence of mapping identifying problematic spots or areas seems available.

The presence of TO2 in the OPs of Azores and Madeira is indicated; however there is no indication of how the problems identified can be successfully addressed exclusively through a thematic OP without any need to specific regional consideration in the PA. No analysis on the specific challenges of Azores, Madeira or any other region regarding ICTs is present.

In addition, as indicated in the *ex ante* evaluation carried out by ICETA (Institute of Agriculture and Agri-Foodstuffs Sciences and Technologies) there is an inconsistency because TO11 will include a regional component that will not be matched by actions under TO2.

- (136) The PA should better identify specific development needs for climate change mitigation and adaptation and cross-sectoral coordination challenges related to imbalances across the country. The differences in adaptation (e.g. drought, flood erosion risk prevention, etc.) and mitigation needs should also be connected to the territorial interventions mentioned in the PA (e.g. PNPOT) for which different development tools will implement climate change action.

- (137) No specific strategies are outlined for outermost regions or aimed at addressing specific territorial challenges (for example in relation to TO3). There are areas such as eHealth or eEducation and eCulture, etc. that could be particularly relevant for the outermost regions but are not mentioned.

Regarding environmental questions there is no specific analysis for Madeira and Azores; waste or biodiversity have no regional information. Biodiversity mention only coastal or marine areas for Natura 2000. Despite the fact that the text already presents an improved overview of the challenges faced when compared to previous versions, it could be more precise specially regarding the challenges and interventions related to TOs 4, 5 and 6.

1.2 Summary of the *ex ante* evaluation of the programme

NA

1.3 List of selected thematic objectives and the main results expected

(138) In line with the CPP, all 11 TOs are chosen, and there is an explanation provided for the selection.

For EAFRD, selection of TOs and the general content of expected results are mostly consistent.

(139) Now that the reform of the CFP has been adopted by Reg. (EU) 1380/2013 of 11 December 2013, the PA should point out the methods of implementation namely in terms of landing obligations, reaching maximum sustainable yield (MSY) and reduction of overcapacity of fishing fleet in order to achieve the balance between the fishing capacity and fishing resources and improving competitiveness of the sector.

(140) The main results the Member State seeks to achieve, especially in relation to the Europe 2020 objectives, shall be expressed using indicators of the European Statistical System where applicable.

(141) A clear differentiation needs to be established and explained between support under TO1 and TO3. As indicated by the *ex ante* evaluation of the PA, better defined borders should be introduced as regards priority 1.2 in TO1 (innovation in enterprises), priority 3.3 in TO3 (innovative investment in SMEs) and priority 3.4 in TO3 (innovation and exports by SMEs).

Competitiveness and internationalisation: research and innovation, ICT, competitiveness

Research and innovation

(142) The knowledge transfer mechanisms need to be adequate to the level of challenges, collaborative and enterprise R&D needs to concentrate most of the overall R&D financial allocation, and the scope of innovation investments considered needs to be defined precisely in order to exclude productive investments for large enterprises and establish clear complementarity with what is done under TO3. There is a need to adapt advanced training programmes to the business environment and establish mechanisms to place such highly trained staff resources in enterprises.

(143) The draft identifies the need that entities of science and technology should cooperate with companies: there have to be reflections on the role of higher education institutions in the national and regional innovation system with a special emphasis on sustainable university-business partnerships, university-led business creation (spin-offs, start-ups) as well as entrepreneurial education at higher education level.

(144) The PA needs to justify the distinction between the incentives for investment in R&I (and in general for all interventions across TO1-3) to be funded by the thematic OP or by regional OPs. Some activities appear to overlap while for others an arbitrary distinction by micro, small, medium and large enterprises is given in Annex II without substantiation. In any case, a system of coordination between the Managing Authorities (MA) of the thematic and regional OPs should be put in place to manage the potential programming and geographical implications of such support schemes.

- (145) In relation to TO1 (pp. 100-103), we appreciate firstly the recognition of the need to target interventions to the transfer and the economic valorisation of knowledge by enterprises; secondly, we should welcome the decision to align the programmes with the smart specialisation strategies. However, we would like to propose that, in the same way that they confirm this principle in the description of the activities of IP 1.1 (Table 12, p. 101), they also have to do it in the description of IP 1.2 (Table 12, p. 102).
- (146) The intervention logic of TO1 has improved substantially compared to earlier versions. The RIS3 is referenced almost exclusively in the section on competitiveness and internationalisation and yet, the strategy itself rightly states that the nature of R&I should be broadened. Thus, it should have relevance to the other main themes of the PA (social inclusion-social innovation, human capital-entrepreneurship, sustainability-eco-innovation, etc.). The results are better as they explain more qualitatively what the funds will achieve. They lack however, a sufficiently place-based objective and intended results – i.e. an increase in the levels and participation in innovative activities in all Portuguese regions, aiming for a territorialisation of innovation policy.
- (147) The expected results of investments in TO1 are much better framed than in the first submission, and now include a qualitative description of the results in terms of the R&I system. They could still go further at this strategic stage by describing what the outcomes would be for the economy; society and environment at large (i.e. link the expected results of the TOs). In addition, an explicit objective of TO1 should be to increase the levels and participation in innovation levels across all Portuguese regions through a territorialisation of innovation policy.

ICT

- (148) Regardless of whether ICT investments are identified under this TO heading or elsewhere in other TOs, their role needs to be clearly identified in the PA under the other TOs; OPs must subsequently make use of proper indicators and a global monitoring mechanism needs to be set up and mentioned already at PA level that will ensure adequate monitoring of ICT investments throughout the period.

The results expected under this TO – increase of the availability of public services online for the citizens and companies – do not capture correctly the priorities.

The PA indicates as priorities for TO2 the '*Reforço das aplicações de TIC na administração em linha, aprendizagem em linha, infoinclusão, cultura em linha e saúde em linha*', and as objectives '*Reforçar a disponibilidade de serviços em rede por parte da administração e serviços públicos*' and '*Melhorar a eficiência interna e a capacidade institucional da Administração Pública*', which is clearly limited and also not developed in the text.

Other issues could be considered and covered, namely as regards eCommerce, eHealth, digital inclusion, eEducation, eCulture, eProcurement, eSkills, cyber security and resilience to name the most important.

The PA should also mention and develop the ICT-related initiatives that will be developed to support SMEs, namely to improve their internationalisation.

- (149) The actions to improve digital skills, not only of civil servants but in general, should also be mentioned, in order to develop and upgrade the level of digital skills in Portugal

and the number of ICT practitioners. A special reference should be made in relation to the training of ICT specialists, namely to provide effective ICT training and certification outside the formal education systems, including the use of online tools and digital media for re-skilling and continuing professional development.

Support to SMEs

- (150) The PA refers in generic terms to the higher interest rates with which Portuguese SMEs (and also larger companies) are confronted when compared with companies in other Member States.

However, the document does not provide additional elements which might substantiate and characterise the possible market failures identified (i.e. type of companies, business cycle phase, nature of the sector, etc.).

The rationale for the use of grants, compared to repayable assistance, is given by the existence of 'meaningful market failure'. Taking into account that the justification for ESIF interventions must be based on market failure, the document should clarify what should be classified as 'meaningful market failure' and as 'normal' market failure in order to clarify in which areas grants should be used and the other fields where FIs would be adequate.

The current version of the document, lists types of FIs which the Portuguese authorities intend to implement in 2014-2020. However, this typology is not validated by an appropriate analysis demonstrating that these are the appropriate instruments to tackle the problems with which companies are confronted.

Furthermore, it does not seem to take into account drawbacks and limitations detected during the current period and which should be taken into account for the future.

- (151) In relation to actions on the access to finance area, we are concerned by the lack of detail on what types of actions are envisaged in this area. The document presents types of FIs which are envisaged without providing concrete details or substantiating the choice of such instruments.

The statement related to the intended use of 'new debt instruments' is extremely vague and some detail should be provided about what is envisaged.

As mentioned in the *ex ante* assessment of the PA, particular attention should be given to FIs addressing later stage venture in order to avoid the so called 'valley of death'.

- (152) The PA foresees actions to empowering and consolidating incubators infrastructures. However it is not clear what type of actions are envisaged and whether this would entail an expansion, maintenance or reduction of the existing infrastructure. (The atomisation of technological incubators without any critical mass has been identified as a weakness in the evaluations of the previous programming period.)

As regards infrastructures, further clarification should be provided regarding the activities envisaged since the document provides examples of some actions foreseen while not including others.

- (153) As also mentioned in the CPP, integrated business advisory services should be strengthened. Lack or inadequacy of such services can represent a serious bottleneck for the development of new business and an extra burden for existing or new companies.

The PA should summarise the identified needs and gaps in this area, the overall approach, structures to be used.

- (154) The promotion of entrepreneurship should include self-employment and should take into account the provision of adequate FIs and the development of new business models.
- (155) This chapter covers what was foreseen in the CPP with the exclusion of the promotion of business start-ups in the agriculture sector and the fostering of the entrepreneurial and management skills of agricultural managers (different from general training) that is not sufficiently addressed. The CPP stated that: 'Portugal should tackle the competitiveness problem of farms and agro-food industry by promoting business start-ups modernisation, innovation and specialisation in products generating a higher added value. Particular attention should be given to favour the setting up of new farmers and to foster entrepreneurial and management skills'. These issues should be addressed here. The promotion of business start-ups and diversification in rural areas should also be better addressed under TO3 besides the references in the chapter to CLLD.
- (156) While redrafted, expected results indicated are still vague. As indicated in the *ex ante* assessment of the PA, they should be considerably developed, justified and aligned with each of the ESI Funds.
- (157) The conservation, protection, promotion and development of the natural and cultural heritage: the organisation and promotion of events should be excluded as they cannot be considered interventions of a structural nature. Operating costs of entities are not to be supported by ESI Funds.

Transport

- (158) There must be a realistic list/pipeline of mature transport projects, both for railways and for ports, as is required also by the relevant *ex ante* conditionality. The current text does not constitute an appropriate basis for the requested concentration of funding and for macro-project selection and prioritisation. Neither is it capable of providing the justification and rationale of some priorities such as the inclusion of the financing of rail 'secondary lines' (this must be justified against the recent closure of seven lines) and some road projects, which is an area that the CPP has identified as negative priority. The financing of the so-called 'last-mile' road infrastructure, a negative priority, is still included; also the financing of inland (river) transport is still mentioned (Table 24) under IP 7.3 although that is nowhere else to be found in the text and no justification is provided, and the Commission does not consider it to be a priority. The financing of certain logistics systems or operators are still included under TO7, whereas that should not be considered under transport funding, but go under TO3.
- (159) The indicative breakdown of cohesion policy funds to be allocated per mode of transport (domain) would be very useful and should be included in the PA.
- (160) The PA does not provide any details about the proposed interventions on public urban transport (including medium-range distance home-to-work daily trips), which appears to be relevant for energy efficiency in the transport sector.

- (161) One of the priorities is the development and upgrading of the railway system, which is in line with the CPP and the Commission's objectives, however there is the risk that some maintenance works are financed and therefore it is necessary to specify exactly which works of 'rehabilitation' will be considered and correspond to an upgrading of the level of service of the line. In any case, the financing of infrastructure outside the TEN-T core and comprehensive networks (both for railways as for ports) should be an exception, particularly taking into account the available budget from the CF, and in that case duly justified. Furthermore, there must be some indication for the development of a European Rail Traffic Management System (ERTMS) in Portuguese railways and of the intentions for the deployment of the European gauge (UIC) in Portugal, in line with the transport plan.
- (162) Upgrading of existing rolling stock (e.g. signalling and control system) is only eligible according to the railway state aid guidelines in force. Under the railway state aid guidelines, aid can be given up to 50 % for aid 'promoting interoperability, and, to the extent to which it meets the needs of transport coordination, aid for promoting greater safety, the removal of technical barriers and the reduction of noise pollution in the rail transport sector'.
- (163) The development of ports should be based on sound strategic and economic considerations and duly justified and must take into consideration the limitations due to the financing of commercial competitive ports to avoid state aid issues and focus on accessibility. The wider impact on the distribution of traffic between ports should be considered before the merits of investment at a particular location can be assessed, as investment in one port may result in diverting traffic from another and – eventually – in decreasing of regional economic efficiency and welfare. EU Funds can support only those major investment projects which can clearly demonstrate, by performing a thorough cost benefit analysis (CBA), that they are desirable from the economic point of view and that they are financially viable.

A link towards developing capacity to fully implement eMaritime towards eFreight and further simplify custom operations, on short sea shipping as well, ought to be mentioned.

- (164) The financing of local and regional roads is included as a priority (priority 7.2) and still refers to the financing of secondary and tertiary links to TEN-T road networks, namely the financing of 'last mile roads sections' with less than 10 km (*'Projetos de proximidade de reabilitação ou requalificação da rede rodoviária e do tipo lastmile'*). However, the cases to be considered are not provided; also under the ITIs, for TO7, the following

objective is mentioned *'a melhoria da mobilidade regional, sub-regional e em espaços*

de baixa densidade'. The Commission would like to restate that – in line with the CPP – investment in road infrastructure referred to in the PA, is a negative priority and should not be supported either with ERDF or the Cohesion Fund.

- (165) The financing of urban mobility collective public transport, even if contributing to improve energy efficiency and reduction of CO2 emissions, should only be considered when it is done and justified in the framework of sustainable mobility plans, and not as

isolated projects; this condition is yet to be inserted in the PA. Urban mobility includes some actions that should not be accepted as such in an isolated manner, for example the financing of retrofitting of public transport vehicles. This should also be reformulated and shifted to TO4.

- (166) Expected results are listed after Table 14. They should be further developed. At this stage the list of expected results is short and inappropriate. Some of the expected results in the PA relate to the **non** TEN-T network. The Portuguese authorities should be reminded that the priority –in line with CPP – is on the TEN-T network, in particular on the **core** TEN-T network.

The last expected result is not acceptable as it relates to a negative priority: supporting local roads ('last-mile' as it is called in the PA).

Public administration reform

- (167) The PA presents a set of training measures for public administration but still no clear strategy for organisational change and innovation in public management. On reinforcing the administrative capacity, other measures beyond training possibilities and ICT use should be addressed, such as reforming legislation and procedures or financing studies and advising. Has the modernisation of the management models of third sector institutions, promoting the sustainability of their interventions and different kinds of partnerships namely with enterprises been envisaged through concrete measures? The PA gives a clearer picture of future funding priorities compared to draft versions, but it is still vague in terms of concrete activities and how these fit into a wider strategy.
- (168) The revised EU directives on public procurement provide for a gradual transition to mandatory eProcurement starting in 2016. With a view to optimising the existing eProcurement infrastructure and managing the digitisation of other elements of the public procurement process, the Portuguese authorities should prepare a national strategy with objectives and milestones, taking into account the investments already in place and identified gaps. The strategy should ensure that the most efficient and cost-effective end-to-end eProcurement solutions are adopted in Portugal, that access to eProcurement for companies is facilitated, and that duplication at national/regional level is avoided.

Inclusive Growth: employment, social inclusion, education

- (169) TO8/9/10: the document lacks a more strategic vision for CLLD within the overall strategic approach for territorial development; this strategy should be developed justifying at least the three CLLD domains of intervention mentioned in the PA.
- (170) Diversification in rural areas should be better explained in TO8.

Promoting employment and supporting labour mobility

- (171) Job search and counselling for public employment services (PES) is now also covered in IP 8.1, but other measures designed for PES are still under 8.7. Nevertheless the actions seem to be better designed and there is a larger concern with the skills matching issue.

The indicator of the increased percentage of employees who remain employed comprises two different kinds of results which should be more clearly distinguished since they address different target groups and require different actions. The indicator should therefore be split in two, addressing on the one hand the safeguard of employment and on the other hand the improvement of the labour market situation. In addition, the safeguard of employment does not clearly express a change of situation. It is suggested to clearly refer to the concerned target group or to redraft it in a way that the change in situation can be discerned.

(172) The IPs that were not foreseen on the CPP seem to be better justified, but more work is still needed on 8.4 and 8.7. Only the adoption of IP 8.6 is justified by the need to stimulate proper integration of older people into the labour market and to improve the knowledge and skills transmission between generations.

(173) In IP 8.1, Portugal should foster good quality training and increased flexibility in the structure of training in order to adapt workers' skills to different and innovative areas (e.g. digital jobs and fisheries).

The increase of SMEs' capacity as a result does not address the target groups specified in IP 8.1. This investment priority targets persons, in particular jobseekers and the inactive, not SMEs. How is the action 'insertion of highly qualified human resources in companies' linked to IP 8.1 'Access to employment for jobseekers and inactive people'? It should be more clearly stated that indeed jobseekers and inactive persons are addressed.

(174) Demarcation between IP 8.1, targeting the unemployed, and IP 8.5, targeting the employed should be clarified and well demarcated. One of the main actions foreseen under IP 8.5 still consists in certified modular training, especially for the unemployed and the employed at risk of unemployment.

(175) The explanation on the Youth Guarantee provided at the beginning of the document clarified the role of '*Estágios Emprego*' as a measure to foster the integration of young unemployed into the labour market. Further, the financing for the programming of youth employment initiative under IP 8.2 is specified, as requested by the Commission.

(176) Clarification is needed on the extent of the contribution of '*Estágios Emprego*' (traineeships) to sustainable integration into the labour market. The quality and relevance of such actions should be stressed and possible innovative pathways considered (Table 21, p. 107).

(177) The PA provides further information on this distinction as the measures supporting the creation of self-employment or support for entrepreneurship were divided between supporting measures to employment, under IP 8.3, and investment support to trigger the establishment and sustainability of job positions, under IP 8.8, however the Commission would need to see a clearer demarcation and distinction between the two investment priorities according to the funds.

(178) No further information was provided on the training opportunities for entrepreneurs or support to improve survival of companies after 3 years.

(179) Measures envisaged under IP 8.5 for the Competitiveness OP and Social inclusion OP need to be clearly demarcated. This aspect can only be assessed during the OP analysis.

Under IP 8.5 (adaptation for workers, enterprises and entrepreneurs to change), two actions are foreseen to be financed: 1) the training of entrepreneurs to manage innovation and change and 2) the insertion of highly qualified people into the national scientific and research system. While the first action is welcome and accepted, the second action is not considered eligible for funding by the Commission. It is not linked to adaptability and it is difficult to measure any changes as the funding should be related to the salaries of researchers and other highly qualified people in research institutes without any other conditions, under the assumption that their employment will help the Portuguese economy to become more competitive.

Finally, Portugal only concentrates on the preparation of researchers and entrepreneurs for change and innovation and does not invest in the working population at the level of skilled workers, despite the considerable lack of skilled people among the older adult population. The Commission believes that investment in this group would also bring about a sizeable contribution to competitiveness of sectors undergoing change or restructuring.

- (180) In IP 8.8 it is not clear to what extent the ERDF will intervene in these priorities. Clarifications on this issue must be provided.
- (181) In IP 8.9 the Commission needs clarification on what is to be achieved with 'galvanising specific strategies' and what strategies are referred to. Clarifications concerning the intervention of ERDF in this priority must be provided. There are doubts about how this funding will be used: ITI or CLLD or any other mechanism?
- (182) In IP 8.11 it is not clear whether the objective 'Improve the network of public services in the field of employment' refers to quality and/or also quantitative considerations.
- (183) IP 8.11 – regarding infrastructures and equipment in the area of employment, Portuguese representatives informed that the priorities will be determined at national level by Employment Institute but the funding will be executed at regional level (Norte, Centro, Alentejo) since the National OP has no ERDF intervention. We ask Portugal to consider the option of utilising cross-funding by ESF in the framework of the Economic and Social Infrastructure Operational Programme (ESIOP) for these infrastructures instead of ERDF, as the intervention logic is a thematic one and the type of intervention is completely national.

Promoting social inclusion and combating poverty

- (184) The PA is now more coherent and consistent and it provides a better overview of the main challenges and makes reference to the people most affected by poverty and social exclusion. However, more specific information is still required regarding the way ESF will be addressing the identified problems and challenges for the specific target groups.
- (185) The employment measures are well developed, but access to services is limited to health services and adequate income support is not analysed. Some inter-linkage between the different areas should also be presented. The strategic planning must be better defined and the access to employment should not be the only strategy foreseen to foster equality and integration since access to education, healthcare systems and social services is also important.

- (186) Under paragraph 1.2, the necessity to integrate preventive policies with remedial policies and therefore ensure the access to minimum income (pp. 34-35) is mentioned. However, no reference to minimum income has been made under the ESF priority intervention schemes (p. 101 and p. 115).
- (187) The objective foreseen for TO9 – Increase of the percentage of persons covered integrated in the labour market or other of the active measures after the end of the support and 6 months after the same (p. 111) – should be divided into targeting the labour market and active measures separately, since the two results might have fundamentally different implications (e.g. tax/subsidy).
- (188) Although Portugal demonstrates a will to develop a 'strategic and integrated action to fight child poverty', there are no concrete measures or explanations on how this would be developed. This should be included in the PA.
- (189) As regards the issue of boosting entrepreneurship for the LTU to develop their own business, the Commission draws attention to the need to be cautious in the design of the interventions. Even if boosting social entrepreneurship might be a solution, the coaching process is quite lengthy before the businesses can be self-sufficient and people have a secure job. It should also be assessed whether the self-employed have access to unemployment benefits if their business goes bankrupt.
- (190) When defining priorities and activities under TO9, attention should be paid to the specificities and special needs of third-country nationals, including beneficiaries of international protection (refugees are not mentioned at all in the document). It should be noted that amongst third-country nationals, there are also vulnerable persons (e.g. unaccompanied minors, victims of torture) whose specific needs should be taken into account when defining integrated approaches to support the groups at greatest risk of social exclusion. The same would apply to TOs 8 and 10.
- (191) Actions targeted specifically at Roma communities should be better outlined.
- (192) It is not clear whether measures to foster employability specifically for people most affected by poverty and social exclusion and to improve access to pre-school education were foreseen.
- (193) IP 9.3 was not selected as a priority in the CPP. In the light of the principle of thematic concentration, Portugal must include a thorough justification for this intervention in the PA.
- (194) Portugal presents the objective 'Increase the leverage of public and private bodies in the implementation of public policies in the national plans for equality, against domestic violence and human trafficking and in the action programme for the elimination of female genital mutilation'. Does it relate to the quantity and/or quality of actions/training of trainers/number of participants? (Table 22, p. 109).
- (195) In IP 9.4 the Commission considers that there is a lack of intervention strategy and information regarding the network design. Portugal should make clear what kind of services would be supported (social services and/or healthcare). The measures foreseen should cover the sustainability of the social services to be supported.

It is not clear why the action '*Idade+, de apoio ao envelhecimento ativo e saudável*' is listed in the context of IP 9.4, since the wording clearly relates to the IP 8.6 'active and healthy ageing'.

- (196) In IP 9.5 and 9.9, more work on the applied definition of social enterprises is needed. Also the current situation, needs and strategy in this area have to be included in the PA. There is also a need to place social economy enterprises in the overall context of support to SMEs, and competitiveness. A clear demarcation between actions funded by ESF and those funded by ERDF (if at all), and between training programmes funded under 9.5 and 9.9 should be provided.
- (197) In IP 9.7, references to social policies are very general. It is not clear what kind of infrastructures will be financed and in support of what strategy (intervention logic is missing). Portugal needs to ensure that infrastructure investments in the social area are done with the strict application of rationality and economic sustainability. Demographic trends also need to be taken into account.
- (198) With regards to health, no intervention logic and underlying strategy can be identified in the PA. If health infrastructure investments are to be financed, significant effort is needed to justify this, to give information on the needs, current situation, strategy, existing gaps, actions planned, etc. As such the inclusion of the reference to building a new hospital for Lisbon in lieu of six existing ones is not accepted in the current proposal as it seems inconsistent with the 'proximity' argument and no proper justification is provided for such a potentially large investment (which also leads to a non-compliance of required financial thematic concentration in the regional programme).
- (199) With regards to IP 9.6 and 9.8 we would like to know the types of actions to be supported and how they would be coordinated with ITIs and urban renewal strategies in terms of similar interventions. There is also a need to indicate whether CLLD alone will be used to deliver this investment priority. What is the difference between 9.6 and 9.8?

Investing in education, skills and lifelong learning

- (200) The table on the main constraints of Human Capital has not been further developed (Table 21).
- The matching between the education system and the labour market is further developed towards increasing employability and fostering mobility.
- More detail was introduced, for instance on: pre-school education, vocational courses, individualised support to pupils, and equal access to proximity services, but not to quality education.
- Early school leaving and educational success are better addressed but the regional analysis of the main challenges and needs is still missing.
- (201) The PA now demonstrates a firm commitment to reduce early school leaving and promote educational success, maintaining the quality level and its adaptation to the labour market, which have been recognised by employers. In this sense, vocational courses properly contextualised with labour market needs are being developed to foster a diversified workforce, appropriate to the different student profiles. However, measures to increase both attractiveness and quality and reduce prejudice against vocational training are still missing.
- (202) The Commission welcomes the training strategy foreseen to tackle the mismatch between the skills and the labour market needs in higher education and to increase the

competitiveness of higher education (HE) institutions in terms of scientific production and international valorisation. Nevertheless there is still a need to develop measures to address the problems faced by the increasing share of young people in higher education. Partnerships with business and the productive sector are mentioned but no specific measures are presented for this TO.

- (203) The PA needs to take account of the discussion in the context of the Human Capital OP, in particular in relation to the investments to increase the number of PhDs and post-doctoral studies.
- (204) While more details will be given in the OP, preliminary comments on the implementation of the many actions listed (e.g. Table 28) would be helpful and more and better indicators would be necessary. For instance, the very positive introduction of short-term post-secondary courses, aimed at better quality and increased participation, could be related to employability, namely through labour market related indicators.
- (205) More detailed information regarding the types of actions undertaken, such as individual support, is needed once the problems are identified.
- (206) A clearer definition is needed for the vocational education programmes.
- (207) Specific programmes to promote educational success and fight early dropout such as TEIP, PIEF and +Sucesso are now mentioned under IP 10.1. Regarding equal access to pre-school education there is no added information on the measures foreseen.
- (208) Measures not co-financed by Structural Funds are not mentioned. Territorial approach towards labour market needs is not yet planned.

Increased number of adults with dual certification (by ISCED level of qualification) is now one of the main results expected in TO10, but the education, training offers and certification for adults need to be further developed.

IP 10.5 - Infrastructure for education and training

- (209) This IP is a negative priority and no actions should be funded under it unless in exceptional and well-justified cases. The Commission acknowledges there is a gap in terms of available infrastructures in preschool infrastructures and VET equipment. However ESI Funds shall not serve to create new buildings when it is possible to adapt existing ones. The needs in terms of infrastructures and equipment have to be clearly identified and explained, including mapping. In any case, no investments in building infrastructure either new or renewed (*'requalificacao'*) will be accepted for tertiary/university level education.

Since we do not have the details of the strategy, it is almost impossible to assess the adequateness of the funding. The description of the investments in infrastructures remains vague with regards primary and secondary education: the word 'requalification' remains unclear. 'Requalification' cannot mean maintenance, but investment in infrastructure should support an improvement in the pedagogical offer or a rationalisation of the premises to the benefit of a more efficient education system and be based on a clear strategy.

Investments in university level educational infrastructure (buildings) are to be excluded given the overcapacity and the fact that the ERDF should not be continuously used to renew existing infrastructure – only equipment in the strict sense can be accepted.

Sustainable growth: resource efficiency, climate, environment

Resource efficiency

- (210) Additional consideration should be given to actions relevant for climate change concerning ERDF and ESF support to education and research/innovation activities linked to the transition to a low-carbon economy.
- (211) There are potential linkages between the TO4 and other thematic objectives that should be better addressed: for example under TO3 (e.g. development of green business linked to low-carbon economy and resource efficiency) and TO11 (e.g. targeted awareness campaigns on low carbon).
- (212) On p. 150 under the theme 'Specific contribution of the EMFF for the thematic field of Sustainability and Efficiency in the Use of Resources' regarding the fisheries stocks, references should be made to the balanced exploitation of the fisheries in order to avoid the collapse of certain overexploited stocks, and to achieve a more profitable and sustainable fisheries.

Renewable energy

- (213) The ESIF support to RES should be restricted in mainland Portugal to pilot projects that develop and test new technologies including demonstration and first-of-kind projects, as well as decentralised heating and cooling. As described in the PA, Portugal has a high share of RES electricity, due to its high RES target and favourable geographic conditions. Previously ill-designed support schemes for RES electricity, as well as a lack of competition in the power sector (capacity markets, non-independent regulator, lack of interconnections, hydro concessions, etc.) have created macroeconomic imbalances and structural weaknesses which are being addressed. Support to RES for electricity production should be limited to the outermost regions, and very well justified and targeted to specific needs. Portugal considers that a wide range of energy sources (please exclude words such as '*entre outras*' from the PA which seriously undermine its clarity) are not very widespread, which is not the case. New and as yet undeployed technologies should be identified precisely and not refer generically to hydropower, solar and wind. As stated above, the Structural Fund support to RES will be limited to developing and testing new technologies.

The investments to increase the capacity of the network and energy storage are large investments which generally are driven by market needs. Interconnectors are usually built by companies or operators able to recover their cost through the tariffs. There is no justification why the ESI Funds should be financially supporting this and therefore this is not accepted.

Energy efficiency

- (214) The ERDF and CF support to energy efficiency shall be restricted to sectors in which public intervention might be necessary and justified: SMEs, collective public transport, selected public infrastructure and social housing.

The support shall be done through Financial Engineering Instruments in order to incentivise consumers to save energy. The only possible exception might be related to social housing due to its specific characteristics.

We would therefore like to receive and discuss with the Portuguese authorities the structure of instruments to be implemented, including the one for social housing. A brief description of that structure must be presented in the PA. The Commission would like to stress that the energy efficiency policy and project selection criteria must be defined at national level and thus be applicable to all regions including the autonomous regions. However, the projects themselves might be selected at regional level.

- (215) Investments in energy efficiency for enterprises (SMEs) should be linked to the productive processes and activities. We would also like to draw the attention of the Portuguese authorities to the fact that the transport sector (e.g. logistic operators) is subject to specific state aid limitations.

Regarding energy efficiency in public infrastructures, public ownership and public use must be ensured.

Agriculture sector

- (216) There is a general reference to energy efficiency with the mention of agriculture, forestry and the use of biomass in Portugal, but it lacks information on how it will be achieved. There is a general reference to the reduction of GHG (greenhouse gasses) from agriculture, but no mention of how this will be achieved, e.g. the promotion of carbon sequestration in agriculture and forestry. More developed reference expected concerning the use of new instruments under the EAFRD risk management measures (insurances, mutual funds and income stabilisation tool). How does Portugal intend to put in place the new possibility of offering risk management measures under the future rural development plan; what were the lessons from the past?

Smart Grids and meters

- (217) The proposed smart grids-related investments as part of the modernisation of the distribution grid needs to be further clarified. Pilot smart grid projects, which may include smart meters, could be considered. Investing in smart meters in terms of ESIF support and regional economic benefits needs to be better explained to show exactly what the interventions would be. Smart metering could be supported on a pilot basis by Structural Funds (not massive deployment) addressing the existing last mile financing gap. A credible study should determine whether such investments in Portugal have a net benefit and act as an enabler to meet Europe 2020 objectives such as energy and climate, job creation and social inclusion policies. Regarding the pilot projects, the meaning of '*projectos piloto de cidades inteligentes energeticamente*' is not explained in the text.

Urban Transport

(218) The PA continues to include as an example of action under IP 4.5 (Table 24), the '*Desenvolvimento da mobilidade elétrica*', however it is still not indicated what exactly is intended with this. On the other hand, it is still indicated as an example of actions, '*Apoio à conversão de veículos para o uso de fontes de energia de baixo carbono, designadamente transportes públicos de passageiros e frotas da administração pública.*' We reiterate our view that support by the funds should be exclusively for collective urban public transport on the basis of consistent mobility plans and funding of other vehicles is not accepted, electrical or otherwise. This must be made clear in the text and the guiding principles of the corresponding mobility plans indicated

This section has been improved and better specified, however the remaining issue that needs further explanation is the priority given to electric mobility, because it is not explained in the text. It should explicitly exclude any funding of vehicles as indicated before and also be made consistent with the EU Strategy for Clean Fuels deployment and standards, and part of a sustainable urban mobility plan leading to a measurable GHG reduction target/indicator.

Climate and risk management

(219) The objectives are not justified in the analytical part; the need and current situation has to be better explained. The objectives mentioned are too vague. ('Transversal actions foreseen in the ENAAC' (Portugal's National Strategy for Adaptation to Climate Change), 'Actions to prepare and adopt to climate change', 'Infrastructure and equipment for management of multiple risks in the national civil protection system'). The risks should be prioritised on the basis of the national risk assessment in preparation. Disaster risk management actions should be further integrated into other thematic objectives (TO1, TO3, TO10 and TO11).

The PA should better connect needs identified with adaptation action (e.g. monitoring systems, response measures and resources, address specific risks, etc.). These would be in line with the Commission's Position Paper. Financing of any kind of new monitoring or alert systems, plans, inventories or similar should be justified by needs assessment and based on past experience and integrated as much as possible.

(220) There should be an analysis regarding the prevention of forest fires, including previous financing and lessons learned, the systems in use to respond to threats from the sea and coastal erosion. The PA should mention concretely what type of equipment and infrastructures are still to be financed (with reference to the existing gaps).

Regarding forest fires, no mention is made of past experiences or lessons learnt from the past.

(221) The system to respond to maritime threats and emergencies needs to be well explained in terms of functions and investments that would be covered.

(222) There is no specific allocation/specification on how each of the ESI Funds will be used to pursue the objectives (in particular the contribution of ESF). Risk prevention actions should be included in other thematic objectives.

Environment

- (223) In IP 6.1, the results-related texts should be clear and concrete explaining what will be financed; results should be quantified whenever possible. The link to the analytical part has to be made, where the needs have to be also explained. The waste analysis part does not describe the current system or explain what exists, therefore although the actions look quite logical it is difficult to evaluate them. It should be shown from the objectives where the main focus will be and how Portugal will reach the 2020 goals. For the words '*reforço*', '*optimização*' and '*reconverção*', please add concrete actions foreseen to better understand what is meant.
- (224) For IP 6.2, the water objectives are improved, but for some of them it is still not possible to understand concretely what Portugal is intending to finance. The table on p. 145 is incomplete. All principal actions should have a short paragraph establishing the needs in the analytical part and some figures would also be welcome.
- The link should be made also with the implementation of the Marine Strategy Framework Directive (MSFD). Attainment of 'good environmental status' by 2020 (as required by the MSFD) is partly dependent on proper implementation of legislation governing upstream water bodies and water treatment.
- (225) Water leakage reduction is correctly addressed as one of the examples of main actions but this should both be analysed and better explained. Main objectives and expected results of intervention of 6.2 should include also conservation management objectives, such as structural and functional recovery of ecosystems, including recovery of the river continuity.
- (226) There is a lack of cost estimates regarding the implementation of the Drinking Water Directive, Urban Waste Water Directive and Bathing Water Directive. The estimations are essential for the programming and monitoring of national and EU Funds.
- (227) Regarding IP 6.3, both the analysis and the objective part are too vague; financing of events should be taken out. Under IP 6.4, it should be made clear that financing of maintenance/upgrade etc. for buildings and equipment already financed will not take place. It should be explained what is meant by '*Requalificação das infraestruturas associadas às áreas classificadas*'. The two cadastros (geological and mineral/spring water) should be explained. The table on p. 147 is not complete and the last example of principal action is not clear and should explain concretely what it is meant to finance: '*projectos de dinamização económica...*'. For IP 6.5, 'Qualification of public space' and 'Recuperate, expand and valorise urban ecological systems and structures' must be explained concretely starting with the needs in the analytical part. It would be interesting to see what kind of pilot actions are foreseen. The last paragraph on p. 144 should be deleted or made very concrete. It should be better explained what is meant by 'to continue to support and complement investments already realised in previous periods'.
- (228) Concretely what is foreseen for 6.1, 6.3 and 6.4 regarding new equipment and infrastructure? The development of tourism and its promotion strategies should contribute to the profitability of investments undertaken over the previous programming cycles. Infrastructure that has already been financed should not be financed again (maintenance). There is also scope for making the tourist infrastructure more sustainable.

(229) The foreseen investments regarding the extension of the Alqueva primary network seem to be inconsistent with the rather good drinking water supply offer in the concerned areas. As this is the main reason for its support under the Cohesion Fund, the Portuguese authorities need to demonstrate that the investments are justified and represent the best cost-effective solution.

1.4 Indicative allocations

(230) The overall amounts foreseen for the ERDF, ESF, CF and EAFRD (as indicated in Table 1.4.1) are in line with the detailed H1b allocations communicated to Portugal in December and the Portuguese EAFRD allocation laid down in Annex I to regulation (EU) No 1305/2013, respectively. We however note that under point 1.6, no breakdown of the funds by Operational Programme and year is provided yet. Similarly, point 1.10 does not yet provide any information on the performance reserve amounts.

As regards thematic concentration on TO4, we note that even when including the Cohesion Fund amount according to Article 4(3) of the ERDF regulation (and excluding the specific allocation to the outermost regions from the calculation according to Article 12(1)), TO4 (low-carbon economy) seems to only reach 13.6 % of the overall ERDF allocation (instead of the 15 % foreseen in this case). A clarification of the compliance with the thematic concentration requirement for TO4 would therefore seem helpful.

There is an indication that compliance with the requirement of 20 % of support envisaged for climate changes objectives will be made available at a later stage. Therefore the Commission is not in a position to definitively comment on the fulfilment of this requirement. However our preliminary assessment suggests that the 20 % might be overestimated. Portugal should make further efforts in this domain.

1.5 The application of horizontal principles and policy objectives

Partnership

(231) As referred to in Part I, further efforts are necessary with regards to ensuring the full respect of the Partnership Principle.

Portugal could give a visible role to actors in the 'triple helix' model (i.e. firms and research institutions) and use the opportunity to build capacity for partnership governance in the regional and national innovation systems.

No evidence can be found of involvement of ICT-related stakeholders in the preparation of the PA.

Civil protection authorities should continue to be involved in the preparation of the PA.

EAFRD-related partners were involved. The PA does not refer to any specific selection process, but says that the several departments of the ministry of agriculture were involved as were the social partners – where the biggest farmers union has a seat – among other sectors. Bilateral meetings were held between the ministry of agriculture and other agriculture stakeholders and there is a description of the consultation process.

Equal opportunities and non-discrimination

- (232) The chapter needs to be completed. Despite added examples and clarifications particularly concerning the reconciliation of personal and family life, the draft remains somewhat unclear on the type of actions envisaged. Strategic approach is missing; the document does not contain a real policy approach for (i) the promotion of equality between men and women, (ii) Non-discrimination and (iii) Accessibility in the implementation of ESI Funds; the arrangements for 2014/2020 at regional or national level are not described. What is presented in terms of application of these principles remain a list of good intentions rather than a strategic framework.
- (233) It is important to ensure the effective implementation and mainstreaming with social inclusion policies of the National Roma Integration Strategy. The approach to promote equality between women and men is not well integrated with the approach to tackle demographic change, even though there are overlaps and synergies, in particular as regards investment in childcare facilities and elderly care facilities. The actions are not sufficiently clear. Furthermore, the approach to promoting gender equality and the reconciliation of work and family life is too focused on training / research / awareness campaigns. Despite added examples, the text needs to be more concrete on types of actions to provide affordable and adequate childcare and elderly care services.
- (234) Regarding policies aiming at women's integration into the labour market, the PA disregards the potential of ESF funding to promote adequate access to childcare and encourage general activation measures.
- (235) Objectives should be added to address health inequalities, especially regarding access for all citizens to the full range of health services including both primary and secondary care (for example health infrastructure investment should have this as a goal), particularly focusing on geographic inequalities in line with the identified development needs and the recommendations in the CPP. This should be considered in close connection with the active inclusion strategy, the specific child poverty strategy and with wider EU initiatives regarding health inequalities.

Sustainable development

- (236) Although the text in 1.5.3 claims that sustainable development is well integrated, in practice this does not come across. Sustainability is not well embedded in the different interventions. The mainstreaming of sustainable development and resource efficiency is not mentioned per se. It is mentioned in 1.5.3 that 'Portugal present conditions and opportunities in the area of green economy, which should be explored and used to create more wealth and jobs.' However, these opportunities are far from being comprehensively and systematically addressed in the text.
- (237) It is mentioned that grants to projects which use resources efficiently, significantly contribute to the development of a green economy and to the transition to a low-carbon economy will be increased. Solid mainstreaming of environment and resource efficiency would mean incorporating these principles in all projects.
- (238) There is a scope to mainstream climate action beyond the 'Sustainability and resource use efficiency' priority area. The PA should reflect the recommendations provided by the country Position Paper on the integration of climate change into ESIF programming

and identify specific action for: i) adaptation to climate change in particular monitoring systems and development of potential scenarios, ii) addressing specific risks to natural disasters; iii) developing links between detection and early warning systems; iv) capacity building in public administrations and awareness raising for citizens. In the same areas, specific attention should be also given to actions relevant for climate change concerning ERDF and ESF.

- (239) When referring to the sustainable development principle, the PA should specify how disaster resilience and risk prevention and management will be promoted in the preparation and implementation of the PA, the programmes and projects. It is also recommended to mention how risk prevention and management requirements will be mainstreamed in all policy areas (horizontal integration).
- (240) Art. 8 needs strong improvements and must be concrete, identifying practical steps to be taken to implement sustainable development, like green public procurement, with specific project selection criteria etc. It should be made clear if the increase in aid to projects that work for resource efficiency, low carbon and the green economy, would apply to all projects in all programmes. It should explain how, with which concrete actions, sustainable development, climate change, resource efficiency will be taken into account horizontally. Also eco-innovation, and green economy promotion should be further explained.
- (241) It is suggested that Portuguese authorities take up the tool on carbon management of OP's CO2MPARE developed by the Commission.
- (242) The 7th Environment Action Programme is no longer 'to be agreed', but has already been finalised (see p. 159).
- (243) For the 'Green growth strategy', the main priorities and mechanisms (tax, regulatory and financial) should be included and the strategy briefly explained.
- (244) The polluter pays principle needs to be well described for sectors and users, it should be explained how the whole system works.
- (245) The PA should explain how marine biodiversity will be enhanced and coherently addressed through the mix of the available financial and regulatory tools. In this regard, particular attention should be paid to setting out how key EU directives (Natura 2000, MSFD, Maritime Spatial Planning) will be implemented

Public administration reform

- (246) The Commission would prefer to tackle this area via TO11 (and other TOs in a well-coordinated manner), instead of referring to it as a horizontal policy in this chapter. This only adds an additional layer of complexity without clear benefits.
- (247) The PA mentions the importance of public administration reform but does not provide any concrete information (current situation, objectives, what is intended to change, the way to implement it). The PA does not mention the ongoing reform of the state.

Demographic change

- (248) It is important to have demographic change identified as horizontal policy. The issues are properly identified, however it is unclear how they are to be addressed by the ESI Funds, what are the specific measures identified via various TOs and what are the horizontal considerations and criteria to be applied in a cross-cutting manner.
- (249) The emigration of young and qualified people is mentioned; however no measures are proposed to fight brain-drain.
- (250) The current demographic situation is described with a list of planned policies aimed at rising to the challenge of the ageing population but without any information on how this will be done.

The PA specifies the policies to tackle the current demographic challenges including, among others, policies aimed at promoting Active Ageing which should be rather indicated as Active and Healthy Ageing. Portuguese regions are already working in the European Innovation Partnership (EIP) on Active and Healthy Ageing (AHA); the priorities and actions in the EIP on AHA can help frame overall Portuguese policies to tackle demographic challenges.

1.6 List of programmes under the ESF, ERDF, the Cohesion Fund (excl. ETC), EAFRD and EMFF

- (251) The Commission takes note of the overall programme architecture and multi-fund approach.

We believe however that the absence of both the Lisbon and Algarve regions are unjustified in the thematic OP for Competitiveness and Internationalisation as it risks leaving out the most important competitiveness area of the country (Lisbon) and thus risk incoherence and incompleteness of the programme dealing with the major economic challenge Portugal faces. The fact that the future competitiveness programme leaves out the two most developed regions of continental Portugal appears as a negative factor as to the implementation of an appropriate investment strategy for competitiveness in the whole country. We therefore ask that the national authorities re-assess this as investments in the Lisbon area have also to be considered in terms of their national impact, not just as part of a regional strategy.

- (252) As previously mentioned, most of the ESF funding is concentrated in two national OPs and there is marginal support from the ESF to regional multi-fund OPs that are mainly funded by the ERDF. The Commission still fears that this situation might lead to a dilution of the ESF interventions in those areas, and reduce their effectiveness. This situation will be assessed at programme level.
- (253) The PA still leaves gaps of information with regard to a sufficiently clear and balanced geographical coverage of the different OPs as well as formal mechanisms of articulation between the thematic Operational Programmes, the regional ones and Integrated Territorial Approaches.

Moreover, the plans for a strengthened coordinated management to compensate the fragmentation effects of the increased number of ESF OPs should be formulated as a firm commitment. Human resources / know-how / administrative capacity need to be preserved and developed in the case of ESF in the regional OPs.

The Commission believes that, despite the current sound management of the EU Funds characterised by no suspending or corrective measures whatsoever, the foreseen changes could expose the ESF in Portugal to increased risks when it comes to audit errors, management efficiency and, ultimately, delivery to final beneficiaries.

This comment is still extremely relevant at present and summarises the Commission's main concerns regarding the continuity of ESF's strong management in Portugal.

- (254) The new mono-fund Technical Assistance OP (ERDF only) may be seen as a simplification, but the Commission needs to know what will be financed – in contrast to the OP's specific TA – and whether ESF needs (e.g. support to social partners) will be fully covered by this OP.

2. ARRANGEMENTS TO ENSURE EFFECTIVE IMPLEMENTATION

2.1 Co-ordination between the ESI Funds, other Union and national funding instruments, and with the EIB (European Investment Bank)

Co-ordination between ESI Funds and other Union and national funding instruments

- (255) On p. 226 of the draft PA, LIFE+ is still mentioned. This is the old name of the programme. It is now called simply LIFE, so it is to be corrected (it is OK in the other places).
- (256) In this section reference should be made to ensuring coordination between the ESI Funds and both the future Home Affairs Funds, namely the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF). The AMIF and ISF will be implemented mainly by shared management (but also through direct management) and can support actions that are complementary with actions supported by the ESI Funds such as the integration of third-country nationals (AMIF) and anti-corruption measures or the upgrading of border crossing points through e.g. automated border control gates (ISF). On the other hand, no reference should be made to the European Refugee Fund, as it is one of the funds that has just been replaced by the AMIF.
- (257) Even though Section 1.3 of the PA makes several references to activities that are also of relevance for Marie Skłodowska-Curie Actions (MSCA) such as the mobility of doctoral candidates and integrating them in businesses, it does not address under Section 2.1 how synergies with the MSCA will be ensured. Further details on mechanisms and structures to coordinate interventions are needed. In order to underline the scope for synergies with specific instruments under Horizon 2020, and in line with the Common Strategic Framework, the text should also include complementarities with Public-Public Partnerships (Joint Programming Initiatives, ERA-NET, Art. 185 initiatives) and Public-Private Partnerships (Art. 187 initiatives). There should also be reference to the 'Widening' actions under Part IIIa of Horizon 2020: 'Teaming', 'Twinning' and 'ERA Chairs'.
- (258) The PA attributes to the '*Comissão Interministerial de Coordenação do Acordo de Parceria*' (p. 158) the Connecting Europe Facility (relevant both for infrastructures and digital services) and Horizon 2020. This is the coordination mechanism which is in principle more relevant regarding ICTs.

(259) The PA should integrate the coordination arrangements, covering synergistic relations between ESI Funds and other funds (such as Horizon 2020, LIFE, and Connecting Europe Facility and EEA Grants) with a better specification of the measures taken for the coordination between ESI Funds and the other funding instruments.

(260) Synergies with CEF ought to be better explained and exploited.

Co-ordination with the EIB

(261) There is no reference to the EIB, it should be added.

2.2 Ex ante verification of additionality

(262) The section on additionality of the Portuguese PA reports a slightly increased target. The gross fixed capital formation (GFCF, p. 51) is now equal to 1.7 % vs. 1.6 % of the previous version of the PA. This marginal improvement allows reaching a minimum acceptable level for Portugal, given the slight reduction in the allocation of ESI Funds compared to the current support, the economic circumstances, and the current forecasts. More precisely, Commission forecasts related to the 10th and the 11th review missions show a slight decrease in the GFCF for general government compared to the 8th and 9th review mission forecast (on which 1.8 % was considered as an acceptable additionality target).

Beyond this, which certainly represents an improvement compared to the previous target, it will be necessary to clarify some elements of the accompanying text of Section 2.2 in particular the following.

- The national authorities should further explain the impact of the reclassification of PPPs (with figures) on GFCF of the general government;
- Rents arising from road PPPs (state liabilities) are being renegotiated in the context of the Economic Adjustment Programme. A summary with the changes in the rents to be paid by the state over the period 2014-2020 should be provided. In addition, a more robust explanation on their adverse impact on GFCF of the general government should be provided;
- We do not agree that the GFCF level in 2007-13 was 'exceptionally high'. In fact, the level was lower than in the 2000-2006 period.

2.3 Fulfilment of applicable ex ante conditionalities

(263) On the basis of the information provided by Portugal, the Commission is not in a position to assess the full consistency and adequacy of the information provided by Portugal on the fulfilment of EACs, as required by Article 19(3) of the draft CPR. Portugal shall also be aware that a conditionality is only fulfilled when the necessary documents are officially published and publicly available. So, even when its approval and publication is expected in the short run, the conditionality(ies) is (are) still not fulfilled.

For those thematic *ex ante* conditionalities assessed as fulfilled by the Portuguese authorities, references are made to the relevant national legislation and strategies and the Member State explains in detail how the national measure fulfils the relevant criteria. However, hyperlinks of the aforementioned references and explanations as to how the national measure fulfils the relevant criteria must always be provided by the Member State. Moreover, most of the pieces of legislation quoted for Azores and Madeira have not been notified (for instance regarding EAC 4.1).

For the thematic *ex ante* conditionalities assessed as partially fulfilled by the Member State, a suitable action plan shall be provided, which complies with Articles 15(1)(b)(iii) and 19(2) CPR (EU) No 1303/2013 which lists the unmet criteria, actions to be taken, deadline for completing the action and the responsible authority.

Furthermore, the Member State should be aware of the Commission's right to suspend interim payments to the relevant priority under Article 19(5) CPR. Suspension of interim payments can be carried out where: an applicable *ex ante* conditionality is not fulfilled, or where there is a delay in the timely fulfilment of an action for an *ex ante* conditionality assessed by the Member State as partially or unfulfilled (Article 19(2) CPR) which is deemed as causing a 'significant prejudice' to the achievement of the specific objectives of the priority concerned.

Significant prejudice is assessed by the Commission on the basis of the adequacy of the action plan provided by the Member State.

Below follow some preliminary remarks on certain EACs.

General *Ex Ante* Conditionalities

(264) **EAC 1 'anti-discrimination'**: fulfilled.

EAC 2 'gender equality': fulfilled.

EAC 3 'disability': fulfilled.

EAC 4 'Public Procurement Law': fulfilled

EAC 5 'State Aid': not fulfilled

There has being some progress showing that Portugal to large extent fulfils the *ex ante* conditionality for state aid. However, there are a couple of conditions that the Commission cannot assess due to lack of information:

- 1) How training activities have been undertaken in the past years (e.g. content of the training courses and attendance numbers), as well as those planned in the immediate future;
- 2) How the existing system of dissemination policy works (e.g. how many persons per region has to undergo training; list of the appropriate publicity measures taken for ensuring wide dissemination of information on state aid rules);
- 3) Portugal should provide detailed information on the number and staff qualifications to give practical and legal advice on application of EU state aid rules;

- 4) Portugal should complete the description of the process for advice within '*Sistemas de Incentivos QREN*' by clarifying by which means the 'COMPETE' staff ensures the capacity for implementation and application of EU state aid rules;
- 5) Portugal should provide information on how communication is established/ensured between the Technical Commission, the National coordinator for ERDF and the coordinator for state aid control;
- 6) On the institutional and practical arrangements for the implementation and supervision of Union and national state aid law, Portugal should provide additional information on how the verification is done when the same project is also financed from national budget.

It could be also clarified how the competence of the competition authority under Article 65(2) Law No 19/2012 of 8 May has been used in practice by providing examples and figures on its recommendations in the past years. In addition, it would be useful to have all the relevant information on the state aid institutional set-up in place in the annex to the PA.

Finally, we noticed that the official version of the Portuguese PA does not make reference to two institutions recently created. The Development Financial Institution will be responsible for the management of FIs and incentive schemes and therefore, should comply with state aid rules. The Agency for the Development and Cohesion (*Agência para o Desenvolvimento e Coesão*) set up by the Decree of Law no 140/2013 of 18 October to which has been handed over the management of the *de minimis* central register (*Registo Central de Auxílios de minimis*), and also 'monitoring tasks' regarding the respect of cumulation rules in the context of approved fiscal and financial aid schemes.

EAC 6 'Environmental legislation': fulfilled

EAC 7 'Statistics and result indicators': an assessment is only possible upon submission of the operational programmes. The timeline of the information system's update should be specified. What is the envisaged date of compliance of the system with the requirements of the programming period 2014-2020?

Thematic *Ex Ante* Conditionalities

(265) **EAC 1.1 and 1.2 'Research and Innovation':** not fulfilled

As far as the RIS3 conditionality is concerned, Portugal has made good progress but as recognised in the PA, there is still considerable work to do.

There are still important parts of the framework missing. In particular, an action plan based on a policy mix that includes both EU and national funding as well as the consideration of structural and legislative changes. The integration of the national and regional strategies is a big step forward but the coordination of governance and monitoring needs to be clarified. From this point of view, the Commission does not agree that the monitoring criterion of the EAC has been met. The regional RIS3 have varying levels of quality (at the moment we just have one final version of the regional RIS3, so we would like to have as soon as possible the final version of all regional RIS3), and an assessment of each will be made when assessing the regional OPs.

The European Research Area (ERA) priorities and actions addressed to Member States listed in the Commission Communication 'A Reinforced European Research Area Partnership for Excellence and Growth' (COM(2012)392 final) should be taken into account when drafting the RIS3.

The National Roadmap for R&I Infrastructures is not finished so an action plan is also required for this conditionality.

EAC 2.1 'Digital Growth': not fulfilled

The missing swot analysis of the needs and priorities is announced as being undertaken within the RIS3 for Portugal. For the time being, the information contained in the Digital Agenda for Portugal cannot be considered sufficient.

EAC 2.2 'Next Generation Network': not fulfilled

Two references are provided to justify the fulfilment of this EAC: the *Resolucao do Conselho de Ministros n°112/2012 de 31 dezembro* and a Study by McKinsey with the support of ICP_Anacom. The mentioned resolution does not contain all the elements required by EAC 2.2. The McKinsey study is still under assessment by Commission Services. At the moment, the Commission cannot require the presentation of an action plan as all the evidence presented was not completely assessed. As soon as the assessment is finalised, we will give our final observation.

EAC 3.1 'SMEs': not fulfilled

The *ex ante* conditionality on SMEs is not fulfilled as Portugal still needs to establish a mechanism for the systematic assessment of the impact of legislation on SMEs using an 'SME test'. The PA should include an action plan on how to establish this mechanism in the future, which now is only mentioned in the assessment on the compliance with *ex ante* conditionalities. Furthermore, it is not clear that Portugal has correctly transposed the Late Payments Directive, as it foresees delaying its full implementation in some sectors due to budgetary constraints (our services are currently analysing the issue). The PA should therefore lay out an action plan on how they are going to fulfil this conditionality.

EAC 4.1 'Energy efficiency': not fulfilled

Criteria 1 (Directive 2010/31/EU Articles 3,4 and 5) is not fulfilled (and at risk)

According to Article 4(1) second paragraph, requirements must be set for building elements that form part of the building envelope when retrofitted or replaced. The Portuguese legislation does not appear to contain such requirements.

Article 4(2) of the EPBD-recast set a limitative list of building categories which Member States may decide not to set or may choose which requirements to apply. DL 118/2013 goes beyond this limitative list thus rendering transposition incorrect.

In addition, on 20 January 2014, the Council of Ministers decided to prepare a legislation introducing a 7-year waiver of compliance with technical provisions of the General Regulations of Urban Buildings, in particular those related to energy efficiency. This would certainly be in breach of the Directive.

Regarding the Azores and Madeira, the specific legislation referred to in the PA and OP was not notified. The assessment is not possible and the criteria are therefore considered not fulfilled.

Criterion 2 (Directive 2010/31/EU Article 11): is not fulfilled

The communicated legislation does not require that the certificate must include recommendations for the cost-optimal or cost-effective improvement of the energy performance of a building or building unit, as laid down by Art. 11(2) to (5) of the EPBD-recast. This is necessary unless there is no reasonable potential for such improvement compared to the energy performance requirements in force, and no explanation of this point is given. The Commission therefore considers that these obligations have not been correctly transposed.

The Commission considers the thematic *ex ante* conditionality 4.1, supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector, to be not fulfilled. National measures, which would enable the Commission to undertake the necessary conformity assessment, are missing. This concerns non transposition of Article 4(1) and Article 11(2) to (5) of Directive 2010/31/EU.

The Commission therefore requests Portugal to review the self-assessment and to complement this assessment with a description of the actions to fulfil the *ex ante* conditionality, the bodies responsible and a timetable for these actions.

Regarding Azores and Madeira, the specific legislation referred to in the PA and OP was not notified. The assessment is not possible and the criterion is considered not fulfilled.

Criteria 3 and 4: fulfilled

EAC 4.2 'Co-generation': fulfilled.

EAC 4.3 'Renewable energy': fulfilled

Criteria 1: The provision is considered to be transposed. No complaint concerning this provision.

Criteria 2: Portugal has submitted an action plan in line with Art. 4 of the RED (Renewable Energy Directive). In 2012, its RES share was equal to 24.6 % while its 2011/2012 interim target is 22.6 %. Hence, for the time being Portugal is not at risk of falling behind its indicative trajectory.

EAC 5.1 'Risk Prevention and Management': not fulfilled

The draft version of the '*Plano Nacional de Emergência de Proteção civil*' (PNEPC), provided to the Commission on 14 November 2013 does not seem to have a detailed chapter on risk management adequately meeting the third criteria of the *ex ante* conditionality – 'The existence of national or regional risk assessments for disaster management taking into account climate change adaptation'.

It should be noted that although considerably delayed, Portugal has finally submitted its Preliminary Flood Risk Assessment (PFRA), explaining how the areas of potential significant flood risk were identified, which explains the mention of those areas in the PA. However, this PFRA covers only the mainland, so there is no information at all concerning Madeira and the Azores.

Therefore an action plan is required.

EAC 6.1 'Water': not fulfilled

Portugal submitted the RBMPs very late (they were due in 2010 but the last one, for Madeira, was finally submitted a few weeks ago) and therefore their assessment is not completed yet. The Commission Services identified some key problems such as: (i) insufficient coverage of water uses and water uses in the economic analysis included in each RBMP; (ii) consequent insufficient coverage of water users in the cost recovery; (iii) the preliminary assessment of the RBMP shows significant weaknesses in the main areas covered by the EAC (e.g. insufficient monitoring).

EAC 6.2 'Waste': not fulfilled

The *ex ante* conditionality on waste is only partially fulfilled by Portugal. The relationship between the Waste Prevention Programme and the Waste Management Plan must be clarified as well as their application periods. A final assessment is only possible upon their submission.

Furthermore, as regards instruments enabling more recycling there is currently a low landfill tax in place (EUR4/tonne, EUR2/tonne in 2007); no system is in place to cover the operational costs of separate collection and recycling of the main waste streams; and the PAYT system has not taken a strong foothold in the country.

After the assessment of the new documentation provided by Portugal, Commission Services still miss quantitative and qualitative elements to judge whether Portugal is on track to meet the *ex ante* conditionality on waste. The Commission needs to be convinced with actions and numbers pointing, *inter alia*, at more investment for recycling e.g. number of plants foreseen for the next years to come and less landfilling e.g. by means of a meaningful landfill tax.

EAC 7.1 – 7.3 'Transport': not fulfilled

The action plan presented as a complement to the PA does not fully comply with Articles 15.1 (b)(iii) and 19(3) of the CPR in terms of quality required to identify and prioritise feasible and realistic projects. Furthermore, the future comprehensive transport plan is to undergo a full SEA (Strategic Environmental Assessment) under the appropriate directive and be adopted by the government.

The Transports Plan (PETI) does not cover all the national territory (Madeira and Azores are not included). The Transports Plan should include the two Autonomous regions or a plan for these regions should be provided.

The Portuguese authorities should be aware of the wrong translation of the EAC requirement in the PA:

'*a planificação realista e viável de projetos a apoiar pelo FEDER e pelo Fundo de Coesão*' is a wrong and misleading translation of the EN version of the CPR and hence does not respect the official version adopted by the EP and Council. The text of the Portuguese version of regulation, as published in the Official Journal on 20 December 2013 reads:

'*Plano (...) que:*

–*preencha os requisitos legais para a avaliação ambiental estratégica;*

–*estabeleça um sistema de planificação de projetos realistas e viáveis (incluindo calendário e quadro orçamental);'*

The major difference in the translation is that the requirement in the regulation relates to the projects themselves that have to be realistic and mature and have to be included in the transport comprehensive plan.

This EAC is not fulfilled and an action plan is required. There is also a risk of significant prejudice.

EAC 7.4 'Smart energy distribution, storage and transmission system': investments under IP (7e) are not expected so the Commission considers that EAC 7.4 is not applicable. However, Portuguese authorities consider this conditionality applicable and fulfilled. Therefore Portugal is requested to clarify if there are investments proposed under this IP.

EAC 8.1 'Access to employment': fulfilled

The specific groups that the active labour market policies will address are better specified, although there is still no specific information on which measures will address who. Examples of actions taking place in the field to address the needs of the target and marginalised groups were not further identified (p. 48 - Proceedings for recognition, validation and certification of Competences (RVCC) and training for adults (in particular the certified modular training) and it is still not clear how Portugal is able to answer the needs of the LTU and low qualified. There is an additional reference to the need to foment the creation and maintenance of sustainable employment, but no specific measures are described. Although some improvements would be welcome, no action plan is requested.

EAC 8.2 'Self-employment': fulfilled

The identification and analysis of the disadvantaged groups was not further developed in Chapter 1.1.2 – Social inclusion and employment. Although some improvements would be welcome, no action plan is requested.

EAC 8.3 'Labour market institutions': fulfilled.

EAC 8.4 'Active and healthy ageing': fulfilled

Active and healthy ageing issues are significantly better addressed and explained throughout the document and there are some measures foreseen to retain older workers in the labour market, instead of just covering the unemployed. Although some improvements would be welcome, no action plan is requested.

EAC 8.5 'Adaptation of workers, enterprises/entrepreneurs to change': fulfilled

In order to be able to assess the consistency and adequacy of the information provided on the fulfilment of *ex ante* conditionality, additional information is needed on what mechanisms are foreseen to ensure the restructuring processes are taken at an early stage. Furthermore, it is not clear what the role of social partners is or how workers' flexibility is going to be assured.

More information is also needed on forecasting tools for better skills matching. Although some improvements would be welcome, no action plan is requested.

EAC 8.6 'The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee': fulfilled

A Youth Guarantee plan is now developed and properly presented in Chapter 1.1.2 – Social inclusion and employment. Although some improvements would be welcome, no action plan is requested.

EAC 9.1 – 9.2 'Social inclusion and fighting poverty': fulfilled

The identification and analysis of the disadvantaged groups was not further developed. There is still a lack of objectiveness that does not allow proper understanding of what are the most urgent needs in Portuguese society, what are the social groups with less resources to protect themselves from austerity and how can the ESF contribute to address these issues in an efficient way. It would be useful to better clarify these issues in Chapter 1.1.2 – Social inclusion and employment.

A reference to the Roma National Strategy (2013-2020) was added, but still, besides the developments in 2012, no more information was provided on the state of play of the national study to indicate the cultural, social and economic situation of the Roma population.

Although some improvements would be welcome, no action plan is requested.

EAC 9.3 'Health': not fulfilled

The national health plan (NHP) is no further developed than in the previous version. There is no long-term approach and it is still unclear how the measures being implemented and foreseen in the NHP 2016 will be sustained until 2020. Therefore an action plan is necessary for this EAC.

EAC 10.1 'Early school leaving': fulfilled

Commission Services acknowledge the tool is well presented and that the system provides a lot of data, but no assessment of the reasons behind the increase of early-school leavers (ESL) is being done.

Further presentation of results is also needed and Portugal should present some monitoring strategies and update information on ongoing projects.

EAC 10.2 'Higher education': fulfilled

A more complete strategy is presented to address tertiary education and the measures seem to be better specified. Also, regarding mobility, support for students from disadvantaged groups displaced in higher education institutions from interior regions is now foreseen under IP 10.2 of the PA.

In turn, the matching between higher education students and the labour market is not yet properly developed. The description of the fulfilment of the *ex ante* conditionality remains vague and does not provide the necessary explanations. References are made mostly to national statistics and data but not to strategies and programmes. Although some improvements would be welcome, no action plan is requested.

EAC 10.3 'Lifelong learning': fulfilled

The European Qualification Framework (EQF) is not fully explained. The text refers to the national register of qualifications, the development of credits and how to make the credit system compatible with the European Credit System for Vocational Education

and Training (ECVET), but there is no reference to the implementation of the EQF, although Portugal is implementing a National Qualification Framework and certain vocational education and training (VET) certifications are referenced to the relevant EQF level. Information on how to use the National Qualifications Catalogue is still missing.

Entrepreneurship – development of transversal skills is only mentioned in reference to higher education. It should be mentioned in terms of the whole education and training system.

The youth guarantee in Portugal should include an option for entrepreneurship education in line with Council Recommendation (2013/C 120/01) on the Youth Guarantee - recommendation to Member States no. 14.

Although some improvements would be welcome, no action plan is requested.

EAC 10.4 'VET': not fulfilled

The Portuguese self-assessment refers to several measures already adopted to improve VET quality and attractiveness (the National Qualification System, the National Catalogue of Qualifications, the Centres for the Qualification and Vocational Education, the reinforcement of work-based learning and the Schools of Reference); however, the national approach for quality assurance in VET is still under construction. For instance, there is no mechanism to improve the trainer's competences in line with labour market needs, and there is not yet any mechanism to monitor the outcomes in terms of employability. This EAC is not fulfilled and an action plan is required.

EAC 11 'Institutional capacity': not fulfilled

This conditionality is largely met for elements 1, 2, and 3. Under Human Resources Management (4), it has to be demonstrated that there are instruments in place to assess needs regularly and monitor staff issues such as retention, turnover, mobility, age/gender structure, skills, and remuneration. Furthermore, there is a need to provide information or an action plan for fulfilment of the following elements:

- (i) the development of skills at all levels of the professional hierarchy within public authorities; Action plan needed (or evidence, as set out below, is provided)
- (ii) the development of procedures and tools for monitoring and evaluation. Action plan needed (or evidence, as set out below, is provided)

As for CoM Resolution 89/2010 of 17 November presented as evidence, this was an action plan for the 2011-2013 period. It would only seem reasonable to have a plan for 2014-2020 to put Law Decree 50/98 of 11 March on training in the Public Administration (and also to CoM Resolution 89/2010 of 17 November in a contemporary context. A plan identifying needs, objectives, gaps, and budgetary sources among others, including targets in terms of timelines and responsibilities would be needed.

As for the development of procedures and tools for monitoring and evaluation, the provided evidence does not capture all the important dimensions. In particular, a framework for systematic assessment of the relevance, efficiency, effectiveness, impact and sustainability of institutional capacity building elements, with involvement of the relevant stakeholders, and wide communication of progress (or the lack of it), should be in place. For this purpose, Portugal should elaborate on the *Síntese Estatística do*

Emprego Público – SIEP (Summary Statistics on Public Employment, published every quarter) and QUAR (a management support tool, developed under their integrated management and evaluation system).

Also, there is the need for mechanisms to ensure effective coordination, both vertical (different levels of administration) and horizontal (across ministries). If more information is not available and evidence is missing, the EAC could also be turned into a specific objective in the C&I OP to be delivered within the legal deadlines.

2.5. Administrative capacity, management & control of programmes and beneficiaries

(266) With regard to Section 2.5, the PA template requires Member States to present an assessment of the needs taking into account the experience from the previous programming period, including issues identified in evaluations or studies, or raised by the Commission. In the Portuguese PA, there are some references to lessons learned from previous periods which are assessed as positive and to be maintained. However, there are no indications of areas which require improvement, any bottlenecks encountered in the previous programming periods, new challenges or findings from evaluations, which would guide capacity-building actions. Presentation of planned actions is somewhat scattered and would benefit from a more coherent and systemic approach. It is recommended to indicate clearly which administrative authorities will become Managing Authority, Certifying Authority and Audit Authority during the 2014-20 programming period.

Point 2.5 of the PA remains rather general; the Member State only provides examples of some actions which will be implemented in the 2014-2020 programming period.

(267) Concerning Human Resources, some corrective measures are identified such as the reinforcement of the qualification of the agents dealing with FEI through a continuous training plan. However, there is no information on staff numbers and on measures taken to retain skilled personnel. There is no information on whether technical assistance will be used to co-finance staff costs.

(268) The description of the functions of the '*Agência para o Desenvolvimento e Coesão*' is in line with the structure Portugal is implementing already for 2007-2013. Some adjustment is necessary in the current text which reads: '*A Agência assume ainda, na observância do princípio da segregação de funções presente em toda a extensão da sua orgânica, designadamente através de Unidades Orgânicas distintas para o exercício das funções de autoridade de certificação, de pagamento, concretizando todos os pagamentos dos fundos da política de coesão aos beneficiários, e de auditoria e controlo sobre operações*'. This needs to be aligned with the wording of the *Decreto-lei* 140/2013 of 18 October 2013 which was agreed with the Commission that reads: '*Executar, em articulação com a Autoridade de Auditoria, funções de auditoria e controlo das...*'

The PA should refer to the role of the Agency for the Development and Cohesion in relation to the management of the *de minimis* central register and also its 'monitoring tasks' regarding the respect of cumulation rules in the context of approved fiscal and financial aid schemes.

- (269) Regarding point 2.1.2 on p. 165 'Organização do Financiamento a Entidades Subregionais e Municipais', the PA says that the MA (managing authority) can delegate some of its tasks to sub-regional or local bodies. Given the experience of 2007-2013 with the CIMs, these kinds of delegations should be limited and, in any case, keep the selection of operations and management verifications at MA level.
- (270) The PA should make reference to measures or programmes that will be carried out to deal with climate change topics (e.g. information and/or training programmes specifically designed to address the topic), or address specific role of managing and implementing authorities in monitoring the implementation of climate-related actions for all funds, and ensuring adequate capacity for strategic climate-related planning (e.g. the implementation of the National Strategy for Adaptation to Climate Change).
- (271) A specific mention of anti-fraud measures is still missing. This mention has to be made in Section 2.5 in view of the legal requirement obliging MAs to put in place risk-based, effective and proportionate fraud prevention measures (see Art. 125.4.c of the Regulation 1303/2013).
- (272) There is no mention of how technical assistance (TA) is going to be used in the future. Even though the detailed programming will be done at OP level, a general outline for the use of TA would be expected. TA Funds can be used to improve the performance of the bodies responsible for the management of the funds, for increasing the capacity of beneficiaries, for the fulfilment of *ex ante* conditionalities (if necessary) and to meet the new requirements of eCohesion. There is no information on whether technical assistance will be used to co-finance staff costs. The PA should make a reference to whether these possibilities are going to be used by the Portuguese authorities.
- (273) The clarification provided on the role of the newly created Financial Institution for Development (IFD) as a beneficiary is welcome. There are however, some questions that should be elaborated, such as:
- how will the IFD articulate with the existing public institutions (IAPMEI, etc.) which aim at supporting companies?
 - what are the expected sources of financing for both the funding and the own capital of the IFD?
 - what OPs will be involved?

It is not specified where EAFRD technical assistance will be used and if it will be used to pay salaries.

2.6. Actions planned to reduce administrative burden for beneficiaries

- (274) As regards the administrative burden for beneficiaries, there are no references to analysis done in this area, findings from evaluations or any statistical data.

The actions planned do not seem sufficient to achieve their proposed goal. In fact, the focus of administrative burden reduction is placed on the development of eCohesion and the inter-operability of databases, which should indeed reduce the number of documents required and move most processes into the ICT sphere.

The PA has been condensed and therefore lacks the level of detail regarding actions to reduce the administrative burden as presented previously by the Member State in the

earlier draft PA. The section needs to be re-completed in relation to the reduction of administrative burden of beneficiaries of ESI Funds (not the SMEs in general).

- (275) Although another administrative burden element is provided, i.e. the extended use of simplified costs (although it is not clear whether the simplified costs are also to be extended to ERDF), the Portuguese authorities should acknowledge that there is also scope for reducing the length of time required to select operations and to streamline reporting procedures. We realise that there are not any references to the foreseeable reduction of time in the assessment of applications, their approval and deadlines for the reimbursement of the beneficiaries. The Commission would like to restate that, in the Position Paper (p. 12), Portugal was encouraged to simplify administrative procedures in both the central and regional administration. It would be useful to have some reference to assessment of applications and reimbursement deadlines.
- (276) It is not clear whether the single point will cover all the funds or only the groups ERDF/CF/ESF – EAFRD/EMFF. On the other hand, the crossing of the information between the promoter's single point database and other public administration databases needs to respect data protection requirements.
- (277) An indicative timetable of the envisaged measures should be added. A section on the ESF in relation to the wider application of simplified costs options (SCOs) could be added. Even though SCOs are acknowledged as an important tool in the PA, it does not explain how their use will be widened.

3. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

- (278) The PA acknowledges that the model of development followed in Portugal so far did not contribute to any significant convergence between Portuguese regions. But no analysis is provided as to understand if this was an inevitable outcome or, on the contrary, if better designed public policies (including decisions on the allocations of Structural Funds) could have helped to minimise this process. Also, for 2014-2020 no thoughts are given on the specific territorial imbalances to be addressed and on how the Structural Funds can contribute to this process.

As is stated in the template of the PA, the description of the strategy for territorial development must be done taking into account the analysis under Section 1. Because of the lack of a satisfactory description of the territorial dimension in Section 1, the conditions to correctly evaluate this section are not there.

In this section, there are no concrete elements that can justify a strategy for territorial development. Only very few and insufficient indications are given on the strategy. Recalling the general European cohesion policy framework and enumerating the different components of a general integrated approach to territorial strategy without the corresponding contents cannot be considered as a territorial development strategy and so correctly evaluated.

In the same way, the list of the different territorial instruments foreseen does not give sufficient elements to be evaluated. Especially, there is the need for further clarification on the strategic reason of the choices made in terms of areas and tools in addition to a clear explanation of their complementarity.

- (279) It is necessary to explain in concrete terms what the '*Pactos Territorias para a Empregabilidade*' are and what their role is in the overall context of the territorial strategy, especially in terms of complementarity and synergy potential.
- (280) The role of the Local Contract for Social Development (CLDS) exclusively funded by ESF in the overall context of the territorial strategy, and namely at urban level, should be better clarified especially in terms of complementarity and synergy potential.
- (281) The PA rightly emphasises that territorial interventions must go beyond the municipal level and also that better synergies (between local authorities, companies and the entities of the 'scientific and technological system') are paramount for development: 'Pacts for Development and Territorial Cohesion', agreed at NUTS III level by the relevant stakeholders, are to be the main operating mode.

However, taking into account that municipalities play a leading role in these pacts and that their natural domain is the provision of local public welfare goods and services, serious doubts arise on the adequacy of this approach to ensure a global reorientation favouring a competitive tradable sector.

- (282) Also, as there are 28 NUTS III on the Portuguese mainland, there are concerns that the available support might end up being scattered in numerous non-relevant small projects. Schemes like the evaluation of regional action plans and projects by independent committees can help, but without a firm list of negative priorities and truly operational evaluation criteria (thorough assessment of the financial sustainability, including future operation and maintenance costs, etc.) a merely proportional allocation of funds between municipalities will tend to prevail as a result of the political pressures from local elected bodies.

There are few elements combining several ESI Funds in relation to territorial development (see Table 44). However, there is no – even indicative – budget allocation.

- (283) For reasons of comparability, it is crucial that any territorial analysis on sub-national level makes use of the harmonised definitions (e.g. NUTS); urban, rural, coastal and metropolitan regions referred to in the analysis shall be delineated according to the harmonised definitions published by the European Commission.
- (284) Only partially does the document give an overview of the strategy for territorial development as it does not contain any reference to maritime issues. The PA should develop a territorial analysis linked to the thematic objectives to link with the ESI Funds. There is a lack of analysis of territorial strategy which should be addressed: an analysis of the specificities of the urban, rural and coastal areas must be provided.
- (285) The approach seems to be more fragmented than integrated: problems and actions planned are presented separately for different types of area (i.e. cities, rural areas and fisheries areas); each different type of area is linked with separate ESI Funds (ERDF, CF and ESF focused on cities; EAFRD on rural areas; and EMFF on fisheries areas).

Concerning IP 6.5 the proposed measure has to refer to the overall scope of the related thematic objective as well as be built into the integrated territorial approach strategy described in Section 3.

Concerning Investment Priorities 8.8 and 8.9, before validation it is necessary to check the corresponding territorial strategies of the relative OPs (Norte, Centro, Alentejo and Algarve).

Concerning IP 9.7, the proposed measures should be based on an analysis of the situation and the needs, including an assessment of the needs of the population at risk of institutionalisation and disaggregated data about individuals with support needs living in the community and individuals living in long-stay residential institutions. This analysis should also be reflected in the contribution to the integrated approach set out in the PA to address the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or exclusion (Section 3.1.5).

Concerning IP 9.8, the proposed measures should be based on a detailed analysis of the situation and the specific needs and the identification of the geographical areas most affected by poverty (e.g. NUTS III or LAU 1, formerly known as NUTS IV regions with an at-risk-of-poverty rate 20 percentage points above national average). This analysis should also be reflected in the contribution to the integrated approach set out in the PA to address the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or exclusion (Section 3.1.5).

Concerning IP 9.10, the proposed measure has to refer to the overall scope of the related thematic objective and the approach to be outlined with precision in Section 3.1.1.

When housing interventions concern marginalised communities such as Roma, they must be part of local integrated action plans. This means that they should be accompanied by interventions in employment, education and healthcare in order to ensure long-term integration effects and, as a consequence, effective expenditure.

3.1. CLLD

(286) Portugal has already identified an indicative allocation for each fund, except for EMFF. But the approach as regards CLLD across the ESI Funds is not clearly explained, indicating the main challenges, objectives and priorities, the type of territories, the role of local action groups and coordination mechanisms. No explicit mention was found on what are the main challenges to be tackled by the CLLD (for example challenges that could be addressed in the case of rural areas include the demographic desertification of rural areas, the lack of job opportunities, etc.).

No explicit mention of objectives to be addressed (for example does the CLLD approach aim at increasing social inclusion in specific areas (rural, urban, etc.), create employment opportunities, diversify economic activities, improve cross-border linkages between urban and rural, etc.).

CLLD offers an integrated bottom-up approach in response to complex territorial and local challenges through the involvement of local communities. The experience of the Fisheries Local Action Groups (FLAG) should be used in this context. Cooperation with other funds, synergies and clear arrangements/national coordination to ensure an integrated approach should also be described.

The role of each ESI Fund is not well developed.

The PA needs to include which types of territories CLLD will be applicable to and with which funds (see Common Guidance of the four ESI Funds-DGs on CLLD). As for CLLD under the EAFRD (LEADER), which is mandatory, it will have to be described how the first and the third domain of intervention will be linked, what the role of the EAFRD and of ERDF and ESF will be, e.g. how the three funds will complement each

other. It will also have to be described how the coordination of CLLD will take place between funds (possible use of intermediate body for CLLD etc.). Finally an explanation of how the intervention of EAFRD and EMFF for CLLD will be coordinated, especially when applied on the same territory, needs to be included as well.

CLLDs are to be financed through several funds and with reimbursable and non-reimbursable mechanisms. This lacks clarity and should be better explained. In particular, the role of ERDF should be clarified.

Aside from the CLLD in the coastal areas, the identification of the main challenges that are to be tackled with the help of the CLLD approach is missing.

The CLLD approach should be further explored to eventually include urban areas, if proper coordination and overall consistency with other urban interventions can be guaranteed.

The population of the area concerned by CLLD shall be not less than 10 000 and not more than 150 000 inhabitants. However, when a derogation is foreseen, a proposal for a derogation for population limits for the areas to be covered by CLLD should be done in the PA in line with Article 33.6 CPR, as in the case of CLLD in coastal areas (from 20 000 to 200 000 inhabitants). The proposal should indicate the typology of area concerned and be duly justified in order to take account of sparsely or densely populated areas or in order to ensure the territorial coherence of areas covered by the CLLD strategies.

Concerning the use of CLLD in coastal areas, since it is planned to support LAGs that exceed the population limits allowed by the regulation (from 20 000 to 200 000 instead of 10 000 to 150 000), a proposal for a derogation for population limits for the areas to be covered by CLLD should be done in line with Article 29.6 CPR.

The role of the LAGs in delivering the local development strategy should be better detailed. We encourage leaving the choice to the LAGs regarding the exact area which the strategy will cover and whether to design a local strategy using several funds or one fund only as well as decide whether a leading fund should be defined in case of a multi-fund supported strategy.

3.2 Integrated Territorial Investments

(287) The use of integrated territorial instruments raises strong concerns to the Commission as Portugal plans to use them to cover all of the national territory. It seems essentially a bottom-up approach which presents several risks: potential conflict of interest, ineffective use of funding as compared to national and regional approaches, coordination problems as well as allocation and re-programming difficulties. The Commission needs more information to understand the strategic approach for the use of these instruments.

The use of ITI cannot be decided on an administrative basis and must be justified and respond to the implementation needs of a consistent territorial strategy. It is fundamental to respect the different steps and layers that constitute a territorial approach while defining it. Therefore, before identifying the territorial instrument, it is necessary to define the main territorial challenges and the main elements of the territorial strategy,

including the means to achieve an integrated approach at regional and sub-regional level.

There is a clear inconsistency in stating that the use of the same territorial scale (NUTS 3) gives strategic coherence to interventions in different types of territories (urban, rural and urban-rural linkages). Therefore it is important to describe explicitly the foreseen strategy for territorial development, taking into account the analysis under Section 1, covering the integrated approach at regional and sub-regional level in different types of territories.

The document is supposed to provide a clear picture of the needs behind the intervention actions in order to make clear the correctness and the adequacy of the strategy.

Considering the extended use of the tool, it would be very important in order to guarantee a consistent evaluation of the section, to indicate the amounts that will concern ITIs, their place in the overall foreseen architecture and the different OPs concerned. The link to the respective OP(s), priority axis and investment priorities should be provided.

The specific adaptation measures that are foreseen in the case of the Algarve should be better justified and detailed as well as related to the rest of the continental territory.

The implementation arrangements, including coordination arrangements between ESI Funds and managing authorities and the arrangements for the delegation of management and implementation tasks are not clear and should be better detailed. It is essential to set up a preventive arrangement to avoid conflict of interest and double funding of projects and to ensure the coordination of the different strategies.

The text refers to the possibility of implementing, on an exceptional basis, ITIs in other territorial configurations other than NUTS III and groups of contiguous NUTS III, relating to operations in selected sectors. This needs to be further developed and justified (based on identified needs), even if the concrete cases are not named.

3.3 Sustainable urban development

(288) The principles for identifying the urban areas concerned should be described in an exhaustive way and be consistent with the overall approach to sustainable urban development. The priority to the metropolitan areas of Lisbon and Porto must be justified and not only mentioned.

It is necessary to give a clearer and defined approach to sustainable urban development, based on the real development needs of the area concerned; clearly refer and link to other major investments including ESI funded investments occurring within the urban area concerned; it should be coherent with the overall development targets of the region and Member State; it should be realistic in terms of the capacity to implement it and the financial resources available; it should clearly demonstrate how local citizens, civil society, other governance levels will be involved in the implementation of the strategy.

- (289) The rationale for the use of FIs only for Investment Priorities 4(c) and 9(b) must be clarified in terms of consistency and complementarity with the overall sustainable urban development strategy.
- (290) It is not clear what the role of urban authorities will be in the selection of operations.
- (291) Concerning the whole national territory, a detailed description of all urban interventions and their coherence is needed. The nature and the type of actions that will be implemented through financial engineering instruments in the context of sustainable urban development need further clarification.
- (292) It appears that the urban-related interventions tend to pursue only energy efficiency and renewable energy outcomes.
- The elaboration and implementation of integrated sustainable urban development strategies to tackle climate change adaptation issues, as well as issues related to the urban environment (such as waste and water management and noise pollution) still needs to be clearly highlighted in the PA from the perspective of sustainable urban development.
- (293) The JESSICA experience (2007-2013) should be analysed, lessons learnt identified and taken on board.
- (294) More detailed governance information and larger reference to what will happen in areas with large groups affected by poverty is needed. The principles for a possible ESF intervention, as foreseen in Article 12(2) of the new ESF Regulation, will have to be clearly defined in the next version of the PA.
- (295) The overall consistency of the potential presence of several different actions and implementing tools intervening in the same territory (AIDUS, ITI, CLLD, CLDS, FIs) needs to be outlined as well as detailed information on the possible coordination mechanisms ensuring their complementarity.

3.4 European Territorial Cooperation (ETC)

- (296) Cooperation outside ETC is focused on Spain, Atlantic and Mediterranean countries (p. 253) and does not mention any cooperation with more developed Member States in Central, Eastern and Northern Europe.
- (297) On p. 25, reference to Article 3(6a) of ETC should be replaced by the correct reference.

3.5. Areas affected by poverty, discrimination or social exclusion

- (298) The Commission considers the chapter to be still quite incomplete and unfocused, although child poverty issues seem to be better targeted under this chapter, comparatively with the TO9 assessment.

More detailed information is expected on the regional intervention to fight poverty and social exclusion, particularly in relation to the needs for intervention in each of the different geographical areas, target groups, and problem issues.

Consequently, Portugal is requested to provide an outline of an integrated approach, based on a comprehensive picture of the current poverty situation in Portugal and

underpinned by some relevant indicators by region (e.g. at-risk-of-poverty rate, national income discrepancy situation, homeless growth rate)

- (299) The Commission welcomes the reference to the Roma strategy. However, concerning marginalised communities and ethnic groups and especially Roma, because of the gravity of the individual challenges in the single policy areas and the interdependence of the problems, a multi-dimensional integrated approach combining investments in employment, education, healthcare and housing is necessary. Consequently, inclusion of these groups may be addressed through multiple thematic objectives and investment priorities by more funds in an integrated manner. The integrated approach has to be ensured at all levels of planning, programming and implementation. Therefore, the PA has to identify the specific needs of the marginalised communities and ethnic groups, especially Roma and set out how the funds and programmes will address them.

As in Section 1, marginalised groups are very scarcely mentioned and exclusively on the basis of their employment conditions. Neither geographical areas nor specific target groups are defined. A thematic approach seems to have been adopted. Portugal is invited to clarify and, at least provide a planned methodology for the identification of territories most affected by poverty and deprivation.

- (300) For an appropriate identification of the geographical areas most affected by poverty, it is recommended to use data at NUTS III or LAU 1 level.

It is essential to make available the concrete data that are available to justify the choice of the selected areas or targeted groups.

All the interventions foreseen will be implemented through CLLD+ and will concern only ESF. Therefore there will not be integration and coordination actions with the other ESI Funds that could potentially contribute to the strategy. With such premises, the conditions for an integrated approach could be unfavourable.

The overall consistency of the different actions to regenerate deprived urban and rural communities across the country should be clearer outlined.

No link with the European platform against poverty is made.

4. ELECTRONIC DATA EXCHANGE

- (301) Information regarding this chapter is to be found under Chapter 2.7 of the assessed PA. This needs to be moved to Chapter 4 according to the PA template.

There is no information on the entry into service of eCohesion. References to Article 115 (2) of the CPR requirement to ensure the continued collection and storing of individual data for monitoring and evaluation needs are vague.

The risks that may arise from the new OP architecture are not yet mentioned. The information provided in 2.7 is still insufficient. It is crucial to have an assessment of the existing systems for electronic data exchange as well as a summary of the 'transition actions' to guarantee that the well-performing ESF information system (SIFSE) will be safeguarded.

An overview of electronic services already available for beneficiaries and its main development is lacking. How will the 'actual information systems [...] be generically adapted and used in the future programming period'? The sentence 'the use of electronic

forms is a general practice in almost every OP MA' should be clarified. Does it mean all OP MAs or is there an exception?

This section should specifically confirm that micro-data on participants will be collected and stored across all ESIF OPs.

There is no indicative timeframe consistent with the regulatory deadlines; this should also be provided.