Ex post evaluation of Urban Development and Social Infrastructures
FINAL REPORT

Work Package 10

Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF)

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Abstract
This ex post evaluation analyses the nature of interventions and what has been financed and achieved related to urban development and social infrastructure. It is the first study to undertake this effort. The analysis is based on monitoring data, document screening, interviews with Managing Authorities and a survey of project implementation bodies. The results of the evaluation reveal that integrated urban development strategies are defined and take effect outside the Operational Programmes at local level, while social infrastructure interventions follow a more sectoral path mostly at national or regional level. Integrated urban development needs, objectives and outcomes tend to be vague. Achievements are seen in making a locality or city more attractive for residents, businesses and visitors. In some Member States, investment in social infrastructures contributes to a more or less fundamental reform of the respective system. This is particularly relevant for health and education infrastructure. Generally, there is a tendency for EU-13 Member States to invest more in infrastructure and for EU-15 to focus more on integrated strategies.

About this document
This document is the final deliverable of the ‘Ex post evaluation of cohesion policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) - Work Package Ten: Ex post evaluation of Urban Development and Social Infrastructures, No. 2014CE16BAT035’.

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AIR</td>
<td>Annual Implementation Report</td>
</tr>
<tr>
<td>CBC</td>
<td>Cross-border Cooperation</td>
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<tr>
<td>CF</td>
<td>Cohesion Fund</td>
</tr>
<tr>
<td>DG</td>
<td>Directorate General</td>
</tr>
<tr>
<td>DG REGIO</td>
<td>Directorate General for Regional and Urban Policy of the European Commission</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>EQ</td>
<td>Evaluation Question</td>
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<tr>
<td>ERDF</td>
<td>European Regional Development Funds</td>
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<tr>
<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>ETC</td>
<td>European Territorial Cooperation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>MA</td>
<td>Managing Authority</td>
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<tr>
<td>MS</td>
<td>Member State</td>
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<tr>
<td>NACE</td>
<td>European Classification of Economic Activities</td>
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<tr>
<td>NOP</td>
<td>National Operational programme</td>
</tr>
<tr>
<td>NSRF</td>
<td>National Strategic Reference Framework</td>
</tr>
<tr>
<td>OP</td>
<td>Operational programme</td>
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<tr>
<td>ROP</td>
<td>Regional Operational programme</td>
</tr>
<tr>
<td>R&amp;TD</td>
<td>Research and Technology Development</td>
</tr>
<tr>
<td>SF</td>
<td>Structural Funds</td>
</tr>
<tr>
<td>WP 13</td>
<td>Work Package 13 of <em>ex post</em> evaluation of cohesion policy programmes 2007-2013 focusing on ‘Geography of Expenditure’</td>
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This study forms part of the ex post evaluation of cohesion policy programmes financed by the ERDF and the Cohesion Fund during the period 2007-2013. It covers the policy areas of urban development and social infrastructure.

The aim of the study was to “establish the nature and objectives of co-financed investments in the fields of urban development and social infrastructure and assess the extent to which they were delivered through integrated strategies or not”. This study was the first attempt to answer the question of what has actually been financed and achieved by ERDF in the 2007-13 programming period in the fields of urban development and social infrastructure. The subject of this evaluation has been defined on the basis of six expenditure codes as follows:

Urban development:
- integrated projects for urban and rural regeneration (code 61).

Social infrastructure:
- education infrastructure (code 75);
- health infrastructure (code 76);
- childcare infrastructure (code 77);
- housing infrastructure (code 78);
- other social infrastructures (code 79).

The study is based on an analysis of data available from the categorisation system for all 322 ERDF Operational programmes (OPs), data analysis and document screening of 115 selected OPs with the highest ERDF allocations, interviews with Managing Authorities, a web survey of 214 project implementation bodies and a stakeholder seminar. Given the explorative character of the study and its restricted evidence basis, the findings draw a largely descriptive picture of what has been financed and how far it has been strategically embedded.

Financial allocation

The amount of ERDF funding allocated to selected projects of urban development and social infrastructure at the end of 2013 is EUR 29 billion. This represents 11% of the total ERDF allocation of which 4% to urban development and 7% to social infrastructure. Within the latter, education infrastructure with 3.5% has the largest share, followed by health infrastructure at 2%.

The ERDF resources underpinning investment in urban development are unevenly distributed with more than 45% of the funds allocated to just four countries: Italy, Poland, Greece and Germany. The relative importance of the allocation to this field varies widely with eight countries at one end of the spectrum not investing at all in this field (AT, DK, FI, HR, IE, LU, RO, SE) while, at the other end, the Netherlands allocate more
than 20% of their overall ERDF allocation followed by Cyprus (19%), and Bulgaria and Belgium (14%).

Regarding social infrastructure the focus lies on convergence regions with substantial budgets in some Member States, such as Hungary and Portugal as well as the Italian Region of Sicily. Conversely, eight countries are not investing at all in this field (AT, BE, DK, FI, HR, IE, LU, SE). In Member States that invest in social infrastructure, this field is often given more weight than urban development: Slovakia allocates more than 40% of its ERDF allocation to social infrastructure; also, Estonia (39%) and Hungary (37%) allocate more than one third of their ERDF allocation to this field.

The territorial pattern of the allocation is quite similar in urban development and social infrastructure: capital cities and urban agglomerations play a comparatively small role (smaller than for the overall ERDF allocation). The focus of the interventions in urban development and social infrastructure is on smaller cities and towns. Those fields of social infrastructure which in some cases deal with the reform of national systems (health and education) are more evenly spread, showing a significantly higher share of the allocation in remote rural regions.

**Strategic approach**

In the sample of the 115 OPs the majority (89) are regional programmes, while 18 are national programmes, one multi-regional programme, and seven European Territorial Cooperation programmes. There is diversity in the place of urban development and social infrastructure in the structure of the programmes. In some cases there is a dedicated priority axis for both or separate axes for each of them. However, the most common arrangement is for these policy areas to be covered by priority axes of a broader thematic scope. Thus, the strategy for urban development or social infrastructure is rarely expressed explicitly in the OP as the interventions are combined with other issues in a broader priority axis. Furthermore, the programme level is too abstract to express the strategic framework which is often defined at a more local level. OPs as well as annual implementation reports do not cover sufficiently local level integrated strategy development or implementation but 80% refer to external national or regional strategies.

Several different objectives and needs are offered in the documents and they are rather imprecise. Vague formulations prevail, such as ‘sustainable development and improvement of cities and urban areas’. Only 30% of the OPs place integrated development into a specific context, such as the need for revitalising urban neighbourhoods based on integrated urban development strategies, or for revitalising specific industrial areas, or for building on the cultural heritage of urban areas, or for enhancing local level partnerships. Even in those OPs where the strategy systematically supports integrated approaches, the actual implementation does not appear to be integrated and individual projects seem to follow, in most instances, a rather sectoral approach.

However, among project promoters and other stakeholders the perception of integrated strategies is much higher than the OP document screening suggests. The participants in the stakeholder seminar of the study highlighted that 'integration' is commonplace in local level interventions, albeit not always under an ERDF programme umbrella.
Similarly, according to the survey of project implementation bodies the majority of projects form part of an integrated strategy. Such evidence supports the point made above, namely, that the strategic context for this type of interventions is often not visible at programme level, but only at a more local level.

Indeed, the study has found that Member States implemented the ‘integrated approach’ differently. In OPs with a focus on integrated urban development some programmes focused on integrated strategy development, others targeted support on multi-level partnerships between urban areas and different government levels, and a third group addressed the integrated approach at project implementation level by specific project selection criteria.

Regarding social infrastructure, investments in health and education infrastructure tend to adhere to a ‘linear’ approach, following up the need for better infrastructure in the whole OP region with sector specific projects, while investments related to childcare, housing and other social infrastructure are to a greater extent integrated. The question in what way any of the programme objectives follow any strategy outside of the framework of the OP cannot be answered in an exhaustive manner as there is no information systematically available concerning strategies ‘external’ to the OPs.

Based on the evidence obtained by the study the following conclusions can be highlighted:

- The degree of integration of social infrastructure investments and generally the adherence to an integrated approach is to a large extent influenced by the ‘architecture’ of the OP, i.e. whether the priority axes etc. have been designed in a way that facilitates an integrated approach.

- The way in which an OP can promote and support an integrated approach takes the form of an ‘enabling framework’ rather than the actual incorporation of specific integrated development strategies per se in the OP.

- Specific integrated development strategies tend to be realised at urban agglomeration or city level – with or without ERDF support – and this has become the norm in the EU-15. This occurs less in EU-13, although examples from Estonia and Latvia show a clear move in that direction. Generally, the tendency is for the EU-13 Member States to invest more in infrastructure and for the EU-15 to focus on softer and more bottom-up types of interventions, in line with the integrated urban development approach as defined by the European Commission, i.e. with a strong involvement of local actors and covering multiple policy fields. A key reason for the divergence between the EU-13 and EU-15 is the remaining need for the former to catch up with EU-15 infrastructure standards, with the Structural Funds being the most important source of funding for such investments. An additional reason is the long experience of EU-15 with urban development approaches going back to several European initiatives, such as the

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1 EU Member States before the 2004 enlargement (AT, BE, DE, DK, EL, ES, FI, FR, IE, IT, LU, NL, PT, SE, UK)
2 EU Member States that joined the EU after 2004 (BG, CY, CZ, EE, HR, HU, LT, LV, MT, PL, RO, SK, SI)
Urban Pilot Projects which started in 1989 or the successor URBAN programmes launched in 1994.

**Achievements**

Activities related to urban development range from ‘investments in deprived areas’ and ‘economic growth support’ to support of ‘cultural heritage’ and ‘strategy development’. The following achievements have been distilled from the Operational programmes:

- Strategy development, plans, reports, brochures, meetings, etc.
- Construction/repairs/renovation to schools, housing, social and cultural centres, and other buildings
- Creation of business space
- Town centre/historic area/river banks etc. revitalisation
- (Re)construction of streets and cycle paths
- Public spaces/facilities
- Revitalisation of wasteland/reuse of brownfield sites
- Wastewater and drinking water treatment
- Energy efficiency.

Achievements in the EU-13 range from infrastructure improvements (water, sewage, schools, housing and cultural centres) and renovation of buildings to actual development of urban integrated development plans and strategies. Latvia for example used all of its integrated urban development budget for infrastructure improvements in urban and rural areas. The Czech Republic made an effort to develop Integrated Plans for Urban Development for cities with more than 50,000 inhabitants, as the basis for neighbourhood development related to sports facilities, public places, culture and leisure facilities. Among the EU-15 the UK emphasised the creation of business centres and the support of SMEs at local level. Other EU-15 countries used ERDF funds to trigger private investments in towns and cities, for instance in Rotterdam.

Achievements in relation to social infrastructure are most of all the improvement or establishment of new social infrastructure facilities, especially in those Member States with a large financial allocation to education and health infrastructure. The main achievements are:

- Improvement of social infrastructure facilities with modernisation of equipment and increase of efficiency of services such as ambulances or care services. This contributes to filling the gap between more and less developed regions in Europe (e.g. Hungary).
- Improvement of education system in some Member States where a significant share of the Structural Funds has been deployed for education infrastructure (e.g. Portugal).
• Improvement of health systems with the aim to improve the state of health of the population (Hungary and Czech Republic).

• Improvement of lifelong learning services in combination with labour services to better adapt the workforce in target areas to labour market and business needs (e.g. Spain, Poland, Czech Republic or Lithuania).

• Some programmes used social infrastructure investments for improving the security of urban areas or for expanding and enhancing cultural heritage related education.

• Other social infrastructure is used in combination with various urban development actions to support cultural, sports or training facilities, as well as the establishment of support centres for different disadvantaged groups.

In regions with a lower ERDF allocation to social infrastructure, the achievements can mainly be found in the increase of efficiency through better cooperation, new IT systems and better education and training.

Finally, there are some positive indications from the limited evidence available as to the contribution of the OPs to growth and jobs: the investments are largely in line with EU regional policy objectives; and, the feedback from the project level is positive with 73% project implementation bodies reporting that their projects have contributed to growth and jobs through the following achievements: improved skills/educational attainment/qualifications, entrepreneurship/new business creation, improved performance/expansion of local businesses, higher rate of female and/or youth participation in the labour market and improved health outcomes.

**Sustainability**

The financial sustainability of projects supported by the OPs is not treated in depth in most of the programmes. The examination is done on a pro forma way and ex ante only, and cost-benefit analysis is only applied exceptionally. The issue of sustainability is sometimes indirectly covered by broader considerations like ‘project maturity’. Nevertheless, project implementation bodies are conscious of the importance of sustainability issues and two-thirds of them claim that the sustainability of their projects is ‘fully secured’ but they treat this as largely synonymous with the availability of budget to run the project in the foreseeable future.

The sustainability of interventions and consequently of the achievements depends on the overall context and the embeddedness in regional and national strategies. For example, in Hungary the embeddedness of interventions is less clearly visible than in the case of Portugal in education. In the former, the funding merely serves to fill the necessary basic infrastructure gaps and, therefore, it is not clear whether the large health investments will really lead to a sustainable change.

Compared to the rather ad-hoc financing in Hungary Portugal has deployed ERDF operational programmes to fundamentally modernise the Portuguese secondary school system. For this purpose the Portuguese government combined several different funding sources (ERDF, ESF, EIB, CEB, state co-funding and private loans).
Indicators

The system of capturing and reporting outputs and results suffers from several shortcomings. For instance, many result indicators that could serve as the basis for evidence are ‘reformulated’ output indicators. Overall, the approach of the Managing Authorities and the reporting in the annual implementation report is a quantitative one; achievement is seen in the numerical compliance towards the targets and the target/performance comparison. The main question here is the credibility of baselines and targets, especially in those cases where extraordinary overachievement has been reported.

Considering urban development the result indicators are rather broad and it is worth noting the low number of indicators related to integrated urban development, in whatever way this might have been defined. Achievements under education infrastructure and health infrastructure are more precisely defined in the sense that the intervention logic - e.g. the link between improved facility and increased number of people benefiting/increased level of service offered - is direct and comprehensible. The same largely applies to childcare since it follows a similar logic to education. Achievements under housing and other social infrastructure are rarely reported due to the lack of indicators or the submission under broader more generally expressed indicators (e.g. improved social infrastructure). In general the character of output and result indicators in many programmes is unclear and this leads to the fact that in some OPs output and result indicators are the same.

Success factors identified

The interviews with Managing Authorities as well as the web survey and other related evidence revealed several factors for success and failure which fall into the following categories:

- **The complexity, maturity and viability** of the project proposal: these are usually captured in the proposal selection procedure. In many cases the complexity, for instance, of the integrated urban approach has led to failure. On the other hand Czech Managing Authorities claim that the higher the complexity, the more successful the project. Failure was also caused by implementing challenging but inadequate developed immature financial engineering instruments, as in the case of Romania. Here the implementation of the financial engineering instrument led to a great delay in the implementation of the OP.

  **The involvement, coordination and alignment to strategies and plans:** this is particularly the case with the integrated approach, where the alignment to regional and/or national strategies and especially the involvement of local stakeholders and beneficiaries have been named as a very important success factor. Additionally, political commitment at local as well as at regional level is necessary to successfully implement a project.

- **The capacity of the project implementation body and project owner:** almost all Managing Authorities refer to a combination of a lack of project
management skills and ‘high bureaucracy’ in project implementation as a key cause of failure in project implementation.

The screening of the programmes also revealed a shortfall in addressing specific target groups. Interestingly, those OPs lacking a clear specification of target groups also tend to be the programmes where demand has stayed below expectations. This can be explained by the lack of strategy and the lack of involvement of the right stakeholders. The pressure to absorb the OP budget leads again to further *ad hoc* interventions whose nature is more ‘sectoral’ than ‘integrated’.

**Future perspective**

Several of the main issues addressed by this ex-post evaluation are reflected in the regulatory framework for the 2014-2020 period. The integrated approach is further reinforced, as urban development shall be implemented through strategies setting out integrated actions. A minimum of 5% of ERDF resources allocated shall be invested in integrated actions for sustainable urban development in order to strengthen the role of cities in the programmes. The implementation might be facilitated with instruments such as the Integrated Territorial Investments. All 11 thematic objectives set out in the general regulation EU No 1301/2013 are relevant for urban areas and some particularly pertinent investment priorities have been specified. Moreover the 2014-2020 programming period represents a step forward towards a more result oriented approach which allows for a better validation of integrated investments.
This is the final report of the ‘Ex post evaluation of cohesion policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF). It represents the final deliverable of Work Package Ten: Ex post evaluation of Urban Development and Social Infrastructures, No. 2014CE16BAT035’. The evaluation team - a Core Team and a network of Geographic Experts - comprised experts from Metis GmbH and IfS as a subcontractor.

The final report presents the results of the tasks undertaken by the study, together with the main findings and conclusions derived from the cross-task analysis.

1.1 Objectives and scope of the study

The overall objective of this study is to undertake an ex post evaluation of cohesion policy programmes financed by the ERDF and the Cohesion Fund during the period 2007-2013.

According to the Specifications the aim is to “establish the nature and objectives of co-financed investments in the fields of urban development and social infrastructures and assess the extent to which they were delivered through integrated strategies or not”.

In doing so the study addresses a wide range of evaluation questions set out in the Specifications by study task. These are presented in Table 1, below, in five homogeneous groups of questions drawn from all the tasks of the study, and by task in the Annexes.

The study covers the policy areas of ‘urban development’ and ‘social infrastructure’ in all EU Member States supported exclusively by ERDF under the Convergence, Regional Competitiveness and Employment and European Territorial Cooperation objectives.

The scope of the study has been defined in the Specifications on the basis of the ‘priority theme’ dimension of the code system as defined in Annex II of regulation 1828/2006. The codes are assigned to every single project when it is selected for ERDF support. The priority themes that are directly linked to the two policy areas of this study are:

- ‘Urban development’:
  - Code 61 Integrated projects for urban and rural regeneration
- ‘Social infrastructure’:
  - Code 75 Education infrastructure
  - Code 76 Health infrastructure
  - Code 77 Childcare infrastructure
  - Code 78 Housing infrastructure
  - Code 79 Other social infrastructure.
The evaluation explores the different approaches regarding urban development and social infrastructure and their influence on achievements. More precisely, it seeks to provide a better understanding as to whether support in urban areas is part of integrated development strategies and the extent to which the objectives are economic, social or environmental or a combination of these and/or other objectives. Furthermore, there is a need to understand the role of social infrastructure investments in the context of cohesion policy interventions and, particularly, in relation to urban development.

1.2 Tasks and methodological approach

1.2.1 Evaluation tasks

The study was launched in November 2014 with a 10-month duration and comprised four tasks:

- **Task 1: Distribution of investments and reported outputs** - Analysis of financial data and core indicators using the categorisation system, covering 322 OPs, and in more detail a sample of 115 OPs with the highest ERDF allocations (over EUR 22 million) to the priority theme codes identified in the study Specifications (February – March 2015).

- **Task 2: Analysis of Operational Programmes and Annual Implementation Reports and Survey of Managing Authorities** - Screening of key documents of the sample of 115 OPs and telephone interviews with the respective Managing Authorities (February – May 2015).

- **Task 3: Survey of project implementation bodies** - Web survey prepared in March – April and carried out in May – June 2015.

- **Task 4: Cross-task analysis and presentation of the final report** - including a stakeholder seminar held on 15.07.2015 (Final Report submitted in September 2015).

1.2.2 Overall approach

**Task 1**

The analysis carried out in Task 1 is based on the European Commission’s (EC) monitoring data. This allows for the analysis of both financial data and some data on outputs for selected core indicators, as follows:

- By using the categorisation system as defined by the European Commission, financial data allow for an analysis in different dimensions and comparisons. The codes cover the dimensions of priority theme, type of territory, form of finance, location and economic activity. This study focuses on code 61 (‘integrated projects for urban and rural regeneration’ which is also referred to as ‘urban development’ or ‘urban and regional regeneration’ or ‘integrated urban development’ depending on the context) and codes 75 to 79 (‘social infrastructure’).
In addition, there are data available for the relevant physical core indicators. Six of them are directly related to the topics covered by this study. However, the quality of the data is low for the requirements of this study and - mainly for the dimensions of economic sector, type of territory and location where there are significant gaps - this has constrained the analysis. Also, the possibilities for the interpretation of the core indicators are limited. All indicators are of the type ‘number of projects’, which means that they give information on the activities undertaken rather than on outcomes or results.

Some of the data gaps have been addressed by WP13 and we were able to carry out some additional analyses of actual expenditure by NUTS III in a later stage of the study, as part of Task 1.

The methodology of Task 1 is presented in Annex 1, together with the analyses carried out and findings obtained by thematic field and by evaluation question. Annex 1 also includes a fuller explanation of data constraints and the way Member States have applied the categorisation system.

Task 2

Task 2 concentrated on the screening of the relevant documentation of the sample of 115 OPs established as part of the study Specifications. The screening of documents encompassed the programme documents, including all relevant Annexes and the AIR 2013 for each one of the OPs, as well as other relevant sources of information ranging from the programme website and project databases to evaluations and other studies.

The main purpose of the screening was to better understand the actual interventions supported by the OPs, the intervention logic where actions are embedded, and other important aspects such as governance, project selection and main implementation bodies.

The screening exercise was completed for all 115 OPs by the Geographic Experts with the help of a web-based survey tool. Their findings and assessments for each OP were integrated in a database serving as the basis for answering the evaluation questions.

The Geographic Experts were required to interview the Managing Authorities in case there were any information gaps remaining from the screening of the documents and in order to deepen the study insights. Interviews with the Managing Authorities were conducted for 104 OPs. The information obtained by the Geographic Experts was extracted and summarised using the web-based survey tool.

The methodology of Task 2 is presented in more detail in Annex 2, together with the analyses carried out and findings obtained by evaluation question.

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3 No interview could be conducted in the case of 11 OPs due to no response from the relevant Managing Authorities. The non-respondent MAs were: FR - Guyane, Guadeloupe, Martinique, Réunion, Lorraine; PL - Infrastructure and Environment, Lower Silesia, Kujawsko-Pomorskie, Lubuskie, Mazovia; and IT - Calabria.
Task 3

Task 3 aimed to explore the strategies of ERDF projects, including desired change, financial sustainability, contribution to programme objectives, results, and other issues related to the evaluation questions set out in the Specifications. This was pursued through a web survey of project implementation bodies drawn from different ERDF programmes from all Member States covered by this study.

The survey covered equally the fields of urban policy and social infrastructure. In total 579 project implementation bodies were invited to take part and 214 of them submitted valid responses online.

The survey methodology is presented in Annex 3, together with the results obtained by evaluation question.

Task 4

Task 4 involved a cross-task analysis. This was done by group of evaluation questions, as presented in Table 1, below, and by policy field; urban development and social infrastructure. We also analysed a number of overarching issues of the study, which transcend individual policy fields or evaluation questions, such as the strategic approach followed by the programmes and its relevance to their achievements. The main points arising from these analyses form part of the core chapters of this report (Chapters 3, 4 and 5).

A ‘stakeholder seminar’ took place on 15.07.2015 as part of Task 4, in line with the study Specifications. The seminar discussed the preliminary findings of the evaluation, and contributed to the deepening of the analysis and to the drawing of conclusions. Its agenda, participants and work shop results are presented in Annex 4.

The development of the final report was also part of this task.

1.3 Structure of this report

This report is in two parts: main report and annexes.

The main report comprises five chapters, including the Introduction (Chapter 1). The main report comprises five chapters, including the Introduction (Chapter 1).

Chapter 2 offers a general overview by presenting the overall pattern of ERDF spending for integrated projects of urban regeneration and for social infrastructure. It also describes the main characteristics of the sample of 115 OPs which have been chosen for this evaluation.

Chapters 3 and 4 present the results of the analyses carried out under Tasks 1, 2 and 3 regarding, respectively, the fields of urban development and social infrastructure. Each of

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The structure of the report follows the guidance issued by DG Regio for all Work Packages of the ex post evaluation.
these chapters covers the following aspects, which in turn correspond to a group of relevant evaluation questions, as in Table 1:

- Strategy
- Activities and target groups
- Financial resources
- Implementation
- Outputs, results and achievements.

**Chapter 5** addresses the overarching evaluation questions of the study, as defined by the Specifications under Task 4 of the study, and a number of cross-cutting issues that spring from the findings and conclusions Chapters 3 and 4. It also summarises the main conclusions of the study, generally and by evaluation question, and draws lessons for future policy development and ERDF programmes.

The four **annexes** correspond to the four tasks of the study. Each of them presents the relevant methodology and the results of the analyses undertaken, typically by evaluation question.
### Table 1: Grouping of Evaluation Questions

<table>
<thead>
<tr>
<th>Strategies (Sections 3.1 and 4.1)</th>
<th>Activities and Target Groups (Sections 3.2 and 4.2)</th>
<th>Financial Resources (Sections 3.3 and 4.3)</th>
<th>Implementation (Sections 3.4 and 4.4)</th>
<th>Outputs, Results and Achievements (Sections 3.5 and 4.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQ2-2 What is the programme trying to achieve in the areas of urban development and social infrastructures? (also in relation to addressing the needs of different population groups)? (see p. 48 and p. 76)</td>
<td>EQ1-2 What are the economic sectors benefiting most from investments that can be associated with urban development and social infrastructures? (see p. 59 and p. 88)</td>
<td>EQ1-1 What is the distribution of investment in urban development and social infrastructure across programmes? (see p. 61 and p. 89)</td>
<td>EQ2-4 What is the nature of the relation between Managing Authorities and the main project implementation bodies (e.g. urban authorities) in terms of delegation of tasks and involvement in the selection of operation? (see p. 67 and p. 94)</td>
<td>EQ2-5 What are the main drivers of success and failure associated with these strategies and projects? (see p. 74 and p. 100)</td>
</tr>
<tr>
<td>EQ2-3 What is the strategy to promote investments and justify actions in these specific sectors? And how can the demand side in the investigated sectors be characterised? (see for example p. 79)</td>
<td>EQ1-3 Are there specific target groups that can be identified as beneficiaries of the support? (e.g. deprived or marginalised groups). (see p. 59 and p. 88)</td>
<td>EQ1-4 What is the geographical and territorial distribution across investments? (see p. 61 and p. 89)</td>
<td>EQ2-8 Are there linkages between ERDF support and ESF support in the areas of urban development and social infrastructures? (see p. 64 and p. 116)</td>
<td>EQ2-6 What is the relationship between investments for integrated urban development strategies and investments in the different fields of social infrastructures? (see for example p. 40)</td>
</tr>
<tr>
<td>EQ2-11 (1) What are the main changes (objectives) that programmes are attempting to achieve? (see p. 71 and 96)</td>
<td>EQ2-1 Identify the nature of the activities and main beneficiaries of the financial support (e.g. services vs. infrastructure, public vs. private, etc.) (see p. 59 and p. 88)</td>
<td>EQ1-5 Identify the nature of the financial support (use of grants vs. financial engineering instruments). (see p. 66 and p. 93)</td>
<td>EQ2-9 What are the measures put in place to ensure financial sustainability of projects? And do selection criteria and processes take into account the future financial sustainability of projects? (see p. 69 and p. 94)</td>
<td>EQ2-10 How are achievements captured and reported on (quantitatively or qualitatively)? (see for example p. 71ff and 96ff)</td>
</tr>
<tr>
<td>EQ3-1 (1) What is the project trying to achieve and in what way? What are the main changes (objectives) that interventions are attempting to? (see p. 72 and p. 98)</td>
<td>EQ3-2 (2) Which are the identifiable targets groups (e.g. deprived or marginalised groups)? (see p. 55ff and p. 81ff)</td>
<td>EQ1-6 Identify – where possible – other investments included as part of ‘integrated urban development strategies’. (see p. 50, 64)</td>
<td>EQ3-4 Do projects in the areas of urban development and social infrastructures benefit from simultaneous ERDF and ESF co-financing. What is the nature of the linkage between ERDF and ESF in these cases? (see p. 64 and p. 116)</td>
<td>EQ2-11 (2) what results have been achieved (or are likely to be achieved) via the support to specific projects? (see for example p. 71 and 96)</td>
</tr>
</tbody>
</table>

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5 Summarised answers to the evaluation questions are presented in Section 5.3.2

6 Sections of the report in which the results of the analyses concerning this group of evaluation questions are presented
<table>
<thead>
<tr>
<th>Strategies (Sections 3.1 and 4.1)</th>
<th>Activities and Target Groups (Sections 3.2 and 4.2)</th>
<th>Financial Resources (Sections 3.3 and 4.3)</th>
<th>Implementation (Sections 3.4 and 4.4)</th>
<th>Outputs, Results and Achievements (Sections 3.5 and 4.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQ3-2 (1) What is the socio economic objective focus of the project and the logic of intervention at the basis of the interventions carried out? (see p. 55ff and p. 81ff)</td>
<td>EQ4-3 (2) Is it concentrated on identifiable target groups? (see p. 59 and p. 88)</td>
<td>EQ2-7 What is the role of ERDF support in supporting strategies for integrated urban development in comparison to other possible co-funding? And how much of the ERDF is supporting integrated urban development strategies? (see p. 50, 64)</td>
<td>EQ3-6 Is financial sustainability addressed? What are the measures put in place to ensure financial sustainability of projects? (see p. 69 and p. 94)</td>
<td>EQ3-1 (2) what results have been achieved (or are likely to be achieved) via the support to specific projects? (see p. 72 and p.98)</td>
</tr>
<tr>
<td>EQ4-1 To what extent was the ERDF allocated to urban development investments through integrated strategies for urban development? (see p. 50 and p. 5.1)</td>
<td>EQ3-3 Do projects in the areas of urban development and social infrastructures address identified market failures? (see p. 64)</td>
<td></td>
<td></td>
<td>EQ3-5 In each of the sub sectors what are the most common measures of project output used by the projects? (see p. 71ff and 96ff)</td>
</tr>
<tr>
<td>EQ4-2 How was integrated urban development organised in the programmes during 2007-2013 programming period? Are there “types” of strategies that can be detected? (see for example p. 48ff)</td>
<td></td>
<td></td>
<td></td>
<td>EQ3-7 Are the supported projects contributing to economic growth and creating jobs? And in what ways? Can beneficiaries point to objective evidence in this regard? (see for example p. 116ff)</td>
</tr>
<tr>
<td>EQ4-3 (1) How was “social infrastructure” organized in Operational Programmes – and within strategies for urban development? (see for example p. 76ff)</td>
<td></td>
<td></td>
<td></td>
<td>EQ4-4 What are the main rationales to justify public investment in integrated urban strategies and social infrastructures? (see for example p. 116ff)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EQ4-5 What evidence is there of achievements of investments in sustainable urban development and social infrastructures? (see for example p. 116ff)</td>
</tr>
</tbody>
</table>
2.1 Patterns of ERDF investment in urban development and social infrastructure

This section presents an analysis of the data available from the categorisation system according to Annex II of Regulation 1828/2006. According to this system, the ERDF amount allocated to selected projects is attributed to pre-defined categories in the following five dimensions: priority theme, form of finance, territorial dimension, economic activity, and location. The 2007-2013 programming period was thus the first time that a coherent monitoring approach was introduced to cover all OPs EU-wide.

The priority theme dimension of the code system has been used to define the scope of this study in the tender Specifications. This dimension offers a catalogue of 86 different codes aimed at covering the content of the interventions. The codes are grouped thematically, e.g. nine codes for different research and technology development (R&TD) related activities, six codes for different aspects supporting the information society, and so on. Categorisation data are available for 322 OPs, covering the Convergence, Competitiveness and European Territorial Cooperation (ETC) objectives. The total indicative financial plan for all 322 ERDF OPs foresees a budget of EUR 270,623.91 million. By the end of 2013, the total allocation to selected projects amounted to EUR 266,875.97 million. Nearly 98% of the total available budget has been allocated to them.

The scope of this study covers six of the codes for the priority theme dimension. The allocation to Code 61 ("Integrated projects for urban and rural regeneration") is EUR 10,416.66 million (or 3.9% of the total ERDF allocation) (see Figure 1). Allocations to social infrastructure amount to EUR 18,642.63 million (7.0% of total allocation). 'Investment in social infrastructure' is covered by a group of five codes (codes 75 to 79). Half of the allocation to social infrastructure goes to education infrastructure which accounts for EUR 9,314.27 million (3.5% of total allocation). Health infrastructure is the second key area of social infrastructure funding with EUR 5,597.03 million (2.1%). Allocations to other types of social infrastructure are EUR 2,687.97 million (1.0%). Childcare and housing infrastructure only play a minor role with EUR 638.63 million (0.2%) allocated to the former and EUR 404.74 million (0.2%) to the latter.

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7 "Allocation to selected projects" is the official definition of the information to be collected with the categorisation system. It is known that this definition can mean different things in different countries. An amount reported as "allocation" can represent a political intention to spend the money for a specific project, the formal decision to support a specific project, or the fact that a contract has been signed (or an official notification has been issued). WP13 highlights the point without giving any additional information on the scope of the variation ("National practices and terminology may differ and are not regulated by EU definitions. Some variation in practice is to be expected"). So, we cannot assess in how far this affects the validity of the analysis.

8 Regional Competitiveness and Employment

9 In this context the use of the term 'integrated' refers to 'integrated projects'. These are not necessarily part of 'integrated strategies'.
The total amount allocated to urban and rural regeneration and social infrastructure is 10.9% (EUR 29,059.29 million). Although this is a significant amount, other policy fields have greater shares in ERDF allocations: nearly 29% of the ERDF funds are allocated to transport projects; nearly 25% of the support goes to R&TD projects; for example investment in environmental protection and risk prevention is significantly higher (more than 18% of the allocated ERDF volume).  

Hungary, Poland and Portugal allocate more than EUR 3,000 million each to the relevant intervention categories (see Table 2, below). The three countries together spend more than one third of the total allocation on the relevant codes. Another nearly 20% of the total allocation is spent in Italy and Greece with more than EUR 2,500 million ERDF funds in each country. Slightly more than 20% is allocated to four countries with around EUR 1,500 million ERDF allocation each (Czech Republic, Slovakia, Spain and Germany).

Thus, nine countries spend nearly 80% of the total allocation to integrated urban development and social infrastructure. The rest (21%) is distributed between the remaining 18 Member States, none of them allocating more than EUR 1,000 million of ERDF funds to social infrastructure and integrated projects for urban and rural development. Denmark and Croatia invest neither in social infrastructure nor in integrated projects for urban or rural regeneration (see Table 2, below).

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10 The financial weight of different types of policy largely depends on the activities that are being supported. It is mainly investment in infrastructures which leads to high absolute figures in the allocations.
The ETC\textsuperscript{11} programmes allocate EUR 312.15 million in total to integrated urban development and social infrastructure and, overall, play only a minor role in financial terms. However, they include specialised programmes, like the EU-wide URBACT II programme and the PEACE III programme for Northern Ireland / Ireland, which is investing a substantial amount in social infrastructure, as well as some Interreg A-type programmes investing significant amounts in the relevant policy fields.

Looking only at the absolute amounts of ERDF allocated to projects per country does not provide information about the relative importance of the intervention compared to other elements of the country’s strategy. With a share of more than 20% of the total national ERDF allocation, integrated urban and rural regeneration together with social infrastructure is of particular importance in Portugal, Latvia and Cyprus (see Table 1 and Table 2, below). With a share between 11.0% and 19.5% nine other countries give a greater weight to these two policy areas in their ERDF allocations than the EU average. At the same time 15 Member States allocate less than the average to these fields: three of them not even 3% of their total ERDF allocations (Sweden – 2.9%, Finland – 2.1%, Luxemburg - 0.8%). The relative weight compared to all allocations reflects the political emphasis accorded to the policy areas: Poland for instance gives a comparatively small weight to these policy fields (6.7%), although the absolute amount of the allocation is the second largest in Europe. Cyprus – ranking among the smallest absolute allocations in Europe – invests more than 20% of its ERDF allocation in these policy fields.

Another perspective is offered by looking at the allocation to the relevant codes in relation to the number of inhabitants (see Table 2, below). The EU-wide allocation to integrated urban development and social infrastructure is EUR 57.3 per capita. The allocation per capita in Estonia is more than seven times higher (EUR 430.2). Seven other countries allocate more than EUR 250 per capita, followed by five countries with an allocation between EUR 63.6 and EUR 170.3. Six countries have a per capita allocation of between EUR 10 and the EU average of EUR 57.3. Finally, seven countries allocate less than 10 EUR per inhabitant to the relevant policy fields (Luxemburg only EUR 0.8). Most of the countries with high absolute amounts allocated to the relevant policy areas also show high per capita allocations. But there are also exceptions like Italy with a total allocation of EUR 2,830.11 million – but a per capita allocation below the EU average.

Anyhow, the per capita allocation needs to be considered carefully when calculated at Member State level: urban development, by definition, focuses on selected cities or areas within the cities and these are not distributed evenly across the country. Therefore, the per capita allocation in the actual territories selected for funding is often much higher than at Member State level.

\textsuperscript{11} Also referred to as Cross-Border Cooperation (CBC) programmes and ‘CB’ in the list of Member States in Tables 2 and 3, consistent with the CCI number of the programmes
### Table 2: Key figures: ERDF allocation to urban development (code 61) and social infrastructure (codes 75-79) – All 322 OPs

<table>
<thead>
<tr>
<th>Member State</th>
<th>Allocation 2013 61, 75-79: in C million</th>
<th>in % (Share of each Member State’s total ERDF allocation)</th>
<th>Allocation per capita (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HU</td>
<td>3,718.808</td>
<td>14.9%</td>
<td>376.4</td>
</tr>
<tr>
<td>PL</td>
<td>3,663.406</td>
<td>6.7%</td>
<td>95.2</td>
</tr>
<tr>
<td>PT</td>
<td>3,568.390</td>
<td>23.9%</td>
<td>342.2</td>
</tr>
<tr>
<td>IT</td>
<td>2,830.107</td>
<td>13.2%</td>
<td>46.6</td>
</tr>
<tr>
<td>EL</td>
<td>2,760.104</td>
<td>11.0%</td>
<td>251.1</td>
</tr>
<tr>
<td>CZ</td>
<td>1,790.664</td>
<td>10.2%</td>
<td>170.3</td>
</tr>
<tr>
<td>SK</td>
<td>1,583.380</td>
<td>16.2%</td>
<td>292.4</td>
</tr>
<tr>
<td>ES</td>
<td>1,550.605</td>
<td>8.4%</td>
<td>33.3</td>
</tr>
<tr>
<td>DE</td>
<td>1,477.941</td>
<td>10.1%</td>
<td>18.3</td>
</tr>
<tr>
<td>LT</td>
<td>940.952</td>
<td>16.5%</td>
<td>319.7</td>
</tr>
<tr>
<td>LV</td>
<td>844.336</td>
<td>22.6%</td>
<td>421.9</td>
</tr>
<tr>
<td>RO</td>
<td>728.899</td>
<td>4.5%</td>
<td>36.5</td>
</tr>
<tr>
<td>FR</td>
<td>690.388</td>
<td>9.4%</td>
<td>10.5</td>
</tr>
<tr>
<td>CB</td>
<td>669.340</td>
<td>8.9%</td>
<td>--</td>
</tr>
<tr>
<td>EE</td>
<td>566.048</td>
<td>19.5%</td>
<td>430.2</td>
</tr>
<tr>
<td>BG</td>
<td>461.033</td>
<td>7.4%</td>
<td>63.6</td>
</tr>
<tr>
<td>UK</td>
<td>412.417</td>
<td>7.9%</td>
<td>6.4</td>
</tr>
<tr>
<td>SI</td>
<td>191.909</td>
<td>5.4%</td>
<td>93.1</td>
</tr>
<tr>
<td>NL</td>
<td>144.454</td>
<td>16.8%</td>
<td>8.6</td>
</tr>
<tr>
<td>BE</td>
<td>141.354</td>
<td>14.2%</td>
<td>12.6</td>
</tr>
<tr>
<td>CY</td>
<td>121.860</td>
<td>20.2%</td>
<td>142.0</td>
</tr>
<tr>
<td>MT</td>
<td>108.080</td>
<td>15.3%</td>
<td>254.1</td>
</tr>
<tr>
<td>SE</td>
<td>27.966</td>
<td>2.9%</td>
<td>2.9</td>
</tr>
<tr>
<td>IE</td>
<td>24.254</td>
<td>5.9%</td>
<td>5.3</td>
</tr>
<tr>
<td>FI</td>
<td>21.663</td>
<td>2.1%</td>
<td>4.0</td>
</tr>
<tr>
<td>AT</td>
<td>20.735</td>
<td>3.6%</td>
<td>2.4</td>
</tr>
<tr>
<td>LU</td>
<td>0.200</td>
<td>0.8%</td>
<td>0.4</td>
</tr>
<tr>
<td>DK</td>
<td>0.000</td>
<td>0.0%</td>
<td>0.0</td>
</tr>
<tr>
<td>HR</td>
<td>0.000</td>
<td>0.0%</td>
<td>0.0</td>
</tr>
<tr>
<td>EU Total</td>
<td>29,059.292</td>
<td>10.9%</td>
<td>57.3</td>
</tr>
</tbody>
</table>

Source: Monitoring data DG REGIO 2015
2.2 ERDF investment - Characteristics of the sample of 115 OPs

For a more in-depth analysis, a sample of 115 OPs has been selected (see Table 4, below). These programmes invest more than EUR 22 million of ERDF each, in the two policy areas covered by the evaluation. All together the 115 programmes cover 98.43% of the total allocation to social infrastructure in all 322 programmes and 93.87% of the total allocation to integrated projects for urban and rural regeneration. The total allocation to the 115 selected programmes amounts to EUR 149,490 million of which 12.3% (EUR 18,350 million) are allocated to projects for social infrastructure (Codes 75-79) and 6.5% (EUR 9,778 million) to integrated projects for urban and rural regeneration (Code 61).

The following seven countries are not represented in the sample (see Table 3).

- Denmark and Croatia which do not invest in integrated projects for urban development and social infrastructure.
- Austria, Finland, Ireland, Luxemburg and Sweden, which have allocations in the relevant fields but no OP passing the threshold of more than EUR 22 million ERDF allocation.

In the selected programmes, 18.8% of the overall ERDF allocation is used for integrated projects for urban and rural regeneration and social infrastructure (compared to 10.9% in all OPs EU-wide). At Member State level, the selected OPs allocate up to 50.5% (Slovakia) of the total allocation to the relevant codes. Altogether, five Member States have an allocation to the relevant codes of more than one third of the total ERDF allocation. Although Poland has the second largest amount allocated in absolute figures, this only reflects 8.1% of Poland’s total ERDF allocation – the lowest value of all Member States (see Table 3).

---

12 The selection and the threshold of € 22 million have been defined in the Specifications on the basis of the allocation by the end of 2012. The application of the same threshold to the data as of the end of 2013 would have led to some small changes in the selection.
Table 3: Key figures: ERDF allocation to urban development (code 61) and social infrastructure (codes 75-79) – Sample of 115 OPs

<table>
<thead>
<tr>
<th>Member State</th>
<th>Allocation 2013 61, 75-79</th>
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<th>Allocation per capita (€)</th>
</tr>
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<tbody>
<tr>
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<td>PL</td>
<td>3,663.406</td>
<td>8.1%</td>
<td>95.2</td>
</tr>
<tr>
<td>PT</td>
<td>3,568.390</td>
<td>32.7%</td>
<td>342.2</td>
</tr>
<tr>
<td>EL</td>
<td>2,760.104</td>
<td>22.3%</td>
<td>251.1</td>
</tr>
<tr>
<td>IT</td>
<td>2,759.293</td>
<td>20.7%</td>
<td>45.4</td>
</tr>
<tr>
<td>CZ</td>
<td>1,787.341</td>
<td>23.9%</td>
<td>170.0</td>
</tr>
<tr>
<td>SK</td>
<td>1,555.439</td>
<td>50.5%</td>
<td>287.2</td>
</tr>
<tr>
<td>ES</td>
<td>1,488.629</td>
<td>12.5%</td>
<td>32.0</td>
</tr>
<tr>
<td>DE</td>
<td>1,438.138</td>
<td>11.5%</td>
<td>17.8</td>
</tr>
<tr>
<td>LT</td>
<td>940.289</td>
<td>35.5%</td>
<td>319.4</td>
</tr>
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<td>EU Total</td>
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Source: Monitoring data DG REGIO 2015


2.3 Structural Funds objective and spatial level of OPs

The 115 programmes cover 21 Member States and seven ETC programme areas\(^\text{13}\) and they concern different Structural Funds objectives. A general overview about categories of region and types of programme (national or regional level programme, or ETC programme) which are involved in the study assessment is presented in Figure 2, below:

**Figure 2: Number of OPs in Member States by Structural Funds objective\(^\text{14}\)**

![Figure 2: Number of OPs in Member States by Structural Funds objective](image)

Source: Metis, 2015

Figure 2 shows the number of different OPs in each Member States. This should illustrate that the study does not allow a generalisation across all European Member States due to inequality of competitiveness OPs compared to convergence OPs as well as regional programmes in relation to national OPs. In selecting the programmes on the basis of the total amount allocated to urban and rural regeneration and social infrastructure, the chosen OPs give more weight to these policy areas than the average programme. Seventy five convergence programmes allocate by far the highest share (EUR 22,675.07 million). Six programmes cover both convergence and competitiveness areas and allocate EUR 2,872.26 million to the selected policy fields. The 27 competitiveness programmes cover an amount of EUR 2,220.42 million. Finally, seven of the 115 OPs are programmes for cross-border or interregional cooperation (total allocation EUR 360.70 million).

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\(^{13}\) Including URBACT II which covers all Member States

\(^{14}\) Figure includes only those 21 MS and ETC programmes which are covered by 115 OPs. Excluding AT, DK, FI, IE, LU, HR, SE. However all MS are covered in the URBACT ETC programme and several MS are covered by different ETC programmes.
It is not easy to interpret the high share of allocations in convergence programmes as different factors, some of them rather technical, come into play. First, the EU co-financing to convergence programmes is higher than to competitiveness programmes and therefore the EU is simply paying a larger share of the investments under convergence programmes compared to competitiveness programmes.

Second, convergence and competitiveness programmes are investing in different mixes of project types. Infrastructure investment is of greater importance in convergence programmes than in competitiveness programmes. Third, convergence and competitiveness regions are defined on the basis of objective criteria, and generally speaking, the convergence regions can be expected to be confronted with more severe problems in basic public facilities than competitiveness programmes. Thus, a mix of different problem structures, different types of intervention and different co-financing rates lead to a clear dominance of convergence programmes in the sample.

The 108 competitiveness and convergence OPs come from 21 different Member States. More than half (59 OPs) are Polish, German, Italian, Spanish and Czech. Six countries have only one relevant programme (Romania, Bulgaria, Cyprus, Malta, Slovenia, Estonia, Latvia and Lithuania) – see Figure 2.

The spatial level of the programmes also varies (see Figure 3): 89 of the 115 OPs are regional programmes (ROP), 18 national operational programmes (NOP), one multi-regional operational programme (Multi ROP), and seven ETC programmes.

**Figure 3: Spatial level of OPs by Member State**

![Spatial level of OPs by Member State](image)

Source: Metis, 2015

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15 Four cross-border programmes, two transnational multi-country programmes (North West Europe and Central Europe) and one EU-wide inter-regional cooperation programme (URBACT II).
There is considerable diversity regarding the types of area targeted by the programmes, as depicted in Figure 4.

**Figure 4: Type of area targeted by OPs**

![Bar chart showing types of areas targeted by OPs]

- **No specification**: 100 entries
- **Towns in rural areas**: 50 entries
- **Regional centre**: 30 entries
- **Urban areas in cities/neighbourhoods**: 20 entries
- **Agglomeration**: 15 entries
- **Capital city**: 10 entries
- **Network of cities**: 5 entries

**Source:** OP/AIR2013 screening Metis, 2015

Figure 4 shows clearly that half of the OPs (50%) did not specify the target area. The highest share of unspecified target areas is shown in the case of Italy followed by Greece and Germany. Although the majority of the integrated urban development funds are allocated to EU-15 still there is no specification of target areas. In the case of the Czech Republic it is worth noting that although there is a distinctive urban strategy framework it does not distinguish between urban areas and rural areas in most of the OPs. A large proportion of programmes (25%) address towns below 50,000 inhabitants in rural areas (especially Hungary, Latvia and the Czech Republic).

The rest of the OPs specify the addressed areas in a more concrete way (i.e. capital cities or specific neighbourhoods etc.). Specifications regarding Neighbourhood areas have been specified only in EU-15. One programme ("Border Region of Ireland and Western Scotland") targets only rural areas. The following OPs explicitly focus on cities and agglomerations, and three of them cover capital cities (Athens, Lisbon and Berlin):

- 2007BE162PO003 Wallonia
- 2007BG161PO001 Regional Development Programme
- 2007DE162PO004 Berlin
- 2007GR161PO006 Attica
- 2007FR162PO022 Rhone-Alpes
- 2007PL161PO010 Małopolski
- 2007PL161PO009 Łódzkie
- 2007PT162PO001 Lisboa
The 115 OPs have been selected with reference to the total amount of funding allocated to the two policy areas of urban and regional regeneration and social infrastructure, but they cover different combinations of the two policy areas in the programmes.

The majority of OPs cover convergence regions. Therefore the evaluation is very much focusing towards those areas of investment. General conclusions related to differences between convergence and competitiveness regions are therefore rarely feasible.

2.4 Thematic orientation of OPs

The following categories have been identified based on the ERDF allocations at programme level (see Figure 5):

- **Urban development programmes**: 18 OPs invest only in urban and rural regeneration (code 61) and not in social infrastructure. An ERDF allocation of EUR 933.85 million had been made by the end of 2013 (nearly 10% of the total allocation to urban development in the 115 OPs). These programmes come from eight different countries.

- **Social infrastructure programmes**: 12 OPs invest in social infrastructure (codes 75-79) but do not allocate funds to urban development (code 61). The ERDF allocation to these codes by the end of 2013 was EUR 4,396.25 million, which is nearly one quarter of the total allocation to social infrastructure in the 115 OPs. The programmes come from eight different countries.

These two categories of programmes have a combined share of nearly 20% of the overall allocation to urban and rural regeneration (code 61) and social infrastructure (codes 75-79). This means that more than 80% of the overall ERDF allocation to the relevant codes is found in programmes combining both urban and rural regeneration, and social infrastructure. Different combinations fall into two further programme categories:

- **Mixed programmes – urban development dominated**: 25 OPs allocate funds to both infrastructure (code 75-79) and urban and rural regeneration, with a higher share spent on urban and rural regeneration (code 61). The OPs combine nearly one third of the overall allocation to urban development (EUR 3,012.18 million) and nearly 7% of the allocation to social infrastructure (EUR 1,209.44 million). The programmes come from 10 different countries.

- **Mixed programmes – social infrastructure dominated**: 60 programmes apportion a higher share of their allocation to social infrastructure (code 75-79), but also invest in urban and rural regeneration (code 61). These programmes cover more than two thirds of the overall allocation to social infrastructure (EUR 12,744.70 million) and nearly 60% of the allocation to urban and rural regeneration (EUR 5,832.03 million). The programmes come from 18 different countries.
The distinction above does not allow a systematic categorisation without looking into each OP and how urban development and social infrastructure are combined.

### 2.5 Integration of urban development and social infrastructure in the OPs

The place of urban development and social infrastructure in the overall structure of the OP is influenced by various factors such as budget, strategy and regional character and needs. In general there are three main groups of OPs with different approaches (see Figure 6).

#### Social infrastructure dominated OPs with sectoral focus

The first group is characterised by a high budget allocation on social infrastructure, mainly health or education. Interventions in the respective fields are concentrated on one or several priority axes. Main examples are the Hungarian OP ‘Social Infrastructure’ with a clear focus on education in one priority axis and health in another priority axis.

#### Social infrastructure and urban development combined

The second group covers urban development and social infrastructure in one OP. However programmes addressing urban development as well as social infrastructure are either separating the thematic areas strictly in different priority axes or combining them.

- The Polish OP ‘Silesia’ or the Estonian OP ‘Development of Living environment’ address different thematic codes, each in a different priority axis, without combing them with urban development interventions.

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**Figure 5: Thematic orientation of 115 OPs**

![Thematic orientation of 115 OPs](image-url)
- Hungarian regional OPs ‘South Great Plain’, ‘Central Transdanubia’, ‘North Hungary’ combine different social infrastructure themes in one priority axis but separate them from urban development priority axes.
- Several Czech and Portuguese OPs but also the Maltese OP combine urban development and different social infrastructure themes in one priority axis.

A small group of OPs, four Greek and one Czech OP, combine social infrastructure and urban development in several similar priority axes per OP. Each priority axis addresses a specific sub-region of the OP.

**Urban development dominated OPs with integrated focus**

The third main group comprises those OPs which cover only urban development interventions without any social infrastructure codes addressed. All those OPs are in EU-15 Member States. However in some of the OPs urban development allocations are used for social infrastructure interventions. For example the Spanish OPs ‘Comunidad Valencian’ and ‘Castilla y León’ have directed urban development interventions also to training facilities and other social infrastructure.

**Figure 6: Structure of OPs**

![Graph showing the structure of OPs]

- **Group 1**: Social infrastructure OPs with separate thematic axes
- **Sub-group 2a**: Mixed OPs – separate thematic axes
- **Sub-group 2b**: Mixed OPs – combined social infrastructure but separate urban development axes
- **Sub-group 2c**: Mixed OPs – combined social infrastructure and urban development axes
- **Group 3**: Urban development OPs integrating social infrastructure

Source: OP/AIR2013 screening Metis, 2015
The priority axes structure is the most reliable source of evidence for a close relationship between integrated urban development and social infrastructure. This relationship is sometimes underlined in the first section of the programmes, especially regarding deprived urban areas. However, in the majority of the OPs this relationship is much less visible – indeed it often disappears altogether - in the strategy section where the operational and, by default, sectoral structure prevails.
### Table 4: EU ERDF allocation to relevant thematic codes – overview

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<th>Nr.</th>
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<th>OP name</th>
<th>MS</th>
<th>61 EUR million</th>
<th>75 EUR million</th>
<th>76 EUR million</th>
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<td>PT</td>
<td>151.07</td>
<td>114.70</td>
<td>49.76</td>
<td>5.46</td>
<td></td>
<td>64.76</td>
<td>385.76</td>
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<tr>
<td>Nr.</td>
<td>CCI</td>
<td>OP name</td>
<td>MS</td>
<td>61 EUR million</td>
<td>75 EUR million</td>
<td>76 EUR million</td>
<td>77 EUR million</td>
<td>78 EUR million</td>
<td>79 EUR million</td>
<td>Grand Total EUR million</td>
</tr>
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<td>-----------------------------</td>
<td>----</td>
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<tr>
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<td>Alentejo</td>
<td>PT</td>
<td>151.07</td>
<td>114.70</td>
<td>49.76</td>
<td>5.46</td>
<td>64.76</td>
<td>385.76</td>
<td></td>
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<td>102</td>
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<td>Algarve</td>
<td>PT</td>
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<td>19.34</td>
<td>2.65</td>
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<tr>
<td>103</td>
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<td>PT</td>
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<td>Lisboa</td>
<td>PT</td>
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<td>0.45</td>
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<td>105</td>
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<td>Madeira</td>
<td>PT</td>
<td>19.43</td>
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<td>7.35</td>
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<td>0.45</td>
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</tr>
<tr>
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<td>2007PT16UPO001</td>
<td>Territorial Enhancement</td>
<td>PT</td>
<td>4.19</td>
<td>1,090.67</td>
<td>7.35</td>
<td></td>
<td>80.84</td>
<td>1,175.70</td>
<td></td>
</tr>
<tr>
<td>107</td>
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<td>Regional Operational</td>
<td>RO</td>
<td>289.66</td>
<td>205.83</td>
<td>1.12</td>
<td></td>
<td>232.30</td>
<td>728.90</td>
<td></td>
</tr>
<tr>
<td>108</td>
<td>2007SI161PO001</td>
<td>Strengthening Regional</td>
<td>SI</td>
<td>36.51</td>
<td>33.08</td>
<td>34.10</td>
<td>22.42</td>
<td>65.80</td>
<td>191.91</td>
<td></td>
</tr>
<tr>
<td>109</td>
<td>2007SK161POO03</td>
<td>Western Slovakia, Central</td>
<td>SK</td>
<td>301.19</td>
<td>539.89</td>
<td>49.36</td>
<td></td>
<td>166.02</td>
<td>1,056.45</td>
<td></td>
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<tr>
<td>110</td>
<td>2007SK161PO005</td>
<td>Health</td>
<td>SK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>236.30</td>
<td>236.30</td>
<td></td>
</tr>
<tr>
<td>111</td>
<td>2007SK16UPO001</td>
<td>Research &amp; Development</td>
<td>SK</td>
<td>262.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>262.68</td>
<td></td>
</tr>
<tr>
<td>112</td>
<td>2007UK161PO002</td>
<td>West Wales and the Valleys</td>
<td>UK</td>
<td>139.46</td>
<td>18.15</td>
<td></td>
<td></td>
<td></td>
<td>157.62</td>
<td></td>
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<tr>
<td>113</td>
<td>2007UK161PO003</td>
<td>Cornwall and the Isles</td>
<td>UK</td>
<td>7.82</td>
<td>30.72</td>
<td></td>
<td></td>
<td></td>
<td>38.54</td>
<td></td>
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<tr>
<td>114</td>
<td>2007UK162PO001</td>
<td>Lowlands and Uplands of</td>
<td>UK</td>
<td>76.34</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>76.34</td>
<td></td>
</tr>
<tr>
<td>115</td>
<td>2007UK162PO009</td>
<td>Yorkshire and Humberside</td>
<td>UK</td>
<td>78.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>78.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td></td>
<td></td>
<td>9,778.07</td>
<td>9,232.86</td>
<td>5,504.32</td>
<td>622.52</td>
<td>396.78</td>
<td>2,593.93</td>
<td>28,128.46</td>
</tr>
</tbody>
</table>
3 URBAN DEVELOPMENT

3.1 Strategies

Urban development (code 61\(^{16}\)) is supported in 103 out of the 115 programmes in the sample. Most of them are regional programmes (87) and only eleven are national programmes. Five programmes of cross-border or inter-regional cooperation (ETC objective) also invest in this field (see Table 5).

Table 5: Types of OP supporting investments in urban development

| Member State | BE | BG | CY | CZ | DE | EE | EL | ES | FR | HU | IT | LT | LV | MT | NL | PL | PT | SI | SK | UK | ETC | Total |
|--------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|
| ETC          |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |  5  |
| NOP          | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 5   |
| ROP          | 3  | 7  | 12 | 5  | 10 | 8  | 7  | 8  | 2  | 15 | 6  | 4  | 1  | 4  | 8  | 3  | 1  | 1  | 2  | 15 | 7  | 1  | 1  | 4  | 1  | 1  | 1  | 1  | 5   |
| Total        | 3  | 1  | 1  | 8  | 12 | 1  | 5  | 10 | 8  | 7  | 9  | 1  | 1  | 2  | 15 | 7  | 1  | 1  | 1  | 4  | 1  | 1  | 1  | 4  | 5   |

Source: Metis 2015

The types of programme vary considerably. Programmes can cover either an entire country or only selected regions; a single strategy or multiple strategies. In fact, even national programmes can be designed as a grouping of several regional sub-programmes. The variety of OP types on the one hand and the definition of needs and objectives on the other hand, lead to variations in the structure and strategy of the OPs.

There are further variations in the way urban development is accommodated in the structure of the OPs. There is a category of OPs covering only urban development interventions without any social infrastructure codes addressed. They are predominantly in EU-15 Member States and some of them also cover various social infrastructure themes. Another category concerns OPs covering both urban development and social infrastructure codes; some of them with separate axes addressing urban development from social infrastructure, some with one priority axis covering both fields (see also Section 2.5).

3.1.1 Needs and objectives

In order to understand the strategy pursued by the OPs, the needs and objectives presented in the programmes have been distilled and their coherence assessed. In the field of urban development the OPs demonstrate different levels of explicitness in their needs and objectives. A significant number of OPs do not include any particular reference to urban development or are vague and generic when referring to it (see Annex 2.2.2 - EQ 2-2).

This means that there is only a very general reference to urban issues or typical urban problems, but no specific reference either to particular urban territories or to distinct types of problems. Only a minority (32%) of the programmes mention a specific urban context they are referring to explicitly.

\(^{16}\) 'Integrated projects for urban and regional regeneration'
A wide spectrum of **needs** are defined in the OPs. The most frequently mentioned are: improving the physical infrastructure (42 OPs); investing in rural areas (27 OPs); environmental protection and energy efficiency (26 OPs); and improving the economic and business environment (22 OPs) (see Figure 7).

It could be paradoxical to find needs related to rural areas as one of the most frequently cited type of need justifying investment in urban development. However, in most instances, this presumably refers to investment in smaller towns which are not part of larger urban agglomerations. A more in depth analysis of the spatial pattern of investment is described in Section 3.2, below.

**Figure 7: Needs related to urban development**

<table>
<thead>
<tr>
<th></th>
<th>Social infrastructure</th>
<th>Specific urban related context</th>
<th>Rural areas</th>
<th>Environmental protection and energy efficiency</th>
<th>Economic development</th>
<th>Territorial disparities</th>
<th>Revitalisation of urban areas and brownfields</th>
<th>Cultural heritage and tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convergence and competitiveness</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETC</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness</td>
<td>10</td>
<td>6</td>
<td>6</td>
<td>10</td>
<td>9</td>
<td>5</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Convergence</td>
<td>26</td>
<td>18</td>
<td>18</td>
<td>14</td>
<td>12</td>
<td>14</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: OP/AIR2013 screening Metis, 2015

Overall, the distribution of different types of **needs** between different categories of regions (ETC, competitiveness, convergence) can be summarised, as follows:

- In the case of convergence regions infrastructure is the most commonly cited need, with a lower share of needs related to economic development and environmental protection.
- In competitiveness regions needs related to economic development and environmental protection predominate.
- ETC programmes typically address four needs: ‘economic development’, ‘infrastructure improvement’, ‘social infrastructure and environmental protection’.
- OPs covering mixed regions (convergence and competitiveness) target ‘infrastructure’, ‘environmental protection’, ‘rural areas’ and the ‘need to reduce territorial disparities’.
Regarding the stated objectives in relation to the needs expressed, the programmes tend to be even vaguer than in the definition of needs. The most frequently defined objective refers to ‘sustainable development and improvement of cities and urban areas’. This is not necessarily a deficit or an indicator for an insufficiently focused strategy; it can simply indicate that the programme is contributing to integrated strategies that can be found in the context of the programme but are not explicitly described in the document. This can be a logical approach, if the programme is funding activities in different urban territories, each with its own specific strategy.

General formulations prevail beyond the reference to sustainable development, such as references to ‘development’ or ‘improvement’ without these translated into more specific objectives (74 OPs) (see Figure 8).

**Figure 8: Objectives related to urban development**

![Figure 8: Objectives related to urban development](image)

<table>
<thead>
<tr>
<th>Objective Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable development and improvement of cities and urban areas</td>
<td>70</td>
</tr>
<tr>
<td>Improvement of business environment and creating jobs</td>
<td>30</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>20</td>
</tr>
<tr>
<td>Infrastructure development</td>
<td>15</td>
</tr>
<tr>
<td>Social infrastructure development</td>
<td>10</td>
</tr>
<tr>
<td>Improvement of cultural sites, tourism</td>
<td>8</td>
</tr>
<tr>
<td>Development of integrated urban development strategies and plan</td>
<td>6</td>
</tr>
<tr>
<td>Improvement of partnership and cooperation</td>
<td>5</td>
</tr>
<tr>
<td>Revitalisation of urban areas including brownfields</td>
<td>4</td>
</tr>
<tr>
<td>Improvement of rural areas</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: OP/AIR2013 screening Metis, 2015
3.1.2 Integrated strategies for urban development

The analysis of the OPs and AIRs revealed that only 55 out of 103 programmes can be linked to integrated urban development strategies. In the case of 48 OPs no integrated approach is mentioned in the programmes. The financial allocation to the 55 programmes with a reference to integrated urban development amounts to EUR 4,924 million or 50% of the total allocation to code 61 (see Annex 2.2.7 -EQ 2-7).

However, even those OPs where the strategy systematically supports integrated approaches, the actual implementation does not appear to be integrated and individual projects seem to follow, in most instances, a rather sectoral approach. Overall, the examination of the consistency of the intervention logic identified a lack of a coherent ‘thread’ running through the programmes.

This shows a key limitation in assessing the strategy of the OP in relation to urban development: the fact that the integrated urban development approach refers to external local strategies which are not part of the OPs. Nevertheless, the feedback from the interviews with the Managing Authorities and the stakeholder seminar highlighted a number of important points, which are summarised below.

First, the degree of integration of social infrastructure investments and generally the adherence to an integrated approach is to a large extent influenced by the ‘architecture’ of the OP, i.e. whether the priority axes etc. have been designed in a way that facilitates an integrated approach (see Section 2.5).

Second, the way in which an OP can promote and support an integrated approach takes the form of an ‘enabling framework’ rather than the actual incorporation of specific integrated development strategies per se in the OP. This is clearly illustrated in the examples of the Czech and French OPs which are provided in Box 1 and Box 2, below. However, not all such frameworks have facilitated or led to integrated projects17.

Third, specific integrated development strategies tend to be realised at agglomeration or city level – with or without ERDF support - and this has become the norm in EU-15, as illustrated in the examples of Box 3 and Box 4, below, regarding the cities of Cologne and Rotterdam. This incurs less in EU-13, although examples from Estonia and Latvia show a clear move in that direction.

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17 Examples from Czech Republic and Poland reveal that the integrated approach triggers integrated strategies at different levels but this leads to confusion at project level. In some cases such as Czech Republic OP ‘South Moravia’ the different strategies situated at different level confuse rather than help to implement projects. Other Member States claim that the integrated urban development strategy does not lead to integrated projects.
However, the information available suggests that OPs, where an integrated approach has been followed in the project selection process, are coming closer to turning integrated urban development into reality. Even so, an important limitation is the complexity of projects and the lack of beneficiaries willing (or capable) to deal with this complexity. The result is insufficient demand for integrated projects and a tendency to use the resources for ad-hoc sectoral interventions in urban areas. Especially the pressure of n+2 rule leads to the abandonment of an initially ‘noble’ aim.

**Box 1: Czech OP ‘North East’ supporting Integrated Plans for Urban Development**

There is a strong need to invest in public spaces of the cities. One of the objectives of the OP is the revitalisation of such areas. These objectives are achieved through the development and improved quality of public infrastructure in cities and towns of the supported regions. The target groups are citizens of the supported cities and towns as well as the visitors. The indicators reflect the supported interventions.

The Integrated Plans for Urban Development (IPUD) are realised with the support of the OP. Each IPUD has its indicators which have to be monitored during its realisation.

The IPUDs envisaged two main types of actions: regeneration and revitalisation of brownfields; and regeneration of other areas such as education, health etc. The MA had planned to spend more in the first type of actions; however it turned out during the programme implementation that the demand for the second type was higher. Investments in schools are one of key factors of attractiveness of the city or town for their inhabitants, especially for young families with children.

IPUDs were prepared by regional centres in accordance with the partnership approach, e.g. NGOs, universities, commercial chambers, businesses were consulted. All the IPUDs were prepared in line with the national methodology for IPUDs established by the Ministry of Regional Development.

**Box 2: Integrated urban development approach in the Region of Lorraine, France**

In France integrated urban development pertains to agglomerations with a social cohesion contract (CUCS). There are 22 CUCS in the region of Lorraine. However, after a first call only 2 candidates were selected, the two biggest cities of Lorraine: the Community of Agglomeration Metz Métropole and the Urban Community of Greater Nancy. A second call approved projects in 7 other cities with CUCS.

Projects must take into account all aspects of the development of a territory, including economic, social and environmental. The recipients of the calls for proposals are the cities involved in a CUCS. This call focuses on actions promoting the development of economic activity accompanied by measures to reduce social exclusion and environmental issues in order to contribute to sustainable urban development. Particular attention was paid to the governance of projects: firstly, to promote an integrated vision of actions to track down the offending neighbourhoods; secondly, to support or encourage the emergence of structures uniting people, associations, public professionals and services to a common development strategy and then bringing all the projects required for its implementation.
The purpose of the calls was the development of integrated territorial projects whose contents also relied on the thematic priorities under the other axes of the ERDF OP, as well as those under the ESF OP to create synergies. Projects should also take into account:

- the fight against discrimination
- the need to reduce school dropout
- the aim of improving access to employment for people in difficulty.

The achievements vary over the projects, but in general Metz and Nancy have invested considerably in socio-economic infrastructure such as, sports parks, health and childcare facilities, public education facilities and cultural infrastructure. Other cities under the second call focused more on improving public spaces and mobility infrastructure. This contributes to a renewal of various human social and environmental functions, services, shops and facilities of proximity, and to more family friendly, secure areas to bring new life and dynamism to the neighbourhood.

**Box 3: Integrated urban development approach at city level – Cologne (DE)**

In North Rhine-Westphalia the biggest integrated urban development project is situated in Cologne. The project is based on specifications provided by the Managing Authority. They describe the necessary structure and content the project needs to follow in order to get funded. The project is further based on a formal agreement to the integrated city concept provided by the city council. The city council is involved in the whole process starting with communication with the Managing Authority during the OP development, the urban strategy development and the implementation process. The basis of the urban development strategy is an obligatory SWOT analysis and defined objectives. Projects which are funded in this context are all judged by a specific committee comprising members of the ministries as well as the city. However the integrated approach has been difficult to put into action since the actual implementation is done by sectoral departments in the city government. The ERDF support represents only a small part of the city budget and merely feeds into the overall city interventions.

**Box 4: Integrated urban development approach at city level – Rotterdam (NL)**

In Rotterdam ERDF funding represents only a small part of the actual public expenditure for urban development. Integrated programmes are much larger than the ERDF contribution and ERDF just feeds in where suitable. Rotterdam is dominated by its port and project development is focused on needs and opportunities related to the port. The main topics are to adjust the labour market to the needs of the business sector. The currently high unemployment rate shows a significant mismatch.

A second topic in the city is brownfield development of former port areas. A third intervention is the establishment of a financial engineering instrument to trigger private investments. However the key issue is that profitable projects get financed without ERDF support and those projects which need ERDF support do not attract private investments. The involvement of ESF has not been foreseen and only happens coincidently. The main stakeholder in the programme is the city council.
A more general point emerging from the stakeholder seminar and supported by the results of the survey of project implementation bodies is that ‘integration’ is commonplace in local level interventions, albeit not always under an ERDF programme umbrella. This is fully supported by the results of the survey of project implementing bodies which show a majority of projects being part of an integrated strategy (see Figure 9) and the experience of URBACT in supporting the development of integrated development strategies, which are rarely implemented per se through ERDF (see Box 5, below).

Overall, besides the operational programme document there is a certain interaction between managing authorities, line ministries and local governments in some Member States. For example in Germany and the Netherlands integrated urban development strategies at local level are prepared by the local government and discussed with the regional governments. However this process is not part of the ERDF programme and is not covered in the programme documentation. A relevant experience has also been noted in the case of Bordeaux, France, where a similar system has been established as far back as in the late 1990s and ERDF has been utilised for implementing an already existing integrated development strategy.

Hence, there is a rather fundamental issue concerning the relationship of integrated urban development approaches and ERDF operational programmes, as well as a visibility issue, and these are considered further in Chapter 5.

**Figure 9: Does this project form part of a broader strategy?**

Source: Survey of project implementation bodies, Metis, 2015
Box 5: Integrated urban development strategies – the experience of URBACT

The URBACT programmes has accompanied integrated development strategies in around 500 cities and towns and gained extensive experience in problems and issues facing local governments. The lessons learned are:

- Integrated urban development approaches need to be triggered. The approach does not come from inside local governments due to the sectoral structures of all governmental levels.
- It is easier to trigger integrated strategies with tangible problems or concrete topics on which different governmental levels and stakeholders can focus their work efforts.
- Horizontal integration of stakeholders is easier than the vertical integration of different levels of government. Power plays are a main reason for difficulties in communication between governmental levels.
- The integration of strategies into ERDF programmes is difficult due to the rigid structure and nature of the latter. Many strategies are based on real needs and the willingness to adapt them to the ERDF logic is limited and requires additional administrative effort.
- All-in-all only a small part of the cities and towns which have developed integrated strategies actually use them in relation to ERDF.

3.2 Activities and target groups

3.2.1 Activities

The 103 OPs with allocations to urban development (code 61) cover a broad range of activities (see Annex 2.2.1 - EQ 2-1). They focus on investments in deprived areas (86 OPs), investment in economic growth with support of economic infrastructure (67 OPs), accessibility in terms of public transport but also road infrastructure (53 OPs), cultural heritage project including renovation and preservation of buildings (51 OPs) and support of the creative industry by providing facilities for entrepreneurs in the local area (48 OPs).

Other types of activities covered by the OPs which do not involve tangible investment per se are strategy development and cooperation/networking. The former is cited in almost half of the OPs (46) and involves the elaboration of integrated strategies in specific urban areas but also strategies covering different urban and rural areas. Activities related to integrated urban development also include cooperation and networking between urban areas within one Member State and across Member States (39 OPs including seven ETC programmes) (see Figure).
Figure 10: Types of activities listed in OPs in relation to urban development (code 61)

3.2.2 Targeted areas

Not all OPs make explicit in which type of territory they want to invest. As shown in Figure below a substantial proportion of OPs do not specify a target area. Member States with a focus on capital cities are Poland with Warsaw, Greece with Athens, Germany with Berlin and Portugal with the Lisbon. Poland specifies largely regional centres and Hungary towns in rural areas.

A significant proportion of the programme budget allocation (19%) addresses towns below 50,000 inhabitants in rural areas (especially Hungary, Latvia and the Czech Republic). In the case of the Czech Republic it is worth noting that although there is a specific urban strategy framework it does not distinguish between urban areas and rural areas in most of the OPs.

Eight OPs explicitly focus on cities and agglomerations with a total of 10% of the budget allocation, and some of them cover capital cities (see also Section 2.3).

In a number of programmes, the targeted area is not only specified on the level of type of cities, but in a more detailed way in terms of neighbourhoods and specific urban territory. The possibility of the OP to express the targeted area on such a detailed level clearly depends on the level and type of the OP as such. National OPs or larger regional OPs – like for instance the OP of North Rhine-Westphalia covering a region of more than 17 million inhabitants with a large number of cities – might have difficulties in including detailed strategies for specific territories in the OP. Anyhow, it is striking that targeting at neighbourhood areas has been specified only in EU-15.
The picture changes, when going down to project level: Projects are more clearly embedded in the local context than the OP strategies are. At project level the territorial scope of the interventions is mostly at district/neighbourhood level (32%) followed at city-wide level (23%), but a significant proportion is at regional or national level (most of 'other', see Figure 12).

**Figure 12: Territorial scope of urban development projects**

Source: Survey of project implementation bodies, Metis, 2015
WP13 of the ex-post evaluation recently provided more complete data at NUTSIII level\textsuperscript{18}. The data are used for an analysis of, first, the concentration of the allocation in capital and metropolitan regions, and, second, for the distribution between urban and rural regions. Following the European Commission’s regional typology\textsuperscript{19} there are three types of agglomerations defined:

- capital city regions – agglomerations including capital cities,
- second-tier metro regions – group of largest cities in the country excluding the capital
- smaller agglomerations.

As to the territorial distribution, investment in urban development (‘integrated projects for urban and regional regeneration’, code 61) is less concentrated in the capital and urban regions than the total ERDF allocation is. Only 10.7% of the expenditure is invested in the capital regions – compared to 12.8% for the total ERDF allocations covering all codes.

Together with the next two groups (second-tier metro regions and smaller agglomerations) in the respective Member State, 45% of the ERDF allocation of code 61 goes to the urban areas. Again, the concentration of investment in urban development in metropolitan regions is lower than for the total ERDF allocation (some 52%).

This suggests that the majority of urban development investment is focusing on towns and rural areas instead of capital cities and agglomerations.

The finding that capital cities are not the focus of expenditure holds for all Member States with the highest share of allocation to the capital region is 28.7% in Hungary.\textsuperscript{20} Only in Germany (24.0%) and Greece (21.5%) the capital cities have a share of more than 20% of the allocations. A number of Member States do not allocate any funds for integrated projects of urban and regional development at all to the capital regions (UK, SK, SI, ES, EE, FR). In some cases, the capital city is simply not eligible for ERDF support (e.g. UK).

\textsuperscript{18} This analysis of the financial allocation by type of regions is based on the data provided by WP13 on NUTS III level. It should be noted that 6 of the 115 OPs analysed in our study are not represented in the data (2 from Germany, the rest are cross-border cooperation programmes.

\textsuperscript{19} European Commission, GD REGIO (2011): Regional typologies: a compilation, Regional Focus No 01/2011, where both typologies used here are described.

\textsuperscript{20} With the exception of Cyprus, consisting of only one NUTS III unit, the total allocation in Cyprus is in the capital region.
The typology of urban areas distinguishing capital city agglomerations, medium and smaller agglomerations does not cover the whole Member State territory. Another typology suggested by the European Commission\(^{21}\) is the urban-rural typology covering all NUTS III regions.

1. Predominantly urban regions;
2. Intermediate region, close to a city;
3. Intermediate, remote regions;
4. Predominantly rural regions, close to city;
5. Predominantly rural; remote regions.

When analysing ERDF allocation based on this typology the weak concentration on larger agglomerations is again apparent. Some 27% of the allocation of urban development (code 61) has been spent in ‘urban’ NUTS III units, but more than 30% of the total ERDF allocation to the 115 OPs has gone to urban NUTS III areas. At the same time 15.3% of the allocation to urban development goes to the ‘predominantly rural, remote regions’ – compared to only 10.6% of the total ERDF allocation to the 115 programmes.

Therefore, the majority of ERDF funds allocated to urban development projects is allocated to towns and rural areas rather than larger agglomerations. The analysis of the financial allocation supports the finding from the OP analysis: ERDF investment in urban development (code 61) is mostly directed to smaller cities and towns – often in rural areas. Capital cities and agglomerations profit less from the investment in urban development than they do from other policy areas in which ERDF invests.\(^{22}\)

This pattern is predetermined by the definition of eligible regions. This focus on smaller cities and towns is coherent with the ERDF objective to support those parts of the Union that are lagging behind.

### 3.2.3 Economic sectors

The main economic sectors directly benefiting from the investments in urban development are ‘public administration’ and ‘construction’. Regarding ‘public administration’, it can be assumed that frequently the public sector is a beneficiary but since it either provides services or builds infrastructure it has effectively the role of an intermediary. ‘Construction’ underlines the importance of ‘hard’ projects and is expected to involve new or renovation of existing infrastructure. However, it should be noted that considerable ambiguit prevailing even on the level of the immediate beneficiaries with one third of the overall financial allocation to urban development categorised as ‘other unspecified sectors’ and ‘not applicable’ (see Annex 2.2.2 - EQ 1-2).

\(^{21}\) European Commission, GD REGIO (2011): Regional typologies: a compilation, Regional Focus No 01/2011, where both typologies used here are described.

\(^{22}\) It is known that R&D investment has a specifically strong focus on metropolitan regions reflecting the fact that dominating entities of the regional innovation systems (universities and large enterprises) normally are to be found there.
Given the nature of the intervention, the sectoral structure of the immediate beneficiaries does not necessarily reflect which sectors benefit from the output of the projects. Having in mind the (at least potentially) integrated quality of interventions in urban development, an analysis of economic sectors alone will not cover the range of groups benefiting from the intervention. The analysis of the target groups of the intervention can shed some light on this.

### 3.2.4 Target groups

Regarding target groups out of the 103 programmes related to integrated urban development the majority refer to the population in the programme area on which the OP focuses its intervention. The second major group is the general population in the city or agglomeration. Forty two programmes refer also to small and medium-sized enterprises and 29 had other, more precise, descriptions of target groups.

One third of the programmes citing other groups of ultimate beneficiaries use definitions along the following lines: the Spanish OPs addressed young people, unemployed people and migrants (Región de Murcia, Asturias, Extremadura); the Spanish OP ‘Galicia’ addressed women and migrants; the Greek OP ‘Western Greece - Peloponnesus - Ionian Islands’ specifically defined vulnerable groups (e.g. Roma) as target groups for code 61 actions. In some cases also NGOs and public authorities are also defined as final beneficiaries (see Annex 2.2.1 - EQ 2-1).

This picture can be completed with the information provided by project implementation bodies regarding the main target groups of their projects (see Annex 3.2.2 - EQ 3-2). As shown in Figure 13, below, ‘all population in local area’ and ‘all population city-wide’ are the more common answers with 25% and 23% of responses, respectively. However, a significant a large proportion of respondents (53%) have provided multiple responses combining these two answers with more specific ones, such as ‘small businesses’, ‘visitors’, marginalised groups’, ‘young people’ or ‘women’.

**Figure 13: Main target groups of urban development projects**

![Bar chart showing the main target groups of urban development projects]

Source: Survey of project implementation bodies, Metis, 2015
3.3 Financial resources

3.3.1 Distribution and intensity

The amount of EUR 9,778 million allocated to urban development projects (code 61) is mostly assigned to convergence programmes (77%). Competitiveness programmes have a share of 16%, and six programmes covering both competitiveness and convergence (6%). Seven CBC programmes take up together just 1% of the allocation to the policy field.

Looking at the allocations by Member States, those countries with high total ERDF allocations to the policy field are also the ones with the highest share of allocations to integrated projects for urban and rural regeneration within the 115 OPs. Italy accounts for 14% of urban development allocations of the 115 OPs (EUR 1,369 million). Poland, Greece and Germany assign more than EUR 1,000 million each to integrated projects for urban and rural regeneration. These four countries cover more than 45% of the total ERDF allocation to the field. Hungary, Czech Republic, Spain and Portugal establish a middle ground by assigning between EUR 720 million and EUR 840 million each to this category. Then there is a gap and the next largest allocations are between EUR 230 million and EUR 320 million by Latvia, the United Kingdom, Lithuania, Slovakia and France. With less than EUR 100 million, Slovenia, Malta and Estonia have the lowest allocations to urban development.

In terms of OP allocations to urban development, by far the largest is the allocation of EUR 697 million in the Italian convergence programme ‘Por Campania FESR’. The next largest allocation of a single programme is EUR 399 million in a Greek convergence programme ‘Central Macedonia – Western Macedonia – Eastern Macedonia & Thrace’. Altogether 32 other programmes allocated more than EUR 100 million each to this policy area. Most of them are from the countries investing the highest amounts in this policy field but there are also certain OPs allocating quite substantial amounts to this field in other countries (Latvia, Slovakia, Lithuania, Bulgaria, and the United Kingdom).

The 33 programmes with the highest allocation represent more than two thirds of the ERDF allocation in this policy field (69%). Eighteen more programmes allocate budgets between EUR 50 and 100 million to integrated projects of urban and regional regeneration. These OPs, together with the first group, represent a total of nearly 88% of the allocation in the policy area. There are also programmes with small allocations to this policy field: Five programmes have an allocation of less than EUR 10 million each, eight more programmes have allocations between EUR 10 million and EUR 20 million.

The Member States represented in the sample of the 115 OPs allocate on average 6.5% of their ERDF budget to urban development projects. The Netherlands (22%), Cyprus (19%), Bulgaria and Belgium (14%) allocate the highest share to this policy field, expressing its policy importance. This is contrasted by two countries with an allocation of 1% or less of the overall ERDF budget (MT, EE) (see Table 6, below).
The average allocation per capita for urban development projects at national level in the 115 OPs is EUR 19. Three countries allocate more than EUR 100 per inhabitant: Latvia (EUR 163), Cyprus (EUR 130) and Lithuania (EUR 103). However, the Netherlands, the United Kingdom, France and Estonia have an ERDF allocation to integrated projects for urban and rural development of less than EUR 10.

The example of the Netherlands illustrates that the relative strategic importance that can be accorded to urban development: allocating a high share of ERDF Funds to urban development projects can certainly come with a low per capita intensity of funding at national level. Conversely, a country like Portugal with a comparatively high total ERDF allocation can achieve a relatively high per capita allocation (EUR 69) with less than 7% of the ERDF budget.

Urban development (code 61) allocations are distributed between 103 of the 115 programmes, but the distribution between OPs is uneven. Just one programme has a share of 7% of the overall allocation in the 115 OP sample: the convergence programme ‘Por Campania FESR’, Italy, with EUR 697 million allocated to code 61.

Other programmes have a share of more than 2% of the total allocation to the code. The remainder (92 OPs) have a share of less than 2% (less than EUR 183 million of ERDF, including five OPs allocating less than EUR 10 million, each, the smallest being the Estonian OP for the ‘Development of Living Environment’ with just over EUR 1 million). Twelve OPs do not allocate any funds to urban development.

Only two programmes allocate more than one third of their total ERDF budget to urban regeneration projects: the ‘URBACT II’ programme (62%); and the Dutch competitiveness programme ‘Operationeel Programma Zuid 2007-2013’ (37%). Six other programmes have a share of more than 20%.
Table 6: Allocation to code 61 - share of total ERDF allocation and allocation per capita

<table>
<thead>
<tr>
<th>Member State</th>
<th>Allocation to integrated projects of urban and rural development (code 61)</th>
<th>Allocation per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in € Million</td>
<td>in % (Share member states’ of total ERDF allocation)</td>
</tr>
<tr>
<td>NL</td>
<td>108.000</td>
<td>21.6%</td>
</tr>
<tr>
<td>CY</td>
<td>111.689</td>
<td>18.5%</td>
</tr>
<tr>
<td>BG</td>
<td>187.630</td>
<td>14.0%</td>
</tr>
<tr>
<td>BE</td>
<td>131.881</td>
<td>14.0%</td>
</tr>
<tr>
<td>UK</td>
<td>302.366</td>
<td>11.8%</td>
</tr>
<tr>
<td>LT</td>
<td>302.339</td>
<td>11.4%</td>
</tr>
<tr>
<td>HU</td>
<td>837.824</td>
<td>10.6%</td>
</tr>
<tr>
<td>LV</td>
<td>326.354</td>
<td>10.5%</td>
</tr>
<tr>
<td>IT</td>
<td>1,368.765</td>
<td>10.3%</td>
</tr>
<tr>
<td>CZ</td>
<td>759.662</td>
<td>10.2%</td>
</tr>
<tr>
<td>SK</td>
<td>301.189</td>
<td>9.8%</td>
</tr>
<tr>
<td>EL</td>
<td>1,051.999</td>
<td>8.5%</td>
</tr>
<tr>
<td>DE</td>
<td>1,024.498</td>
<td>8.2%</td>
</tr>
<tr>
<td>CB</td>
<td>95.334</td>
<td>6.9%</td>
</tr>
<tr>
<td>FR</td>
<td>232.153</td>
<td>6.6%</td>
</tr>
<tr>
<td>PT</td>
<td>717.209</td>
<td>6.6%</td>
</tr>
<tr>
<td>ES</td>
<td>774.460</td>
<td>6.5%</td>
</tr>
<tr>
<td>PL</td>
<td>1,100.778</td>
<td>2.4%</td>
</tr>
<tr>
<td>SI</td>
<td>36.510</td>
<td>2.1%</td>
</tr>
<tr>
<td>MT</td>
<td>6.174</td>
<td>0.9%</td>
</tr>
<tr>
<td>EE</td>
<td>1.254</td>
<td>0.1%</td>
</tr>
<tr>
<td>AT</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>DK</td>
<td>0.000</td>
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<tr>
<td>FI</td>
<td>0.000</td>
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<tr>
<td>HR</td>
<td>0.000</td>
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<tr>
<td>IE</td>
<td>0.000</td>
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</tr>
<tr>
<td>LU</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>RO</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>EU Total</td>
<td>9,778.068</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

Source: Monitoring data DG REGIO 2015
3.3.2 Financial implementation

A rough assessment of the progress in financial implementation can be provided by using the data provided by WP13 of the ex-post evaluation. In the 115 OPs, expenditure under code 61 was EUR 7,713 million by end of 2014. It is not easy to assess this expenditure, as all potential figures we can compare with this value are problematic: The initially decided amount (EUR 9,122 million) was very indicative and is not very valid as actual orientation for planning and delivery. The allocation to selected projects in turn is EUR 11,344 million for the 115 OP. So the allocation exceeds the decided amount for the code: This can either indicate a growing strategic emphasis on the field or simply reflect an over-commitment of the funds, which can be very rational in order to get all the available money spent. So, neither the decided amount, nor the actual allocation are very good figures for comparison.

However the allocation is linked to the selected projects as the maximum theoretically possible amount to be spent. Compared to the possible maximum, the expenditure by end of 2014 is 98% for all 115 programmes in Code 61. Compared to the average, the UK (66%), France (61%), Greece (51%) and Italy (31%) show lower expenditure compared to the allocation. The cross-border cooperation programmes have the highest expenditure in relation to the allocation (96.6%). There is not a single country which has dispensed the complete budget allocated by end of 2014. Given the fact that the allocation is higher than the initially decided amount, it would be not surprising to find the actual expenditure at the end of the period being lower than the current allocations to projects.

3.3.3 Other sources of finance

Co-financing from ESF is uncommon with less than one third of the projects benefiting from ESF (see Annex 2.2.7 - EQ 2-7).

Regarding funding from non-EU sources, there is a serious limitation in obtaining reliable information on other sources of finance available and commonly used for supporting strategies and other interventions like those supported by the ERDF programmes.

This, due to fact that the OP documentation does not cover this information and the Managing Authorities are not ‘aware’ of alternative sources of co-funding, since their focus is the proper implementation of the OPs within the given framework of eligibility and other rules (see Annex 2.2.7 -EQ 2-7).

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23 The broader relationship of ERDF and ESF is examined in Section 5.2.
However, two relevant indications have emerged from the interviews with Managing Authorities, suggesting that:

- Alternative co-funding of integrated urban development can usually be found in more developed regions and countries as, for instance, in the case of Germany where other possible co-funding includes federal-level programmes, such as ‘Social City’ and ‘Living in Neighbourhoods’.

- Although in 2007, at the beginning of the programming period, the potential for other co-funding was available, with the 2008 crisis most possibilities for other co-funding ‘vanished’.

The point that normally funding for this type of investments comes from EU funds or national/regional/local public budgets or a combination of them was also made emphatically in the survey of the project implementation bodies (see Figure 14 and Annex 3.2.3 - EQ 3-3).

**Figure 14: How are projects like this normally funded?**

Source: Survey of project implementation bodies, Metis, 2015
3.3.4 Form of finance

The large majority of the allocation is spent as non-repayable grants (94%). Venture capital and other forms of repayable financial support are also used for urban regeneration projects, although their share is very low (see Figure 15).

**Figure 15: Overview of form of finance used in urban development**

Overall, the use of forms of finance other than non-repayable grants is generally restricted to a few programmes under each code and is more common in EU-15 than EU-13 (see Annex 1.6.5 - EQ 1-5).
3.4 Implementation

3.4.1 Structures and procedures

The OP screening has shown that the majority of the implementing bodies in urban development are regional and local authorities or agencies. This is confirmed by the survey of project implementation bodies which found that 78% of the respondents fell into this category (see Figure 16).

**Figure 16: Status of project implementation bodies**

![Diagram showing the status of project implementation bodies]

Source: Survey of project implementation bodies, Metis, 2015

The interviews with Managing Authorities revealed that the involvement of project implementation bodies in project selection can take three different forms (see Annex 2.2.4 - EQ 2-4 and Figure 17, below):

- **Formal procedures**, e.g. in the framework of regional or urban planning where the project implementation bodies fulfil their institutional role e.g. in granting an approval.

- **Standard calls** for proposals where project selection is assumed by the Monitoring Committee or a similar body, and where project implementation bodies are present and projects are assessed on their merits based on the evaluation criteria of the call.

- **Indirectly**, where a prerequisite for projects is their inclusion into an ‘integrated urban development strategy’, and where project implementation bodies are engaged and/or consulted in the formulation and implementation of the strategy itself.
Different levels of delegation are encountered, depending on the administrative culture of the country and the capacity of the project implementation bodies. The majority of the OPs involve local authorities through their participation in Monitoring Committee and related decision processes. As a general trend, a stronger role is foreseen for urban authorities in urban development actions, reflecting to some extent the intentions of the integrated urban development strategies. However, the majority of Managing Authorities did not delegate formally any management tasks to project implementation bodies.

Regarding the implementation of integrated urban development three different types of approaches have been identified:

- Some OPs support only one single project which serves as an umbrella project for many different sub-interventions. The project is divided into different sub-projects (e.g. MT).
- Some OPs foresee only pilot projects. Especially those with small budget allocation to the respective code (e.g. PT).
- There is a small group of OPs (23) focusing on the development of integrated urban development plans and strategies as an intervention financed by the programme. For example the Czech OP ‘North East’ supports ‘Integrated Plans for Urban Development’, and Greece as well as Italy foresee local development plans to be supported in the respective OPs. France integrated urban development is addressed to agglomerations with a social cohesion contract (CUCS, see Box 4, above).
3.4.2 Financial sustainability

The financial sustainability of projects supported by the OPs is not treated in depth in most of the programmes. In the programmes where sustainability is covered the examination is done on a pro forma way and ex-ante only. Cost-benefit analysis is only applied exceptionally. The issue of sustainability is sometimes indirectly covered by more broad considerations like ‘project maturity’.

The interviews with Managing Authorities revealed that this ‘light touch’ approach to sustainability is sometimes rationalised through statements that "projects are not revenue generating" and/or "have low operation and maintenance costs", and hence financial sustainability is not considered to be an issue. The main exceptions are measures to enhance the local economy, where the beneficiaries can be private entities. Hence stricter rules apply in order to guarantee the longevity of the investment, as well as to provide for the recovery of the funds should the need arise.

Nevertheless, the sustainability issue is on the radar of the project implementation bodies. The vast majority\(^\text{24}\) of the respondents in the survey have stated that the financial sustainability of the project has been addressed, mostly at the project design and implementation stages, and fewer at just the completion stage (see Figure 18 and Annex 3.2.6 -EQ 3-6).

**Figure 18: Has the financial sustainability of the project been addressed (and at what stage)?**

![Sustainability Survey Results](image)

**Source:** Survey of project implementation bodies, Metis, 2015

\(^{24}\) This is significantly reduced if the large number of non-responses is taken into account.
Furthermore, the majority consider that the financial sustainability of their project is fully secure. This is largely attributed to the necessary budget for the operation, maintenance, etc. of the project being available (46%), and to a lesser extent to the project generating significant own revenues (13%) (see Figure 19 and Figure 20, below) However, it also implies a widespread reliance on public budgets which are normally beyond the control of individual projects. This raises a number of broader issues on sustainability which are addressed in Chapter 5.

**Figure 19: How secure is the financial sustainability of the project?**

- Fully secure: 67%
- Partly secure: 19%
- Not secure, but not a major cause for concern: 11%
- Not secure and a major cause for concern: 3%

Source: Survey of project implementation bodies, Metis, 2015

**Figure 20: Factors ensuring the financial sustainability of the project**

- The necessary budget for the operation, maintenance, etc of the project after completion is secure: 51%
- The project generates significant own revenues: 37%
- Other measures: 12%

Source: Survey of project implementation bodies, Metis, 2015
3.5 Outputs, results and achievements

3.5.1 Outputs

The programmes generally include output indicators but not all of them include result indicators, set targets and report achievements. Moreover, sometimes no values are specified.

The survey responses of the project implementation bodies regarding the main outputs of the projects have been clustered and typically refer to (see Annex 3.2.5 - EQ 3-5):

- Strategy development, plans, reports, brochures, meetings, etc.
- Construction/repairs/renovation to schools, housing, social and cultural centres, and other buildings
- Creation of business space
- Town centre/historic area/river banks etc. revitalisation
- (Re)construction of streets and cycle paths
- Public spaces/facilities
- Revitalisation of wasteland/reuse of brownfield sites
- Wastewater and drinking water treatment
- Energy efficiency.

The achieved output indicators have been analysed using the monitoring system and the quantitative performance reported in the AIR as the main sources of information (see Figure 21 and Annexes 2.2.10 and 2.2.11 - EQ 2-10/2-11).

\[25\text{ Web Q 18: 40\% of responses included quantification of outputs or results achieved}\]
3.5.2 Results

In the field of urban development 79 out of 103 OPs cited at least one result indicator. They were mostly quantitative, accompanied by targets, and the AIRs have reported achievement against the targets (see Annex 2.2.10 - EQ 2-10). The most common topics were related to ‘promoting businesses’ (72 indicators with 38 cases of ‘high or exceptional achievement’ and 17 cases of no values reported). Other common topics were ‘sustainable development and improvement of cities and urban areas’ and ‘revitalisation of urban areas including brownfields’ (see Figure 22, below).

26 ‘Achievement’ relates to the achieved performance compared to the target set.
Figure 22: Result indicator achievement according to AIR 2013 (urban development, code 61)

![Bar chart showing result indicator achievement]

A Promote businesses  
B Sustainable development and improvement of cities and urban areas  
C Revitalised area  
D Infrastructure  
E Cultural sites, tourism  
F Integrated urban development  
G Partnership  
H Environmental  
I Social infrastructure

Source: OP/AIR2013 screening Metis, 2015

The survey responses of the project implementation bodies has also identified project results by clustering responses (see Annex 3.2.5 - EQ 3-5). Typical results include:

- Improved liveability of neighbourhood
- Making the old town/museum/etc. more attractive (or creating/improving an existing facility) attracting more visitors/ improving business
- (Number of) residents in improved/rehabilitated area
- (Number of) individuals gaining jobs
- Eco-efficiency
- Better health facilities.
It is worth noting the low number of indicators related to ‘integrated urban development’, in whatever way this might have been defined. In general it can be said that output and result indicators are more precise when the activities address concrete infrastructure investments and objectives focus on improvements in particular sectors, such as infrastructure investments and improvement of cultural sites.

Indeed, the analysis of output and result indicators shows a higher rate of sectoral ad hoc actions. Integrated urban development has again been translated in the majority of the programmes into ‘hard’ sectoral projects. In cases where strategic development was foreseen in the programme implementation the output has been the development of the actual strategy or plan.

Nevertheless, there is a sizeable minority – one third of the urban development projects - that have pursued a genuine integrated approach, addressing multiple objectives (economic, social or environmental) and various combinations of actions and have reported multi-faceted outcomes (see Annexes 3.2.1 and 3.2.5 - EQ 3-1 and EQ 3-5).

### 3.5.3 Achievements

Overall, the system of the output and result indicators is weak: output indicators tend to lack a specific reference to the activities and result indicators are missing or in some OPs are the same as the output indicators\(^\text{27}\).

Hence, the performance of indicators does not lead to any reliable conclusions about success or failure. The interviews with Managing Authorities have provided extensive qualitative feedback on this matter and three ‘clusters’ of factors are emerging (see Annex 2.2.5 - EQ 2-5), related to:

- **the complexity, maturity and viability** of the project proposal: these are usually captured in the proposal selection procedure.

- **the involvement, coordination and alignment to strategies and plans**: this is particularly the case with the integrated approach, where the alignment to regional and/or national strategies and especially the involvement of local stakeholders and beneficiaries have been named as a very important success factor.

- **the capacity of the project implementation body and project owner**: almost all Managing Authorities refer to lack of project management skills, and high bureaucracy in project implementation as a key driver of failure in project implementation.

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\(^{27}\) As it is clear by comparing the indicators presented in Figures 21 and 22. Also, many of the respondents to the survey of project implementation bodies have treated output and result indicators as interchangeable. responses of
4 SOCIAL INFRASTRUCTURE

4.1 Strategies

Social infrastructure interventions cover five different thematic areas with separate financial allocations: health, education, childcare, housing and other social infrastructures. They are represented in 97 of the 115 OPs of our sample which invest in at least one of the five codes for social infrastructure (codes 75 to 79) (see Table 7 below).

The number of national OPs is higher than in the urban development field; in fact, only one of the national OPs in the sample does not invest in social infrastructure. This is a first indication that at least the larger scale investment in the health and education systems tends to be under national rather than regional responsibility. Indeed, as discussed further below, ERDF investment in social infrastructure can be part of a general reform of the national system – mainly in the field of education and health – depending on the national system and strategy.

Table 7: Types of OP supporting investments in social infrastructure

| MS   | BG | CY | CZ | DE | EE | ES | FR | GR | HU | IT | LT | LV | MT | NL | PL | PT | RO | SI | SK | UK | CBC | Σ |
|------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|-----|
| ETC  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | 5   | 5   |
| MultiROP  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | 1   | 1   |
| NOP  | 1  | 1  | 2  | 1  |    | 1  | 2  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 3  |    |    |    |    |    | 17  |
| ROP  | 7  | 8  | 7  | 5  | 7  | 6  | 1  | 16 | 1  | 2  | 74 |
| Total| 1  | 1  | 9  | 8  | 1  | 7  | 5  | 8  | 1  | 1  | 1  | 1  | 1  | 1  | 18 | 8  | 1  | 1  | 3  | 2  | 5  | 97  |

Source: OP/AIR2013 screening Metis, 2015

There are also considerable variations in the way the OPs have accommodated the thematic fields of social infrastructure in their structure, ranging from separate priority axes for different thematic areas to axes combining thematic areas and in some cases representing an integrated approach (see Section 2.5). In this respect different approaches tend to be associated with the strategies pursued by, or reflected in the OPs, as discussed in Section 4.1.2, below.

4.1.1 Needs and objectives

The social infrastructure intervention areas differ in terms of strategies as well as in the implementation approaches (see Figure 23, below, and Annex 2.2.2 - EQ 2-2).

As regards health and education, programmes clearly mention the need for renovation of infrastructure and for addressing insufficient systems in place. Programmes also refer, albeit to a lesser extent, to the mismatch between the needs and the existing provision.

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28 Poland has one Multi regional OP covering all PL regions
More specifically, as regards **education infrastructure**, the most common **needs** expressed fall under the categories ‘need for revitalisation of education infrastructure’ and ‘insufficient education infrastructure’ (with 31 indications each). Also, the need to match labour force skills and labour market needs (27 OPs) is often mentioned. Eighteen OPs mention the need for improving social infrastructure in general, while 13 OPs in convergence regions specifically refer to the need for improving educational systems in rural areas (see Annex 2.2.2, EQ2.2). There is also a small number of OPs mentioning the need for improving the education system, while in the field of health the strategic development of health system cannot be identified as a need.

**Health infrastructure needs** can be categorised along the following lines: 26 OPs mention improvement of hospital systems and infrastructure, and equipment renovation. The need for general improvement of the health care system, the need for improvement of the health system in deprived areas and the need for accessibility of health care are each mentioned in 17 OPs. It is noteworthy that 14 OPs including code 76 do not describe any needs concerning health.

For **childcare**, **housing** and ‘**other social infrastructure’** needs are less explicitly or consistently described. While 42 OPs have allocated funds to childcare only 25 of them describe relevant needs regarding the subject. Similarly, 22 OPs have allocated funds to housing infrastructure but only 13 describe needs regarding housing infrastructure. Finally, 70 OPs have allocated funds to code 79 but only 53 describe needs related to ‘other social infrastructure’.

**Figure 23: Needs related to social infrastructure**
A General social infrastructure references
B Lack of effectiveness and quality
C Social exclusion of (children, handicapped, Roma, etc.)
D Lack of available facilities
E Adaptation to societal changes, innovative solutions
F Unemployment
G Improvement of the service in deprived areas
H Rural reference
I Financial need and optimizing infrastructure costs
J Improvement of accessibility
K cooperation and coordination
L Promote work life balance
M Strategy development and standardisation procedures
N Prevention centres (drugs, crime racism)
O High energy requirements

Source: OP/AIR2013 screening Metis, 2015

Objectives follow the same logic as needs. The most frequently encountered objective is an ‘improvement’ of the respective system or its effectiveness and quality. Only a minority of OPs define more concrete objectives like improvement of health services in deprived areas and prevention centres (drug, crime, racism, etc.), or identify specific target groups (e.g. the elderly) (see Figure 24).

Education infrastructure objectives clearly mention renovation and revitalisation of education facilities and equipment (35 OPs) while a similar number (33 OPs) are broader in aiming to improve the ‘education system’ or enhancing ‘social infrastructure’ in general (26 OPs). Twenty one OPs take a more indirect position aiming to ‘decrease urban disparities’. Sixteen OPs refer to matching education to labour market needs.

Health infrastructure objectives clearly focus on ‘health care system improvement’ and ‘improvement of accessibility of health care’. Some 20 OPs refer to ‘health infrastructure renewal and improvement of hospital service’ and 16 aim at ‘general social infrastructure improvement’.

A different strategic approach has been noted in the OPs regarding childcare, housing and other social infrastructure. While housing and childcare are in almost all programmes combined with other thematic areas under one priority axis, ‘other social infrastructure’ is used as an all-purpose category for all kinds of interventions; sometimes combined with integrated urban development, sometimes focusing separately on Roma, the unemployed, the disabled or families.
4.1.2 Characteristics of strategies

The character of OP strategies focusing mainly on sectoral health and education infrastructure investments differs from those of OPs that pursue a more integrated approach. The purely sectoral health and education infrastructure tends to follow a ‘linear’ approach, following up the need for better infrastructure in the whole OP region with investments in this sector.

The question in what way any of those objectives follow any strategy outside of the framework of the OP cannot be answered in an exhaustive manner as the information available on strategies ‘external’ to the OPs is not systematically available (see Annex 2.2.3 - EQ 2-3). Nevertheless, the analysis of the OPs has provided an indication regarding social infrastructure: 39 OPs refer to national and 43 OPs refer to regional strategies, with 26 OPs referring on local strategies.

An example of national strategy pursued through an ERDF co-funded programme in the field of education is the Portuguese Territorial Enhancement OP (see Box 6).

Box 6: Sectoral strategy – Territorial Enhancement OP, Portugal

The Territorial Enhancement OP endorsed a contribution to the Policy of Cities Polis XXI in relation to the consolidation of the national urban system and to the National Programme for Spatial Planning Policy. One particular focus has been the change of the secondary school system in Portugal which has been a priority of the XVII Government. The government determined the development of the Programme of Modernization of the School Estate intended for Secondary Education and the decision to finance its implementation through the ERDF Programme.

The main basis for project selection have been objectives, guidelines and priorities of the National Programme for Spatial Planning Policy (PNPOT) and the Regional Plans of Spatial Planning (PROT).
For the implementation of the state wide intervention several different funding sources have been combined (ERDF, EIB, CEB, state co-funding and private loans) ESF has been used for complementary interventions in schools.

Actual investments cover:
- Correction of existing facility problems and improvement of living, security and accessibility conditions;
- Functional reorganisation of schools and respective services;
- School equipment (laboratories and workshops);
- Requalification of sports facilities;
- Improvement of technological infrastructure and allocation of informatics equipment;
- Opening of schools to the surroundings area;
- Improving the involvement of students with special needs (contribution to equal opportunities and social inclusion);
- Construction and qualification of higher education equipment including equipping of laboratories.

To some extent the Hungarian OP 'Social Infrastructure' also falls into the same category with its strategic emphasis on renewing the health system country-wide (see Box 7, below). Interventions refer to the following national strategies: National Development Concept (2005), New Hungary Rural Development Strategic Plan (2007-2013), Concept Paper on Health Care Development (2006), National Social Inclusion Strategy (2011) and the Semmelweis Plan (2011) a concept paper on the health care system).

The regional operational programmes complement the national programme by supporting smaller facility improvements in the respective regions. Interventions combine different funds. However, the division of responsibilities between national and regional administrations is not clear and in general the funding tends to replace domestic financing obligations.

Box 7: Hungarian health investments

The Hungarian investments in health are based on the aim to level the national cohesion. The health care system has a structural problem, while certain specialities have excessive capacities, others experience shortages and their regional distribution is unsatisfactory. Therefore the ERDF supports the country-wide improvement of health systems by investing in facilities and equipment. There are also interventions covering the development of out-patient specialist care centres, development of the blood supply system, IT development, and improvement of the ambulance system.

As regards social infrastructure, the survey of project implementation bodies has found that the largest group of projects were reported to be part of a sectoral strategy in the field of education, health, etc. (37% plus most of “other” responses, see Figure 25). A much smaller proportion were reported as being part of an integrated urban development strategy. A significant proportion of interventions did not form part of a broader strategy.
Figure 25: Does this project form part of a broader strategy?

Source: Survey of project implementation bodies, Metis, 2015

4.2 Activities and target groups

4.2.1 Activities

An overview of activities funded in the field of social infrastructure is shown in Figure 26, below, while detailed figures are provided in Annex2.2.1 - EQ 2-1.

For activities related to education infrastructure (code 75) the majority of OPs invested in school material (69) and improved school premises (70), the majority of them combined. Thirty programmes invested in restructuring of educational systems, as well as improving energy efficiency of schools and training centres. Forty one programmes invested in the improvement of training facilities for lifelong learning (e.g. environmental centres, change of training agendas to adapt to market needs, sports facilities in schools or for training sport teachers). The Polish OP ‘infrastructure and environment’ as well as the Hungarian OP ‘social infrastructure’ deployed the significant parts of the financial allocation related to education infrastructure on cultural heritage related skill development.

The majority of activities related to health infrastructure (code 76) are targeting construction or reconstruction of buildings. Further, investment focuses on equipment improvement and energy efficiency. One third of the programmes focused on improvement of health services in deprived areas. Especially the rural areas of the Czech Republic, Hungary and Poland have been targeted with this kind of support. Seven OPs supported e-health activities. Interestingly, activities are reported to involve cooperation and networking within regional and national OPs. This concerns either the network of emergency systems between towns and villages for efficiency improvement (HU) or the improvement of infrastructure networks within cities to improve efficiency (EL).

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29 E-health investments have been named in some priority axes in correlation with health infrastructure. It was reported in Poland, Greece, Italy, Portugal and Slovak Republic (2007GR161PO006, 2007GR161PO008, 2007GR16UPO001, 2007IT161PO011, 2007PL161PO018, 2007PT161PO004, 2007SK161PO005)
In 45 OPs activities related to **childcare infrastructure (code 77)** supported the improvement of existing childcare facilities. Twenty five OPs supported new facilities or encouraged the establishment of new facilities. As the only OP in the country, the ‘Bulgarian Regional Development’ OP established a grant scheme which also involves ESF funding. Regarding childcare related activities the focus and approach is less sharp than in relation to health and education infrastructure. There are only a few OPs explicitly mentioning activities related to childcare. Instead, the majority of OPs combined childcare related activities with integrated urban development, education infrastructure or ‘other social infrastructure’ activities.

Activities related to **housing infrastructure (code 78)** are rarer. Housing renovation in deprived urban areas (21 OPs) and reduction in energy consumption (13 OPs) are the main issues. There is a significant overlap between activities which are explicitly linked to the thematic code for housing and those which are related to it, for instance, through energy efficiency measures. Two OPs do not show any indication of actual activities related to housing although they show a financial allocation to the respective code (the French OP ‘Guyane’ and the Maltese OP ‘Investing in Competitiveness for a Better Quality of Life’).

Activities related to **other social infrastructure (code 79)** focus on community based premises for social exclusion (41 OPs), such as youth centres, retirement care centres, centres for women, women refuges, Roma centres and centres for immigrants. There are cultural projects in 23 programmes. Fourteen OPs planned to invest in capacities and networking of civil society organisations but only two of them mentioned the possibility of involving ESF. Nine programmes support public awareness campaigns, mostly combined with other types of action. One Polish OP, ‘Infrastructure and Environment’, explicitly describes the promotion of culture, promotional and educational activities focusing on the transformation of the inhabitants’ lifestyle. One programme (PEACE III) focuses solely on other social infrastructure. Its aim is “to reinforce progress towards a peaceful and stable society and to promote reconciliation in Northern Ireland and the Border Region [of Ireland]”. The activities comprise education, training, counselling, community activities and similar projects.
4.2.2 Target groups

Only a relatively small number of OPs (45) made reference to particular target groups (see Figure 27).

Figure 27: Specific target groups in different Member States

Source: OP/AIR2013 screening Metis, 2015
The target groups which are most commonly cited in the programmes in connection with particular thematic fields are, as follows:

- young people (mainly education and other social infrastructure);
- (governments of) deprived areas (again mainly named in education infrastructure and other social infrastructure but also in health infrastructure);
- children (mainly education infrastructure and childcare infrastructure but also referring to other social infrastructure);
- women (reference is made in relation to childcare but also in relation to women centres for victims of violence);
- families (mainly mentioned in relation to housing infrastructure and other social infrastructure related to family centres);
- Roma (mainly in relation to housing infrastructure, but also related to education and other social infrastructure);
- migrants (mentioned only in relation to other social infrastructure, namely migration centres);
- elderly people (mainly referring to health infrastructure and other social infrastructure);
- unemployed (mentioned in relation to other social infrastructure regarding unemployment centres, and in relation to education infrastructure regarding lifelong learning).

The intentions of the OPs regarding target groups are largely supported by the target groups of the realised projects as reported by the implementing bodies in the survey (see Annex 3.2.2 - EQ 3-2). Figure 28 shows that again young people, children and the population of deprived areas are among the most frequently reported.
‘All population’ type of definitions are less common than in the case of urban development and, again, a significant proportion of respondents (31%) have provided multiple responses combining a general target group answer with more specific ones, such as ‘small businesses’, ‘visitors’, marginalised groups’, ‘young people’ or ‘women’.

**Figure 28: Main target groups of social infrastructure projects**

![Figure 28: Main target groups of social infrastructure projects](image_url)

Source: Survey of project implementation bodies, Metis, 2015

### 4.2.3 Targeted areas

As shown in Figure 29 below, a large proportion of programmes did not specify a target area. In total the OPs with unspecified target areas are 45% of the total supporting social infrastructure, a lower proportion than in the case of urban development. However, comparing different social infrastructure themes there are significant differences in the share of unspecified target areas. The highest share can be found in the health interventions, followed by education and other social infrastructure.

In many cases the non-specification leads to a significant share of funding in rural areas. Some EU-13 countries are specifically targeting smaller towns and regional centres. This is largely because there is proportionally a higher share of rural areas in EU-13 countries. Noticeably, the Czech Republic and Hungary address smaller towns and rural areas due to their demographic and territorial structure.
A particularly sharp focus on rural areas can be seen in housing interventions and this is partly linked to the support of housing for Roma in small urban areas in Hungary and the Czech Republic. In the case of Estonia childcare support is mainly focused on rural areas.

**Figure 29: Type of area targeted by OPs**

Regarding the territorial scope of investments in social infrastructure 23% are at district/neighborhood level and a similar percentage at city level. An analysis of the much larger category ‘other’ (48%) has shown that it represents overwhelmingly investments with a regional or national scope (see Figure 30).

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30 Education - 52 entries, health - 56 entries, childcare - 40 entries, housing - 42 entries, other social infrastructure - 58 entries
Figure 30: Territorial scope of social infrastructure projects

Source: Survey of project implementation bodies, Metis, 2015

An analysis of the data at NUTSIII level based on the regional typology system of the European Commission\(^{31}\) has highlighted a number of territorial patterns.

Generally, social infrastructure is not strongly focused on the capital regions: Whilst nearly 13% of the overall ERDF allocation in the 115 OPs is spent in capital regions, it represents only 10% of the social infrastructure allocation. However, there are significant variations between the types of infrastructure:

- allocation in childcare infrastructure for instance is much more focused on the capital regions (32% of the allocation) compared to other social infrastructure codes;
- only 3% of the allocation to housing infrastructure is in capital regions;
- between 45% and 55% of ‘other social infrastructure’ budget is allocated to the metropolitan regions (capital region plus second-tier metro regions and smaller agglomerations).

The analysis using the urban-rural typology\(^{32}\), covering not only the metropolitan regions but the whole territory, shows a similar pattern. The bulk of the allocation for all types of social infrastructure goes to urban regions or regions close to a city – but for all types of social infrastructure, the concentration on these regions is weaker than for the overall ERDF allocation. For education infrastructure, the concentration on urban regions or regions close to a city is higher than for the investment in 'integrated projects for urban and rural development'. The investment in education and health infrastructure seems to be more evenly distributed in the programme areas: 15% and 16%, respectively, of the allocation goes to remote rural regions (compared to 11% for the total allocation covering all codes).

\(^{31}\) European Commission, GD Regio (2011): Regional typologies: a compilation, Regional Focus No 01/2011, where both typologies used here are described.

\(^{32}\) ibid
Actually, the territorial pattern of the strategy and the allocation is quite similar to the pattern in the field of urban development: capital cities and urban agglomerations play a comparatively small role (smaller than for the overall ERDF allocation). But smaller cities and towns get more from the ERDF allocation. Those fields of social infrastructure which in some cases deal with the reform of national systems (health and education) are more evenly spread, showing specifically a higher share of the allocation in remote rural regions.

4.2.4 Economic sectors

There are two clear patterns regarding the economic sectors that benefit from investments in social infrastructure.

- First, there is a clear concentration on specific sectors to be found in the thematic fields which are strongly sector oriented, namely, education and health. In both cases, more than 80% has been allocated to the corresponding economic sector (‘education’ or ‘human health activities’). Similarly, for both types of infrastructure, the next most important sector is ‘public administration’ (see Annex 1.6.2 - EQ 1-2).

- Second, there is a more diffused pattern in the case of the other thematic fields. As regards to investment in childcare infrastructure the predominant sector is ‘social work, community, social and personal services’ (52%) with smaller shares going to ‘education’, ‘public administration’ and ‘construction’. A similar pattern is observed in other social infrastructure, with a lesser concentration (41%) in the prevalent sector of ‘social work, community [etc] services’.

Housing infrastructure represents an exceptional case with an allocation of nearly two-thirds of the funds to ‘not applicable’ (and acts as a reminder of the limitations of the coding system).
4.3 Financial resources

4.3.1 Distribution and intensity

The highest amount of allocation to social infrastructure (codes 75 to 79) goes to Hungary, Portugal and Poland. Each of these countries allocates more than EUR 2,500 million to social infrastructure (see Table 8) with more than 45% of the overall ERDF allocation in the sample of 115 OPs going to these three countries. Spain, Italy, Slovakia and the Czech Republic allocate more than EUR 1,000 million each. The seven Member States with the highest allocation represent three quarters of the overall ERDF allocation to social infrastructure.

The relative strategic weight given to social infrastructure compared to other policies of ERDF investment is the highest in Slovakia, where 41% of the total national ERDF allocation is in the field of social infrastructure. Estonia and Hungary allocate more than one third of their ERDF budget to this field. Portugal, Latvia and Bulgaria are the only three other countries to allocate more than 20% of the allocation to social infrastructure. On the other hand, the allocation to social infrastructure in the UK, Cyprus and the Netherlands is below 2%.

Depending on the overall intensity of ERDF support to a Member State, the relative importance given to social infrastructure compared to other policies can result in varying per capita allocations. For Estonia, it results in the highest per capita allocation of the sample: EUR 429. There are seven other countries with an allocation between EUR 200 and EUR 300 per capita: Hungary, Portugal, Latvia, Malta, Slovenia, Lithuania and Greece. In Germany, France, the UK and the Netherlands, allocations are less than EUR 10 per inhabitant.
Table 8: Allocation to codes 75 to 79 - share of total ERDF allocation and allocation per capita

<table>
<thead>
<tr>
<th>Member State</th>
<th>Allocation to social Infrastructure in € Million</th>
<th>in % (Share of member states' total ERDF allocation)</th>
<th>Allocation per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>SK</td>
<td>1,254.250</td>
<td>40.8%</td>
<td>231.6</td>
</tr>
<tr>
<td>EE</td>
<td>564.793</td>
<td>38.9%</td>
<td>429.2</td>
</tr>
<tr>
<td>HU</td>
<td>2,880.984</td>
<td>36.5%</td>
<td>291.6</td>
</tr>
<tr>
<td>PT</td>
<td>2,851.181</td>
<td>26.1%</td>
<td>273.4</td>
</tr>
<tr>
<td>LT</td>
<td>637.949</td>
<td>24.1%</td>
<td>216.7</td>
</tr>
<tr>
<td>BG</td>
<td>273.403</td>
<td>20.4%</td>
<td>37.7</td>
</tr>
<tr>
<td>CB</td>
<td>265.370</td>
<td>19.3%</td>
<td></td>
</tr>
<tr>
<td>RO</td>
<td>728.899</td>
<td>17.6%</td>
<td>36.5</td>
</tr>
<tr>
<td>LV</td>
<td>517.982</td>
<td>16.6%</td>
<td>258.8</td>
</tr>
<tr>
<td>MT</td>
<td>101.906</td>
<td>14.4%</td>
<td>239.6</td>
</tr>
<tr>
<td>EL</td>
<td>1,708.105</td>
<td>13.8%</td>
<td>155.4</td>
</tr>
<tr>
<td>CZ</td>
<td>1,027.679</td>
<td>13.7%</td>
<td>97.8</td>
</tr>
<tr>
<td>IT</td>
<td>1,390.527</td>
<td>10.4%</td>
<td>22.9</td>
</tr>
<tr>
<td>SI</td>
<td>155.399</td>
<td>8.9%</td>
<td>75.4</td>
</tr>
<tr>
<td>FR</td>
<td>237.341</td>
<td>6.8%</td>
<td>3.6</td>
</tr>
<tr>
<td>ES</td>
<td>714.169</td>
<td>6.0%</td>
<td>15.4</td>
</tr>
<tr>
<td>PL</td>
<td>2,562.628</td>
<td>5.7%</td>
<td>66.6</td>
</tr>
<tr>
<td>DE</td>
<td>413.640</td>
<td>3.3%</td>
<td>5.1</td>
</tr>
<tr>
<td>UK</td>
<td>48.875</td>
<td>1.9%</td>
<td>0.8</td>
</tr>
<tr>
<td>CY</td>
<td>10.172</td>
<td>1.7%</td>
<td>11.9</td>
</tr>
<tr>
<td>NL</td>
<td>5.141</td>
<td>1.0%</td>
<td>0.3</td>
</tr>
<tr>
<td>AT</td>
<td>0.000</td>
<td></td>
<td></td>
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<tr>
<td>BE</td>
<td>0.000</td>
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<tr>
<td>DK</td>
<td>0.000</td>
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<td>FI</td>
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<td>HR</td>
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<tr>
<td>IE</td>
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<td></td>
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<tr>
<td>LU</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU Total</td>
<td>18,350.393</td>
<td>12.3%</td>
<td>36.2</td>
</tr>
</tbody>
</table>

Source: Monitoring data DG REGIO 2015
Within each thematic field the allocation of ERDF funding is not evenly distributed between the programmes. In each field, the bulk of the allocation typically goes to a small number of programmes (often with one OP standing out with an exceptionally high share) while the majority of the OPs have very small shares of the total allocation. The situation in each of the thematic fields is summarised below (see also Annex 1.6.1 - EQ 1-1).

- **Investment in education infrastructure (code 75)** is available in 85 out of the 115 OPs of the sample. A single programme represents 11.8% of the ERDF allocation for all 115 programmes: the convergence programme ‘PO Temático Valorização do Território 2007-2013’, Portugal, allocating EUR 1,090.67 million to code 75. Three other convergence programmes – from Portugal, Slovakia and Hungary – have a share of more than 5% of the total allocation each. Most of the programmes (57) have a share of less than 1% of the total allocation.

- **Investment in health infrastructure (code 76)** is found in 69 of the 115 OPs. The largest OP allocation accounts for as much as 17.7% of the total allocation for all 115 OPs (the Hungarian convergence programme ‘OP for Social Infrastructure’ with an allocation of EUR 976.68 million to code 76). Fourteen other programmes represent between 2.1% and 7.0% of the total allocation. The remaining 54 OPs have a share of less than 2% each.

- **Childcare and housing infrastructure (codes 77 and 78)** are used, respectively, in 45 and 22 OPs. Childcare infrastructure is dominated by one programme with a share of 14.1% (a Greek convergence programme ‘Attica’). The investment in housing infrastructure is similarly dominated by one single programme, the Italian convergence programme ‘pro Sicilia’, which allocates 70.9% of the total to housing infrastructure (EUR 281.25 million).

- **Within the sample of 115 OPs, there are 71 programmes allocating funding to other social infrastructure (code 79)**. Allocations come from 17 countries and two ETC programmes. The three OPs with the largest allocation to ‘other social infrastructure’ are the Romanian OP ‘Regional Operational Programme’, the Hungarian OP ‘Social Infrastructure’ and the ETC ‘PEACE III’ programme.

Among the 115 programmes, there are only two which are thematically focused on a single thematic code (from those covered by this study): the Slovakian convergence programme ‘Operational programme Health’ invests only in health infrastructure (code 76), and the ‘PEACE III’ programme allocates nearly all the funds to ‘other social infrastructure’ (code 79). Besides the Slovakian programme for health infrastructure, there is the Hungarian ‘Programme for Social Infrastructure’ which allocates more than one-half of its total ERDF budget to health infrastructure.

Only five programmes have a share of more than 20% allocated to education infrastructure and only two to health infrastructure. The rest of this programme is invested in education and other social infrastructures. Childcare infrastructure and housing infrastructure have a maximum share of less than 10% in any one programme.
The geographical distribution of the allocation to the 115 OPs to the relevant codes is obviously influenced by the high share of convergence programmes. However, the more detailed patterns vary:

- **In education infrastructure**, Portugal plays an important role with 23.7% of the allocation for all 115 programmes in this country. Poland and Hungary allocate some 13% each. Therefore, the three countries account for nearly one-half of the overall allocation in this field.

- The **health infrastructure** allocation is dominated by Hungary (23%), followed by Poland (18%), with these two countries accounting for more than 40% of the total allocation.

- The pattern of the geographical distribution for the other types of infrastructure is more concentrated on a smaller number of programmes. In this way, the distribution is dominated by individual programmes. This is particularly the case for **housing infrastructure**, where one Italian programme accounts for more than 70% of the total allocation. Investment in **childcare infrastructure** is concentrated in Greece and Hungary.

### 4.3.2 Financial implementation

A tentative assessment of the progress in financial implementation can be provided with using the data provided by WP13 of the ex post evaluation. In the 115 OPs, expenditure in social infrastructure has been EUR 15,600 million ERDF-Funds end of 2014. The amount initially planned in the OPs to be spent for social infrastructure was EUR 18,391 million EUR, but the planning was very indicative and is not really reliable. The allocation to selected projects in turn is EUR 21,028 million, which is higher than the initial plan. An over commitment of the available funds can be reasonable in order to be able to get the available budget spent completely.

Taking the allocation to selected projects as the maximum possible amount to be spent, the expenditure reached 72% of this figure for the social infrastructure in all 115 OPs. The programmes in expenditure compared to the allocation varies for the different types of infrastructure between 50% (housing infrastructure) and 78% (education infrastructure). Health and childcare infrastructure have both slightly higher expenditure rates than the average (close to 73%). Besides housing infrastructure, ‘other social infrastructure’ is the only field with below-average expenditure rate (66%).

In education infrastructure, Bulgaria and Malta have already spent more than 100% of the allocated amounts of more than 100%. On the other hand expenditure in Italy (42%) and Romania (32%) is very low compared to the allocation. The field of housing infrastructure is the only field of social infrastructure with an initially plan exceeding the

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33 Actually, expenditure exceeding the allocation to selected projects is irritating. From the data, we cannot identify the underlying explanations. What is known is that “allocation to projects selected” can mean very different things – from an initial financial planning for potential projects to actual commitment only to those projects which are actually being carried out. This varying interpretations might offer scope for the over expenditure we found in these two countries.
allocation to selected projects, the expenditure is even lower. There seems to be a specific problem of delivery in this field.

4.3.3 Other sources of finance

Simultaneous ESF and ERDF co-financing is uncommon with less than one third of the projects benefiting from ESF (see Annex 3.2.4 - EQ 3-4). The broader relationship of ERDF and ESF is examined further in Section 5.2.

Regarding funding from non-EU sources, as already stated in Section 3.4 regarding urban development, there is a serious limitation in obtaining reliable information on other sources of finance available since the Managing Authorities and the OP documentation do not cover this information.

However, the interviews with Managing Authorities and the survey of project implementation bodies have highlighted the fact that funding for social infrastructure investments normally comes from EU funds or national budgets or a combination of them. Since the 2008 crisis and the subsequent squeeze on public budgets, alternative funding has been reduced dramatically.

4.3.4 Form of finance

The investment of the 115 OPs in all codes is predominantly implemented by non-repayable grants (see Annex 1.6.5 - EQ 1-5). In all the thematic fields of social infrastructure the share of non-repayable grants is more than 95 % (see Table 9, below). The only exception is the allocation to housing infrastructure but this is attributable to a single programme that is responsible for the investment in ‘other forms for finance’ (the Italian convergence programme ‘pro Sicilia’).

For all types of social infrastructure, there is no allocation to repayable financial support or venture capital. Only ‘other forms of finance’ are used.

Table 9: Overview of form of finance by thematic field (code)

<table>
<thead>
<tr>
<th>Thematic field (Code)</th>
<th>Allocation 115 OP sample</th>
<th>Non-repayable aid (%)</th>
<th>Aid (%)</th>
<th>Venture Capital (%)</th>
<th>Other Forms (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education infrastructure (Code 75)</td>
<td>9,232.86</td>
<td>95.8</td>
<td>-</td>
<td>-</td>
<td>4.2</td>
</tr>
<tr>
<td>Health infrastructure (Code 76)</td>
<td>5,504.32</td>
<td>96.9</td>
<td>-</td>
<td>-</td>
<td>3.1</td>
</tr>
<tr>
<td>Childcare infrastructure (Code 77)</td>
<td>622.52</td>
<td>97.4</td>
<td>-</td>
<td>-</td>
<td>2.6</td>
</tr>
<tr>
<td>Housing infrastructure (Code 78)</td>
<td>396.78</td>
<td>38.0</td>
<td>-</td>
<td>-</td>
<td>61.2</td>
</tr>
<tr>
<td>Other Social infrastructure (Code 79)</td>
<td>2,593.93</td>
<td>95.2</td>
<td>-</td>
<td>-</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Source: Monitoring data DG REGIO 2015

34 Repayable financial support
4.4 Implementation

4.4.1 Structures and procedures

The main groups of implementing bodies in the field of social infrastructure are public bodies at municipal level (43%) and regional/national level (39%). The latter is much more prominent than in the case of urban development. NGOs represent 9% of project implementation bodies (see Figure 31).

**Figure 31: Status of project implementation bodies**

Direct delegation by Managing Authorities (to municipalities or even sectoral ministries) in the field of social infrastructure is very uncommon, and, generally, the involvement of other actors in the implementation is very limited (see Annex 2.2.4 - EQ 2-4).

Regarding project selection, social infrastructures mostly fall under standard calls, where the project implementation bodies might either be involved directly or through their national umbrella organisation or higher authority (e.g. Ministry of Health rather than individual hospitals).

4.4.2 Financial sustainability

Only about one-half of OPs have explicitly cited financial sustainability as a selection criterion. Even so, the criterion basically checks whether the project owner or operator (who in most cases is the same as the project implementation body) is able to cover the costs (usually meaning the operation and maintenance costs) of the project during its lifetime.

The project owners and operators tend to be public bodies or public equivalent bodies which are assumed to cover the operation and maintenance costs of the projects ad infinitum. Therefore, financial sustainability tends to be taken for granted.
According to the project implementation bodies the issue of sustainability is not lacking attention. The vast majority\textsuperscript{35} of the respondents in the survey, even larger than in the case of urban regeneration projects, have stated that the financial sustainability of the project has been addressed, in nearly 80\% of the cases at project design and implementation stages (see Figure 32 and Annex 3.2.6 - EQ 3-6).

**Figure 32: Has the financial sustainability of the project been addressed (and at what stage)?**

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{figure32.png}
\caption{Has the financial sustainability of the project been addressed (and at what stage)?}
\end{figure}

Source: Survey of project implementation bodies, Metis, 2015

Furthermore, nearly two thirds consider that the financial sustainability of their project is fully secure. This is largely attributed to the necessary budget for the operation, maintenance, etc. of the project being available\textsuperscript{36}(see Figure 33 and Figure 34, below). The implications of the reliance on public budgets which, as already mentioned, are under considerable pressure and other factors beyond the control of individual projects are discussed further in Chapter 5.

**Figure 33: How secure is the financial sustainability of the project?**

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{figure33.png}
\caption{How secure is the financial sustainability of the project?}
\end{figure}

Source: Survey of project implementation bodies, Metis, 2015

\textsuperscript{35}This is significantly reduced if the large number of non-responses is taken into account.

\textsuperscript{36} At 59\% of responses it is a higher proportion than for urban regeneration projects (46\%).
Figure 34: Factors ensuring the financial sustainability of the project

- The necessary budget for the operation, maintenance, etc of the project after completion is secure (51%)
- The project generates significant own revenues (37%)
- Other measures (12%)

Source: Survey of project implementation bodies, Metis, 2015

4.5 Outputs, results and achievements

4.5.1 Outputs

The thematic fields of education and health infrastructures are relatively well covered by the indicators systems used by the programmes. However, in the case of housing, childcare and other infrastructures there is a general lack of specific / directly relevant indicators. This is partly due to the fact that they usually come under priority axes which cover a wider range of fields of intervention.

The achieved output indicators have been analysed using the monitoring system and the quantitative performance reported in the AIR as the main sources of information (see Annexes 2.2.10 and 2.2.11 -EQ 2-10/2.11).
Figure 35, below, show the commonly used indicators, respectively, in the fields of education and health infrastructure.

**Figure 35: Output indicator achievements according to AIR2013 (education infrastructure, code 75)**

![Figure 35: Output indicator achievements according to AIR2013 (education infrastructure, code 75)](chart)

<table>
<thead>
<tr>
<th>Category</th>
<th>Exceeding</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>No information/no achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>New and newly equipped education facilities</td>
<td>17</td>
<td>14</td>
<td>28</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Improved rural areas</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Vocational training facilities</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Improved urban areas</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Research environment improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training centre equipment, new training courses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of pupils effected</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Improved ICT accessibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project directly supporting young people employment</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Social infrastructure improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: OP/AIR2013 screening Metis, 2015

**Figure 36: Output indicator achievements according to the AIR2013 (health infrastructure, code 76)**

![Figure 36: Output indicator achievements according to the AIR2013 (health infrastructure, code 76)](chart)

<table>
<thead>
<tr>
<th>Category</th>
<th>Exceeding</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>No information/no achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Number of centres and hospital renovated</td>
<td>6</td>
<td>6</td>
<td>13</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>B Number of projects</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>C new equipment purchased</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>D Number of pupils effected</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>E Number of students affected</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>F Number of ICT projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G Number of young people supported</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H Number of young people employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Number of young people trained</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J Number of young people employed in rural area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K Number of young people employed in urban area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L Number of young people trained in rural area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A: Number of centres and hospital renovated
B: Number of projects
C: New equipment purchased
4.5.2 Results

Regarding education infrastructure, 22 OPs (out of 85 OPs covering this thematic field) have not defined any result indicator which could be linked to code 75. The majority of the remaining 63 OPs addressed the indicator ‘benefiting students and pupils’ (43 OPs with 25 cases of ‘high or exceptional achievement’ and three cases of no values reported). This was followed by ‘renovated area/facilities’, ‘social infrastructure improvement’, ‘improvement of the learning system’ and ‘vocational infrastructure support’ (see Annex 2.2.10 - EQ 2-10 and Figure 37).

Figure 37: Result indicator achievement according to AIR 2013 (education infrastructure, code 75)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Exceeding (total 27)</th>
<th>High (Total 30)</th>
<th>Medium (Total 23)</th>
<th>Low (Total 6)</th>
<th>No achievement reported (Total 15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>8</td>
<td>17</td>
<td>12</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>C</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>D</td>
<td>7</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>E</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>F</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>G</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>H</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>I</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

“Achievement” relates to the achieved performance compared to the target set.
Result indicators used for **health infrastructures** were more widespread covering: ‘number of available beds and number of patients served’, ‘number of care services newly equipped’ and ‘level of equipment’, ‘number of benefitting patients’, etc. The most commonly used were: ‘number of units receiving support’, ‘Number of care services newly equipped etc.’, and ‘percentage of users’ (see Annex 2.2.10 - EQ 2-10 and Figure 38).

Nineteen OPs (out of 76 OPs covering this thematic field) did not provide any result indicator which could be linked to code 76.

**Figure 38: Result indicator achievement according to AIR 2013 (health infrastructure, code 76)**
Indicators concerning childcare, housing, other social infrastructure are rare. This is due to the fact that most of the result indicators are very general and not easy to be linked to the codes. Furthermore, as already described above, the codes are jointly undertaken in one priority axis and result indicators refer to the actions targeting different interventions together in that priority axis.

Where available, the indicators include: ‘number of basic social services’, ‘number of people with special needs reached’, ‘number of families at risk’, ‘crime prevention’, ‘number of people benefiting’. Achievement is ‘medium’ to ‘high’.  

4.5.3 Achievements

The overall picture is mixed. In the case of education and health infrastructure the system of the output and result indicators is rather robust; a good proportion of the indicators are sharply defined and correspond unambiguously to the needs and objectives addressed by the programmes (see Figure 35 to Figure 38). As such the reported achievements against the set targets are generally credible. Achievements are mainly related to modernisation of the respective system. This is achieved via renovation and revitalisation of facilities. The majority of the programmes refer merely to the improvement and investment into infrastructure. A more integrated way, as already stated above, has been hardly reported. An outstanding achievement however is the change of the education system at policy level in Portugal which is a prerequisite of sustainability.

This is contrasted by the situation prevailing in childcare, housing, other social infrastructure where relevant indicators are lacking, mainly due to the ‘architecture’ of the OPs, where these thematic fields are typically subsumed in priority axes with a much broader remit. Therefore achievements can only be looked at in a very broad and generic way. However achievements regarding childcare are mainly new childcare facilities build but also to a lesser part initiation of childcare facilities combined with other facilities. The achievement regarding housing can be subsumed with the shaping up of different deprived areas. Housing interventions are to a higher extent combined with urban development and therefore stand in relation to general improvement of deprived area buildings. Finally ‘other social infrastructure’ again is combined with integrated urban development. The main achievements assumed are improved support of marginalised groups in deprived areas as well as supporting social for example youth, unemployed and drug addicted people.

Regarding success or failure factors, the generic ‘clusters’ of factors that have emerged from the interviews with the Managing Authorities - and which were mentioned in Section 3.6 concerning urban development - apply also to social infrastructure, especially: the
complexity, maturity and viability of the project proposals and the capacity of the project implementation body and project owner (see Annex 2.2.5 - EQ 2-5).
5 CONCLUSIONS

5.1 Urban integrated development

Strategies

The operational programmes which have addressed urban integrated development show different approaches in defining their strategies, broadly reflecting an integrated approach or a sectoral approach.

Only just over one-half of the programmes pursue an integrated approach and even in these cases ‘integration’ is not visible in the implementation of the OPs. Real integration, based on strategies or processes and practices, takes place at city or local level and is usually led by the urban authorities. But the programming is often done on a higher level – so the concrete strategy from the ground can hardly appear directly in the programme.

In most cases the OP needs to cover more than one territory. Thus, if the strategic formulation on programme level is somewhat vague, it is not surprising that the objectives defined in the programmes tend to be vague too, and without any concrete indication of actual changes to be achieved. This ambiguity does not allow any consistent measurement of results (see also below). With the vagueness of objectives and the lack of clear links between needs and objectives the coherence of the intervention logic is weak.

However, this vagueness at programme level does not preclude an integrated approach occurring at sub-programme level. In fact, one could perhaps detect a certain ‘trade-off’: The stronger the involvement of local actors and the more integrated the strategies on the ground, the harder to describe them in the programme. The experience of URBACT underscores this point, showing that a large number of cities have developed integrated development strategies but found it difficult to enshrine them into ERDF programmes.

The second approach to programming in the field of urban development is a sector-led strategy. The programme identifies a more concrete need, such as environmental issues or local economic development, and focuses the strategy on this need. Often the sectoral focus goes hand-in-hand with a more infrastructure oriented investment.

Activities and target groups

In the field of urban development the OPs cover different types of activities, ranging from ‘hard’ road and rail infrastructure, through environmental, cultural heritage and energy efficiency projects, to economic and business environment enhancement and social inclusion (see Figure 39).
There are various activities cited in the OPs which directly and indirectly relate to integrated urban development approaches. The most coherent with an integrated approach are the activities related to strategy development and participation in cooperation activities such as those involved in city networks across Member States. The OPs have also supported various other innovative and integrated urban projects which offer important facilities and services for different population groups. Indeed, a majority of projects are reported by the implementing bodies to be part of integrated urban development strategies (see Section 3.2, above).

A characteristic of many such projects and activities is that they do not immediately lead to improvement in the socio-economic context. The idea of strengthening the problem-solving capacity in the local context by networking and establishing exchange and cooperation is an integral part of the local development strategies. Nevertheless, it is difficult to make this type of projects accessible to a clearly result-oriented monitoring system.

Regarding territorial targeting, it is striking that there is a common lack of reference to specific urban areas. However, the actual situation, as programmes are implemented, is much more concrete:

- the territorial scope of the majority of the projects is at local level;
- the majority of ERDF funds allocated to urban development projects go to towns and rural areas rather than to capital cities and larger agglomerations.

Target groups are similarly broadly defined in the programmes. Most of the OPs are vague in defining target groups in relation to integrated urban development. The most common definition is the ‘population in the area’ followed by ‘general population in the city or agglomeration’ (see Figure 40).
Notwithstanding such broad definitions in the OPs, a more nuanced approach has emerged from the projects’ perspective, with a large proportion following a two-tier targeting covering the whole population of a locality or city, as well as specific target groups, such as small businesses or particular population groups.

**Figure 40: Main target groups of urban development projects**

![Pie chart showing the distribution of target groups](image)

Source: Survey of project implementation bodies, Metis, 2015

**Financial resources**

The ERDF resources underpinning investment in urban regeneration are unevenly distributed, with more than 45% of the funds available in this thematic field being allocated to just four countries: Italy, Poland, Greece and Germany.

Only ten Member States allocate more than 10% of their share of ERDF to urban regeneration, the highest being in the case of the Netherlands (22%). Only three countries allocate at national level more than EUR 100 per capita (LV, CY, LT) (see Figure 41).

At OP level, the convergence programme ‘Por Campania FESR’, Italy, stands out with an allocation of nearly EUR 700 million. However, most of the OPs (92 out of 115) allocate less than EUR 183 million each. 12 OPs do not allocate any funds to urban development.

The large majority of the allocation is spent as non-repayable grants (94%). Venture capital, and other forms of investment are clearly the exception. The expenditure rate (expenditure compared to allocation) is lower for the ‘integrated projects of urban and rural regeneration’ than for the whole ERDF allocation.
Figure 41: ERDF allocations to urban and rural regeneration per capita by country

![ERDF allocations map](image)

Source: Monitoring data DG REGIO 2015

**Implementation**

The majority of the implementing bodies in urban development are regional and local authorities or agencies and they have various opportunities to be involved in project selection and other programme implementation processes. Generally, a stronger role is played by urban authorities in urban development actions, reflecting to some extent the intentions of the integrated urban development strategies. However, the majority of Managing Authorities did not delegate formally any management tasks to project implementation bodies.

At project level, the implementing bodies express confidence in the sustainability of their projects. However, the combination of the 'light touch' approach to sustainability that prevails at programme level and the widespread reliance on public budgets beyond the control of the projects themselves raises wider issues. These are considered further in a broader context in Chapter 5.
**Outputs, results and achievements**

The OPs make extensive use of output indicators – and these tend to be accompanied by quantitative targets – but less so of result indicators. Generally, output and result indicators are more precise when the activities address concrete infrastructure investments and objectives focus on improvements in particular sectors, such as infrastructure investments and improvement of cultural sites.

The main noteworthy achievements reported by the OPs can be summarised, as follows:

- Improvement or creation of different kinds of infrastructure is a first type of output that becomes visible from the intervention (social, cultural, tourist, environmental infrastructure). In the assessment of the project implementation bodies, this results in making a city or territory more attractive, or leads to more sector focused effects like improving eco-efficiency or providing better health facilities. Result indicators are in many cases similar to output indicators such as the SK example ‘Number of revitalised buildings in the frame of cultural heritage protection or for tourism’.

- The more focused a programme is (e.g. cultural heritage, environmental protection, infrastructure) the more concrete output indicators are. Examples are ‘Number of newly constructed or modernized cultural premises’ (CZ) or ‘size of redevelopment area’ (DE), ‘bike line lengths (EL).

- Improving economic activities is not predominantly done by infrastructure investment but by support to enterprises or their networks. Output indicators are ‘the size of area prepared for investment opportunities (in hectares)’ (PL), ‘floor space created’ (UK), ‘building developed for new economic use’ (UK). A rather complex output indicator is ‘Projects promoting the development of sustainable business environment, within integrated urban development plans’ (RO). Result indicators are mostly similar to output indicator. However examples of a more ambitious result indicator are ‘leverage effect of the integrated urban development projects’ (BE) and ‘number of created jobs’ (CZ, PL), ‘number of business created’ (UK), ‘number of jobs’ safeguarded’ (UK).

- Another type tends to be linked to improving the preconditions for working in a more integrated manner on the local level. Typical activities for this kind of achievements involve creating partnerships, promoting cooperation and supporting the development of integrated strategies and plans. As these are rather intermediary activities, they are not directly linked to changes in the socio-economic context. An example of a well described output indicator provides the CBC programme France - Spain - Andorra ‘number of common working methods established between cultural, health and education actors in the different areas of the border regions’.
Finally, sustainable development and attractiveness of the cities are most frequently mentioned as output indicators and are the closest to established procedures for delivering integrated strategies. The results that project implementing bodies describe are linked to improved liveability of the neighbourhood, ultimately leading to stabilising the population in the territory. Output indicators are all very general. The majority of the result indicators are ‘number of people benefiting’.

Therefore, the effects of the intervention in relation to integrated strategies for urban development seem to be more tangible when the strategy is more sectorally oriented and specific. This, in turn, means that the results of really integrated strategies at local level are hard to be grasped and explicitly described on higher levels. Comparatively clear results can be found for more sectoral approaches (see 2.2.10 EQ2-10).

Nevertheless the web survey results present a more positive picture with 75% of the respondents reporting a contribution to growth and jobs with different types of achievements (see Table 10).

**Table 10: Types of project contributing to growth/jobs**

<table>
<thead>
<tr>
<th>Type of contribution</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved skills/ educational attainment/ qualifications</td>
<td>39%</td>
</tr>
<tr>
<td>Entrepreneurship/new business creation</td>
<td>24%</td>
</tr>
<tr>
<td>Improved performance/ expansion of local businesses</td>
<td>32%</td>
</tr>
<tr>
<td>Higher rate of female and/or youth participation in the labour market</td>
<td>17%</td>
</tr>
<tr>
<td>Improved health outcomes</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total reporting some contribution</strong></td>
<td><strong>73% (of which 1/3, ie 24pp reported a high contribution)</strong></td>
</tr>
</tbody>
</table>

Source: Web-survey results, 265 total respondents

Overall, it should be stressed that based on weak indicator systems, the reported achievements do not capture sufficiently the basic outputs and limit the scope for judging the success or failure of a programme. Moreover, programmes might achieve good results on local or regional level. However, despite the perceived contribution to growth and jobs reported by programme management, only a limited number of countries and programmes gave ‘integrated projects for urban and rural regeneration’ funding on a scale which could generate expect visible results at national level (see 2.2.10 EQ2-10).
5.2 Social infrastructure

Strategies

The strategic rationale of ERDF interventions in social infrastructure is dominated by making funds available to address perceived infrastructure deficits and general improvement of the existing national systems. A more specific focus is often missing.

OPs with a distinct priority axis(es) on social infrastructure investments are much more sharply defined in comparison to mixed priority axes. The latter can be interpreted as a deliberate choice for keeping the OP flexible and able to react to ‘bottom up’ demand.

80% of the programmes and investments in the field of social infrastructure follow an external strategy of sectoral character, set at regional or national level.

In specific sectors, especially regarding education and health, there is a high level of consistency in the intervention logic of the programmes, notably where a whole programme or priority axis has be devoted to one of these sectors (as noted above).

Activities and target groups

The programmes that cover social infrastructure investments have defined a range of activities for each of the thematic fields of social infrastructure. In most cases the activities are defined clearly and in some detail. However the majority of activities are related to investment in facilities and equipment (see Figure 42).

Figure 42: Types of activities related to social infrastructure

![Pie chart showing the distribution of activities related to social infrastructure.](image)

Source: OP/AIR2013 screening Metis, 2015

There is also a good degree of clarity regarding the target groups which correspond in a logical way to the activities covered by each thematic field. The same applies to the economic sectors benefiting from the social infrastructure investments, especially in the fields of education and health. Figure 43 shows that a higher proportion of OPs with clear objectives refer also to specific target groups, than OPs with vague or not stated objective.
However, area targeting is much weaker with a large proportion of investments being of regional or national relevance. Overall, the territorial pattern of the strategy and the allocation is quite similar to the pattern in the field of urban development: capital cities and urban agglomerations play a comparatively small role while smaller cities and towns get more from the ERDF allocation. Within this broad pattern, the differences between thematic fields are very pronounced. For instance, the allocation in childcare infrastructure is much more focused in the capital regions (32% of the allocation), while the allocation to housing infrastructure in the capital regions is only 3%.

**Figure 43: Reference to specific target groups**

![Graph showing reference to specific target groups](source.png)

Source: OP/AIR2013 screening Metis, 2015

Overall, two approaches can be identified regarding target groups. In education, health, childcare and housing infrastructure, the approach focuses strongly on ‘hard’ infrastructures and equipment targeted at the corresponding group (students, patients, children, families, etc.). In the case of ‘other social infrastructures’ the approach covers a broad and diverse range of activities (community based services, social inclusion centres, networking, etc.) with specified target groups for each of the activities (e.g. Roma, immigrants).

**Financial resources**

Most of ERDF support to investment in social infrastructures (nearly 75%) goes to seven countries (HU, PT, PL, EL, IT, SK, CZ) each with an allocation of between EUR 1 and 3 billion.

The relative importance of ERDF resources allocated to social infrastructure is greater than in the case of urban development reaching 41% for Slovakia. In seven countries (EE, HU, PT, LV, MT, SK, LT) per capita allocations exceed EUR 200, the highest being nearly EUR 430 in Estonia.
In each thematic field, the ERDF allocation is dominated by a small number of countries and programmes. The majority of countries and OPs have very small shares of the total allocation.

In education infrastructure, Portugal has the largest share with 24% of the allocation for all 115 programmes. A small number of programmes stand out in terms of absolute allocations:

- The convergence programme PO Territorial Enhancement, Portugal, with an allocation of EUR 1,091 million.
- Three other convergence programmes, each with more than EUR 500 million: the Hungarian ‘Social Infrastructure’; the Slovakian ‘Western Slovakia, Central Slovakia and Eastern Slovakia’ OP; and the Portuguese OP ‘Norte’.

The health infrastructure allocation is dominated by Hungary and Poland, with these two countries accounting for more than 40% of the total allocation. The Hungarian convergence OP for Social Infrastructure stands out with the highest allocation (EUR 977 million) (see Figure 44).

**Figure 44: Allocations to education (left) and health infrastructure (right) per capita by country**

![Figure 44: Allocations to education (left) and health infrastructure (right) per capita by country](image)

Source: Monitoring data DG REGIO 2015

In other types of social infrastructure the distribution tends to be dominated by individual programmes. This is particularly the case for housing infrastructure, where the Italian Convergence programme ‘pro Sicilia’ with EUR 281 million accounts for more than 70% of the total allocation. Investment in childcare infrastructure is concentrated in Greece and Hungary and is dominated by one Greek convergence programme (‘Attica’) with EUR 87 million.
With isolated exceptions, the dominant form of finance is non-repayable grants. More than 95% of the allocation is spent in this form, while certain forms of finance (repayable financial support and venture capital) are not used at all.

**Implementation**

The involvement of project implementing bodies in programme implementation processes is much more limited than in the case of urban regeneration. Direct delegation by Managing Authorities is very uncommon in the field of social infrastructure, while project selection typically falls under standard calls for proposals.

Financial sustainability is often taken for granted and is not subject to rigorous assessment. The project owners and operators tend to be public bodies or public equivalent bodies, and the projects overwhelmingly rely on public budgets, which it is assumed they cover the operation and maintenance costs of the projects *ad infinitum*. These assumptions raise wider issues on sustainability and these are considered further in a broader context in Chapter 5.

**Main findings Outputs, results and achievements**

Although the programmes generally include output indicators, a significant minority lack result indicators or many of the result indicators used are ‘reformulated’ output indicators. The fields of housing and other social infrastructure are particularly deficient.

Indicators for education, health and to some extent childcare are more precisely defined in the sense that the intervention logic - e.g. the link between improved facility and increased number of people benefiting/improved level of service offered - is direct and comprehensible. Thus, they provide a sounder basis for assessing achievement.

Achievements in relation to social infrastructure investments are most of all the improvement or establishment of new social infrastructure facilities, especially in those Member States with a larger financial allocation to education and health infrastructure. However in regions with a lower ERDF allocation to social infrastructure, the achievements can be found in the increase of efficiency through better cooperation, new IT systems and better education and training. Some Member States clearly dedicated ERDF funding to implement national policies, such as Portugal in the field of education and Hungary in the field of health.

Hence, the main noteworthy achievements reported by the OPs in the field of social infrastructure can be summarised, as follows:

- Improvement of social infrastructure facilities with modernisation of equipment and increase of efficiency of services such as ambulances or care services. This contributes to filling the gap between more and less developed regions in Europe (e.g. Hungary).

- Improvement of education system in some Member States where a significant share of the Structural Funds has been deployed for education infrastructure (e.g. Portugal).
• Improvement of health systems with the aim to improve the state of health of the population (Hungary and Czech Republic).

• Improvement of lifelong learning services in combination with labour services to better adapt the workforce in target areas to labour market and business needs (e.g. Spain, Poland, Czech Republic or Lithuania).

• Some programmes used social infrastructure investments for improving the security of urban areas or for expanding and enhancing cultural heritage related education.

• Other social infrastructure is used in combination with various urban development actions to support cultural, sports or training facilities, as well as the establishment of support centres for different disadvantaged groups.

The extent and sustainability of achievements clearly depends on various factors, among which two stand out:

First, as in the case of urban development, programmes might achieve good results on local or regional level. However, only a limited number of countries and programmes give social infrastructure enough weight to expect visible results at national level.

Second, the sustainability of interventions and consequently of the achievements depends on the overall context and the embeddedness in regional and national strategies. For example, in Hungary the embeddedness of interventions is less clearly visible than in the example of Portugal in education. In the former case, the funding merely serves to fill the necessary basic infrastructure gaps. Therefore it is not clear whether the large health investments really lead to a sustainable change.

5.3 General conclusions

5.3.1 Strategic approach

A central issue in this study is the extent to which ERDF co-financed investments in the fields of urban development and social infrastructures are delivered through strategies, and the type and nature of these strategies.

The results of the analyses presented in Chapters 3 and 4 reveal three distinct possibilities:

• first, programmes that clearly follow well-articulated strategies in connection with urban development and/or social infrastructure;

• second, programmes where such strategies are not evident from the OP viewpoint but there are indications that such strategies play a role, notwithstanding the fact that they are ‘external’ to the OP;

• third, programmes where no concrete strategy has been cited or a flexible and open to bottom-up demand ‘strategy’ has been described (see Figure 45).
In the first and second categories we can identify integrated or sectoral strategies, and these are discussed further below. The third category amounts to a ‘non-strategy’ approach which explicitly or implicitly aims to maximise the use of programme funds through support for stand-alone projects.

Typically, strategies are treated in a contextual manner with the OP referring to external (local, regional, national, sectoral, etc.) strategies which ‘inform’ the OP strategy but do not form part of it. are not included in the OPs. Once the OP has been adopted, the external strategies are subsumed into the programme structure and are ‘lost’ in the melting pot of the OP documentation. Moreover, during implementation, specific priorities and other requirements of such external strategies are outside the remit of the Managing Authorities and very much below top MA priorities of absorbing the funds and administering efficiently the implementation of the programme.

The degree to which concrete strategies are kept external varies depending on the type of the programme and the internal structure of the programme. National programmes and at least the larger regional programmes need to cover a too diverse and complex territory to allow for explicit strategies for specific territories. Both the strategies for urban development and social infrastructure are therefore often kept rather general.

Health and education infrastructure can be an exception if ERDF is used to co-finance strategies of fundamental reform of the national systems. In these cases, the – most likely national – OPs can be more explicit and more concrete. So the vagueness of the strategies is to a certain degree the result of the way ERDF programmes are structured and programmed.
Are the strategies integrated?

The integrated nature of the strategy is of crucial interest in the case of urban development but the evidence of the study shows that it is quite variable, depending on different factors, ranging from institutional arrangements and policy traditions.

Integrated urban development has been defined by the Commission in the study Specifications as comprising three key elements: integration across two or more policy areas; a leading role for urban authorities; and involvement of a wide range of stakeholders, including the benefiting communities.

OPs are split roughly 50/50 between those proclaiming an integrated approach and those failing to do so, although the former tend to be ambiguous in the way they convert this intention into practice and mostly do not meet in full the above criteria; notably the lead role of urban authorities and the active involvement of local communities.

This could be interpreted, prima facie, as a general absence of genuine integrated urban development approaches in the ERDF programmes examined by this study. However, in the light of the finding that strategies are partly left contextual – and for good reasons – the lack of a coherent integrated urban development strategy in the OP is not necessarily an indication that integrated strategies are generally missing. They can simply be kept outside the programme.

With the methods applied in this study, there is only limited access to the context of the programmes. But while there are difficulties in extracting clear integrated strategies at OP level, a substantial majority of project implementation bodies report an integration of their project in such a strategy. This is further supported by the multi-faceted nature of the change that the majority of ERDF supported projects are attempting to achieve, typically a combination of urban regeneration, social cohesion, better skills, etc.

We also have examples of genuine integrated urban development approaches pursued within programmes, such as in the case of the cities of Cologne (DE) and Antwerp (BE), or outside them (URBACT). So even if integrated strategies are not present everywhere, they are often available and actioned more than the OPs might suggest, albeit at sub-programme – mostly at city or even more local – level.

There are certain pieces of evidence suggesting that the policy model of integrated strategies for local development – involving the local authorities and being defined in a cross-policy manner – are more common in the EU-15 than the EU-13. EU-15 programmes tend to have a weaker focus on infrastructure and prefer softer and more bottom-up-types of intervention.
Local and regional actors ‘below’ the Managing Authorities are more frequently involved in programme delivery. This might reflect the fact that the development of integrated urban strategies is demanding. Not only does it require local authorities with strategic competencies and capacities, it also needs some kind of coordination between the different levels involved and an approach of somehow combining activities and instruments from different policies to tackle problems in a given local context. Not all the national systems of distribution of competencies between levels of public authority allow for this approach.

Finally, looking at the issue of integrated development strategies from a different perspective – not whether such strategies have been followed but whether they make any difference – two points stand out. First, integrated strategies are essential in the case of multi-faceted problems in urban areas which cannot be tackled through ad hoc projects and require complex and longer-term solutions. Second, the framework for assessing their contribution is inadequate, both conceptually – project-level quantitative outcomes are insufficient for judging this contribution – and in practical terms, as discussed in the following section.

**Are the strategies sectoral?**

Sectoral strategies are commonly followed in social infrastructure programmes with a strong thematic focus, especially in education and health, seeking to address infrastructure deficits and a general improvement of the existing national systems. This tends to be facilitated by the structure of the programmes: OPs with distinct priority axes on social infrastructure investments are much more sharply defined in comparison to mixed priority axes.

80% of the programmes and investments in the field of social infrastructure follow an external strategy of sectoral character, set at regional or national level. In specific sectors, especially regarding education and health, there is a high level of consistency in the intervention logic of the programmes, notably where a whole programme or priority axis has to be devoted to one of these sectors, as noted above. However, in other social infrastructure sectors less coherent approaches prevail.

Sectoral approaches are not confined to social infrastructure dominated programmes. Many OPs although addressing urban development show a purely sectoral approach, either by not translating during implementation a proclaimed integrated approach or by establishing straightforward sectoral priorities.

For example, the Latvian OP ‘Infrastructure and Services’ where housing, wastewater management, safe drinking water, waste management, accessibility issues and educational infrastructure are promoted under the title of ‘investment in deprived areas’. Another example is the Belgian OP ‘Wallonia’ (not including Hainaut) which mainly promotes brownfield development, transport and other physical infrastructure under the title of ‘integrated urban development’. However the key issue is whether these investments are embedded in an integrated way and whether they are part of an overall strategy. This is reported to be the case in all of the OPs. In some cases however only the regional strategies are mentioned in the OP to be relevant for the interventions (e.g. Slovenia).
5.3.2 Rationale of ERDF interventions and achievements

Rationale

A key aspect of the study is to address the question of what is the rationale that guides ERDF investments in urban development and social infrastructure.

The strategic rationale of ERDF intervention in social infrastructure is dominated by making funds available to address infrastructure deficits and general improvement of the existing national systems. This is mostly the case in the education and health sectors, especially in programmes with substantial financial allocations and dedicated priority axes.

The rational for integrated urban development is manifold and cannot be easily generalised. The main trigger for integrated urban development is the fact that many urban areas face multiple problems that need complex and longer-term solutions. In other cases, programmes describe an integrated approach while effectively seeking to fill gaps in infrastructure and – mostly in EU-13 – to catch up with EU-15, with funding in EU-13 being more readily available from ERDF than from other sources for such infrastructures.

Otherwise, in the fairly large category of programmes lacking a clear strategy, the main rationale to justify public investment is the general need to fill gaps and to address structural deficits.

Generally, the pattern of the allocations both in urban development and social infrastructure is in line with the objectives of EU regional policy: In both policy areas the support of ERDF is not only focused on the capital cities or metropolitan regions. The focus of allocation is more on smaller cities and towns. So the funding also addresses the more remote parts of the Member States.

There is also a significant differentiation according to the type of region, which is again in line with EU regional policy, with OPs in competitiveness regions focusing on economic and business environment, while convergence regions prioritise improvements to hard infrastructure.

This study is a first, tentative effort to collect information on what has been done with ERDF funds in the field of integrated urban development and social infrastructure. The evidence base is too weak to allow for firm conclusions on the rationale of the intervention in relation to European level objectives. But we can identify a number of (potential) connections between the interventions and European added value:

- The interventions in urban development and social infrastructure can contribute to improve social cohesion. This can be the case in the field of social infrastructure – mainly if the ERDF investment is used to boost significant reform of national systems. But it can also be the case for smaller scaled investment in social infrastructure or urban development by allowing for improved access to social services or improving integration of disadvantaged target groups.
• The impulse given by European policy can either induce or strengthen political activities in the fields of urban development and social infrastructure on national level. European policy is working as a stimulus for national policy makers to invest in the fields. This might mainly be relevant for urban development, with only a few Member States having a longer tradition to do this by using integrated strategies.

• The fact that support is organised via the European level helps not only transferring money, but also approaches and ideas across Europe. It creates a closer communication between actors in different Member States and allows for the diffusion of ideas and policy approaches. In this sense, the European Structural policy offers possibilities for learning.

Achievements

Overall the evidence of achievement, even in its most narrow sense – meeting or exceeding quantitative targets of OPs – is weak largely due to the widespread vagueness in the strategies and lack of internal consistency in the intervention logic(s) of the majority of programmes, as well as the shortcomings of the indicators systems used by the programmes. This is particularly the case in urban development, where these limitations are compounded by relatively low absolute financial allocations in some programmes. The visibility of results and effects depends on the importance accorded by the OPs to the thematic fields addressed by the study. From the evidence we have, we can conclude the following on results and achievements:

• In some Member States, investment in social infrastructures contributes to a more or less fundamental reform of the whole system. This is specifically relevant for health and education infrastructure. Examples are the focused investment in the renovation of schools in Portugal or the development towards a more needs-oriented system in Estonia.

• Furthermore, some programmes contribute in tackling specific problems of EU-wide interest. The investment in facilities to deal with the large numbers of refugees in Italy are an example for this type of programme, the PEACE programme in Northern Ireland and the Border Region of Ireland or the URBACT programme are others.

• For integrated urban development, results and effects are often not directly accessible from the programme’s perspective as the local focus is much smaller (even on a specific neighbourhood) and/or there are large numbers of cities and neighbourhoods participating.

• Generally, the tendency is for EU-13 Member States to invest more in infrastructure and for EU-15 to focus more on integrated strategies in the way they are defined by the Commission (involvement of local actors, covering several policies).
In some Member States and/or programmes, the potential effects are in doubt due to a serious delay in expenditure. Romania and Italy are generally lagging behind, but also single programmes from other countries. To disburse the funds is a precondition for achieving the intended effects.

Ultimately, the achievements obtained through the ERDF investments in urban development and social infrastructure need to be seen in terms of their overall contribution to growth and jobs and social cohesion.

Again, the limitations mentioned above would make it difficult to reach any firm conclusions but there some positive indications from the limited evidence available. First, the investments have been largely in line with EU regional policy objectives, as noted above. Second, the feedback from the project level has pointed to a contribution to economic growth and the creation of jobs, albeit of a mostly minor and indirect nature. Nearly three quarters of project implementation bodies have reported that their projects have contributed to growth and jobs through improved skills, expansion of local businesses, improved health outcomes, etc.

A number of factors – drivers of success – have been noted as having a potentially significant influence on programmes reaching achievements (see also Annex 2.2.5- EQ 2-5).

First, the influence of integrated or sectoral strategies is difficult to pinpoint for the reasons presented above. Nevertheless the integrated approach, although more complex, is seen as a driver of success, particularly the involvement of local and regional stakeholders is necessary to assure a successful implementation and sustainability. This leads to a wider issue on how to capture the value of the integrated approach, in a way that goes beyond quantified outcomes of individual projects, which is addressed in Section 5.3, below.

Second, a number of other drivers of success (or otherwise) stand out, including:

- Project maturity and viability are important success factors. While this seems to be an obvious remark, experience shows that merit is not unidirectional; mature projects might fail due to immature implementation tools.
- The balance in the efforts of Managing Authorities between, on the one hand, administrative compliance and quantitative performance, and, on the other, support to beneficiaries during project selection and implementation, can be an important influence.

Third, links with other EU or national policies and instruments can potentially play an important role. In this context the links between ERDF and ESF are of particular interest. They could be through financial engineering instruments, simple cross-financing of individual projects, Article 8 or parallel implementation. In general interventions related to urban integrated development do have reported the highest number of ERDF and ESF interactions (Figure 46).
As a general conclusion, the ESF involvement was at least included in the OPs as an option. This was more often the case in EU-15 countries, which might feel more confident in developing and implementing multi-faceted projects. This is a broader approach that seeks synergies between ERDF and ESF (and potentially other EU programmes) in an effort to tackle multi-faceted issues. However, in practice the application was limited mainly due to timing problems, complexity, and a prevalent orientation towards ‘hard’ infrastructure (only about a quarter of OPs mentioned links with the ESF, and a similar proportion of implementing bodies said the their project benefited from ESF) (see Annex 2.2.8- EQ 2-8 and Annex 3.2.4 - EQ 3-4).

Whatever the achievements, as seen at project or programme completion stage, their sustainability is a crucial issue. Although this issue is far from ignored by all those concerned it is typically treated in a narrow sense, i.e. as to whether an investment supported by the ERDF will (continue to) operate beyond the period of support by the programme, and for how long (see answers from web survey in Figure 47). This in turn is linked to the availability of the required budget to cover operational, maintenance, etc. costs.

Figure 46: ESF contribution

Source: OP/AIR2013 screening Metis, 2015

Figure 47: Measures to ensure the financial sustainability of the project

Source: Survey of project implementation bodies, Metis, 2015
There are many pieces of evidence in this study showing that treating sustainability as a mere financial resource issue at project level is an over-simplification. One implication is that assessing sustainability *ex ante* – already notoriously difficult and inaccurate at the start of the 2007-2013 period – has become nearly impossible in many countries following the financial crisis and ongoing public spending cuts, which tend to be systemic and their impact is unforeseen at project level.

These shortcomings highlight that assessing the sustainability of projects requires a sound understanding of the specific environment in which projects are embedded. Embeddedness in a strategy, community engagement, citizen participation and other such factors could influence the sustainability of a project and its interaction with other projects, as well as the overall prospects of sustainability of their (collective) benefits. This is even more necessary for integrated projects than for stand-alone social infrastructure projects.

Finally, a related issue concerns the role of public funding. In the most developed of the EU-15 countries ‘good projects’ emanating outside the public sector are supported through low intervention rates in order to reach fruition earlier or in the sense of providing gap financing for projects with full prospect of being sustainable and successful without public funding. While this is aligned with a ‘market failure’ approach, there is ample evidence to suggest that in the vast majority of the programmes and projects public funding is taken for granted as the sole form of financing urban development and social infrastructure.

**Midterm and ongoing evaluations** specifically addressing urban integrated development are to a limited extend available. The screening of available evaluations revealed that most of them focus on quantitative figures. However in some cases such as Germany, UK and Czech Republic qualitative evaluations have been conducted specifically addressing urban integrated development interventions. Most of the OPs however did not report any further in-depth evaluation of urban integrated development.

### 5.4 Lessons for the future

Integrated development approaches have been variedly and weakly represented in the OPs of the 2007-2013 period, and mostly exist as ‘external’ strategies whose realisation is not the main concern of the OP or its Managing Authority.

The evidence of this study supports the validity of the definition espoused by the European Commission, which encompasses both a substantive dimension (covering multiple policy fields) and a procedural one (lead role of urban authorities and community involvement). In this form, integrated development strategies have a considerable potential, for tackling multiple problems requiring complex solutions and longer term horizons, as seen in the examples of Bordeaux where the integrated strategy was launched in the 1990s and Rotterdam where it stretches to 2040. As such they require substantial (institutional and financial) capacities and sophisticated governance arrangements, ideally with OP and strategy management aligned. Hence, they have been adopted mostly in EU-15 Member States.
Therefore, a lesson for the future is that integrated approaches should not be treated as panacea but they should be pursued where the nature of the problems calls upon them and the appropriate conditions exist. If there is the potential for addressing identified needs only through stand-alone projects it would be unwise for ERDF programmes to prescribe ‘integrated’ approaches.

However, integrated development strategies can be seen as having unexploited value. For instance, smaller and diverse social infrastructures have been pursued in a more-or-less ad hoc manner in the 2007-2013 period, mostly without their ‘own’ priority axes, objectives and indicators in the OPs. They could very much gain in coherence if they were part of area-based integrated strategies in the future. Given the fact that integration tends to occur at city or even at more local level, the use of tools like CLLD would be worth exploring.

For integrated urban development, there is an inevitable tension between the level of programming and the integrated local strategies: if programming is done at a national or regional level, it is more difficult to reflect adequately the specific local-level problems as the programme is most likely covering a larger number of local strategies. This is obviously true for national programmes – which tend to emphasise a sectoral focus then. The same issue is relevant for regional programmes: programming needs to cover several local territories and strategies so that the expression of the strategy will tend to be rather general.

Specific impact evaluation should particularly address to integrated interventions. With only quantitative evaluations based on output indicators the actual achievements cannot be visualised and assessed.

Several of the main issues addressed by this ex-post evaluation are reflected in the regulatory framework for the 2014-2020 period. The integrated approach is further reinforced, as urban development shall be implemented through strategies setting out integrated actions. A minimum of 5% of ERDF resources allocated shall be invested in integrated actions for sustainable urban development in order to strengthen the role of cities in the programmes. The implementation might be facilitated with instruments such as the Integrated Territorial Investments. All 11 thematic objectives set out in the general regulation EU No 1301/2013 are relevant for urban areas and some particularly pertinent investment priorities have been specified. Moreover the 2014-2020 programming period represents a step forward towards a more result oriented approach which allows for a better validation of integrated investments.
### 5.5 Summarised answers to evaluation questions

Below we provide an overview of the evaluation questions listed in the European Commission specifications.

<table>
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<tr>
<th>Evaluation question</th>
<th>Summary of conclusions</th>
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<tbody>
<tr>
<td>EQ1-1 What is the distribution of investments in urban development and social infrastructures across programmes?</td>
<td>While investment in integrated projects for urban and rural development is implemented in the majority of the ERDF programmes, the different types of social infrastructure are more concentrated on a limited number of OPs. This is specifically true for childcare and housing infrastructure, which are only financed in a minority of the 115 OPs. Furthermore, there are a small number of OPs covering a significant share of the overall allocation for each of the codes. In most programmes, the allocation to the relevant codes plays only a minor role compared to the overall ERDF allocation.</td>
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<td>EQ1-2 What are the economic sectors benefiting most from investments that can be associated with urban development and social infrastructures?</td>
<td>The economic sectors directly benefiting from the allocation are firstly determined by the specific type of intervention. Allocation to health and education infrastructure goes predominantly to the health and education sector. The allocation in childcare and other social infrastructure goes to the social work and community services sector and, furthermore, to public administration. Public administration ranks first in the list of sectors for integrated projects of urban and rural development and second or third for the social infrastructure codes. Unspecified sectors and ‘not applicable’ play an important role, a fact that complicates the interpretation. The role of public authorities varies in different interventions. In some cases they are rather intermediate bodies but also beneficiaries. The indicator system however does not specify the particular role and opens up misleading entries.</td>
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<tr>
<td>EQ1-3 Are there specific target groups that can be identified as beneficiaries of the support? (e.g. deprived or marginalised groups)</td>
<td>References to EQ2-1: the ‘code 61 approach’ covering a broad range of activities combining ‘hard’ investments and ‘soft’ activities targeting a generic ‘population’; the ‘codes 75-78 approach’ focusing strongly on ‘hard’ infrastructures and equipment targeting at the corresponding target group (students, patients, children, families, etc.); the ‘code 79 approach’ covering a broad but diversified range of activities (community based services, social inclusion centres, networking, etc.) and specific target groups for each of the activities.</td>
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<tr>
<td>EQ1-4 What is the ‘geographical’ and ‘territorial’ distribution across investments?</td>
<td>Generally speaking the bulk of the allocation for integrated projects of urban and rural development as well as for social infrastructure goes to EU-13, simply reflecting the fact that investment in infrastructure tends to be more important in convergence programmes. The relative weight of EU-15 is higher for the allocation to integrated projects for urban and rural development than for social infrastructure. For most of the social infrastructure allocations, Poland and Hungary play an important role. In education infrastructure, it is Portugal which allocates nearly one quarter of the overall allocation in the 115 OPs. Investment in housing infrastructure is dominated by one Italian programme, and Greece invests a comparatively high share of the allocation to childcare infrastructure. There are urban and rural areas and at the same time categories like ‘mountains’, ‘islands’, ‘sparsely and very sparsely populated areas’ or ‘outermost regions’. In the German region Mecklenburg-Vorpommern for example the entire urban development allocations are assigned to the category ‘rural’ because this is a rural region. Nevertheless there were urban</td>
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Ex-post evaluation Urban Development (WP 10)

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<th>Evaluation question</th>
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<td>EQ1-5 Identify the nature of the financial support (use of grants v financial engineering instruments);</td>
<td>The use of forms of finance other than non-repayable aid is generally restricted to a few programmes under each code and is more common in EU-15 than EU-13.</td>
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<td>EQ1-6 Identify – where possible – other investments included as part of ‘integrated urban development strategies’;</td>
<td>Reference to EQ2-7: Neither the monitoring data, OPs nor the interviews with Managing Authorities offer a satisfactory answer concerning ‘other co-funding’. In convergence regions, as expected, ERDF is the most important, if not the only, funding source. This is especially the case for the more ambitious ‘integrated urban development’ approaches, which can be seen as experimental, especially in EU-13. Social infrastructures are easier financed by national sources, should it be necessary, notably in EU-15.</td>
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<th>Evaluation question</th>
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<tr>
<td>EQ2-1 Identify the nature of the activities and main beneficiaries of the financial support (e.g. services vs. infrastructure, public vs. private, etc.)</td>
<td>The most coherent with integrated urban development approaches are the activities related to strategy development, and participation and cooperation activities such as those involved in city networks across Member States. Some OPs used the opportunity to start innovative new urban projects which supports facilities for different population groups. However, when considering that this particular thematic focus should cover the implementation of integrated urban development actions, the activities listed in the OPs do not provide any concrete answers. The OPs have used very broad definitions of targeted areas (and also of corresponding activities) encompassing a wide range of types of areas and not clearly distinguishing between urban and rural areas. This can be interpreted as a deliberate choice of keeping the OP flexible and able to react to ‘bottom up’ demand. However, this undermines its purported strategy (or effectively amounts to a lack of real strategy). Regarding activities and target groups/final beneficiaries, three approaches can be identified: • the ‘code 61 approach’ covering a broad range of activities combining ‘hard’ investments and ‘soft’ activities targeting a generic ‘population’; • the ‘codes 75-78 approach’ focusing strongly on ‘hard’ infrastructures and equipment targeting at the corresponding target group (students, patients, children, families, etc.); • the ‘code 79 approach’ covering a broad but diversified range of activities (community based services, social inclusion centres, networking, etc.) and specific target groups for each of the activities.</td>
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<tr>
<td>EQ2-2 What is the programme trying</td>
<td>Regarding integrated urban development the programmes try to achieve mitigation of the general situation in deprived areas or...</td>
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<td>Evaluation question</td>
<td>Summary of conclusions</td>
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<td>to achieve in the areas of urban development and social infrastructures (also in relation to addressing the needs of different population groups)?</td>
<td>to improve specific urban and rural shortfalls. The goals of urban development address the general population and the intended improvements should serve the whole population of the area with no specific target groups named. Regarding social infrastructure the achievements targeted are in the majority of the OPs specifically addressing the improvement of infrastructure. In the case of education and health infrastructure all achievements are directly related to education and health. In comparison to integrated urban development the coherence between objectives and interventions are clearly visible. OPs only partly distinguish between target groups related to lifelong learning (e.g. unemployed) and target groups related to education system improvement (e.g. young people, pupils and children). Interventions related to childcare, housing and other social infrastructure have a niche role; needs and objectives are subsumed under ‘social infrastructure improvement’. Other social infrastructure is somewhat more differentiated by pinpointing specific, yet narrow, needs of particular social groups.</td>
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<td>EQ2-3 What is the strategy to promote investments and justify actions in these specific sectors? And how can the demand side in the investigated sectors be characterised?</td>
<td>The key limitation in evaluating the strategy of the OP in relation to urban development is the fact that the integrated urban development approach refers to external local strategies which are not included in the OPs. Without an in-depth analysis of the development and use of the underlying integrated urban development strategies the value added of urban development interventions is only partly assessable. When an integrated approach has been followed in the project selection process are coming closer to turning integrated urban development into reality. Even so, an important limitation is the complexity of projects and the lack of beneficiaries willing (or capable) to deal with this complexity. The result is insufficient demand for integrated projects and a tendency to use the resources for ad-hoc sectoral interventions in urban areas. Especially the pressure of n+2 rule leads to the abandonment of an initially ‘noble’ aim. Regarding the demand side, the OP screening and interviews revealed that there is a discrepancy between those managing the programme and those implementing it. The implementing organisations are mostly public authorities who have their difficulties in understanding and putting into effect the integrated approach. One reason for the discrepancy between strategy/objective and the actual implementation is the lack of involvement of local level stakeholders (i.e. future project implementation bodies) in the formulation of the OPs. Regarding the social infrastructure interventions the strategy involves either an integrated approach as part of integrated urban development or a purely sectoral approach. However even in the first case the actual implementation of measures stays sectoral and is rarely embedded in any integrated strategy rather than in national or regional strategies external from the OP. In cases where social infrastructure interventions are combined with integrated urban development the OPs justify the interventions by reference to the need for the physical improvement: first, to better serve the population in the area; and, second, to improve the physical appearance of the urban area in order to attract business, tourism, etc. Regarding the demand side for social infrastructure this is either addressing local communities when embedded in integrated urban development concepts (concerning mainly childcare infrastructure, housing and other social infrastructure) or it is implemented by national and regional authorities managing education and health infrastructure. The latter is used to improve the conditions of schools, training centres, hospitals and health centres.</td>
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<td>EQ2-4 What is the nature of the relation between Managing Different levels of delegation are encountered, depending on the administrative culture of the country and the capacity of the project implementation bodies. The majority of the OPs involve local authorities through their participation in Monitoring</td>
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### Evaluation question

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<tr>
<th>Authorities and the main project implementation bodies (e.g. urban authorities) in terms of delegation of tasks and involvement in the selection of operation?</th>
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<tr>
<td>Committee and related decision processes. As a general trend, a stronger role is foreseen for urban authorities in the implementation of integrated urban development, reflecting to some extent the intentions of the integrated urban development strategies. Social infrastructure related interventions fall mostly under standard calls, where the project implementation bodies might either be involved directly or through their national umbrella organisation or higher authority (e.g. Ministry of Health rather than individual hospitals).</td>
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<th>EQ2-5</th>
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<tr>
<td>What are the main drivers of success and failure associated with these strategies and projects?</td>
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<tr>
<td>The OP and AIR screening revealed that the implementation of integrated urban development started ambitiously but did not meet the intended success in many of the OPs. A significant number of reported failures are related to financial engineering instruments. Member States intended to set up financial engineering instruments in order to implement integrated urban development but the actual establishment process has taken too long and failed to lead to any implemented project at the date of the reporting. Relevant examples can be found in Greece and Bulgaria. A gap can also be detected between the intended consideration of integrated development plans in project selection and the actual selection process hampering the integrated approach due to the lack of commitment at the level of local authorities. The screening of the programmes also revealed a shortfall in addressing specific the target groups. Interestingly those OPs lacking a clear specification of target groups also tend to be the programmes where demand has stayed below expectations. This can be explained by the lack of strategy and the lack of involvement of the right stakeholders. The pressure of absorbing the OP budget leads again to further ad hoc interventions whose nature is more ‘sectoral’ than ‘integrated’. A successful approach of implementing an integrated approach is the use of competitions between local communities in developing integrated concepts or the joint implementation of local strategies. The involvement of local authorities in a very early stage in general increases the chances of successful implementation due to a higher commitment at local level and ultimately to a successful implementation.</td>
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<th>EQ2-6</th>
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<td>What is the relationship between investments for integrated urban development strategies and investments in the different fields of social infrastructures?</td>
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<tr>
<td>The priority axes structure is the most reliable source of evidence for a close relationship between integrated urban development and social infrastructure. This relationship is often underlined in the first section of the programmes, especially regarding deprived urban areas. However, this relationship is much less visible – indeed it often disappears altogether - in the strategy section where the operational and, by default, sectoral structure prevails.</td>
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<th>EQ2-7</th>
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<tr>
<td>What is the role of ERDF support in supporting strategies for integrated urban development in comparison to other possible co-funding? And how much of the ERDF is supporting integrated urban development strategies?</td>
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<tr>
<td>Neither the OPs nor the interviews with Managing Authorities offer a satisfactory answer concerning ‘other co-funding’. MAs are focused on the implementation of the OPs and, hence, to them the ERDF role is central. In convergence regions, as expected, ERDF is the most important, if not the only, funding source. This is especially the case for the more ambitious ‘integrated urban development’ approaches, which can be seen as experimental, especially in EU-13. Social infrastructures are easier financed by national sources, should it be necessary, notably in EU-15. A significant share of the budget allocated to code 61 supports integrated urban development strategies, at least in the context of the intervention logic of the OPs.</td>
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<tr>
<td>Evaluation question</td>
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<tr>
<td>EQ2-8 Are there linkages between ERDF support and ESF support in the areas of urban development and social infrastructures?</td>
</tr>
<tr>
<td>EQ2-9 What are the measures put in place to ensure financial sustainability of projects? And do selection criteria and processes take into account the future financial sustainability of projects?</td>
</tr>
<tr>
<td>EQ2-10 How are achievements captured and reported on (quantitatively or qualitatively)?</td>
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</table>
**Evaluation question**

What are the main changes (objectives) that programmes are attempting to achieve and what results have been achieved (or are likely to be achieved) via the support to specific projects?

**Summary of conclusions**

The main changes which are meant to be achieved are clearly the creation and improvement of infrastructure on the one side and the support of deprived areas in terms of economic development and social inclusion. The more concrete the thematic focus (e.g. health and education) the more concrete are objectives and results. A considerable amount of OPs do refer to a national or regional strategy in place at sectoral level as well as local strategies. But it is not clear to what extend the strategies do show an integrated approach nor is it possible to evaluate to contribution of the OP to these strategies.

The actual achievements reached in implementing the OPs are to a higher extend successful in terms of sectoral infrastructure renovation or new infrastructure. The results achieved in terms of integrated urban development are less straightforward and it seems that in some cases OPs have been too ambitious in planning interventions without involving (or involving too late) the necessary stakeholders at local level. The result is that the potentially high achievements in terms of integrated urban development has hampered and budgets flow in rather sectoral ad hoc activities.

Punctual evidence at project level show that the integrated approach has been met best via pilot projects already defined in the OP and with the strong involvement of local stakeholders. Furthermore competitions between local communities for funding possibilities allowed for a better and more integrated concept design in some community developments.

Finally in can be said from project examples in Germany and the Netherlands that those Member States with a small budget used the funding to contribute to existing national and regional strategies in order to fund specific interventions suitable for ERDF. However in most of the cases this contribution was too small to extract a specific value added from ERDF contribution. On the other hand those Member States with a high number of convergence regions and with high Structural Funds contribution did have the chance to actually make a change with the provided budget but in most cases failed due to lack of experience on how to implement an integrated approach. Notwithstanding based on interviews and the stakeholder seminars in can be said, that there is a certain learning effect in some Member States especially Estonia, Latvia, Czech Republic and Poland.

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**Evaluation question**

What is the project trying to achieve and in what way? What are the main changes (objectives) that interventions are attempting to achieve and what results have been achieved (or are likely to be achieved) via

**Summary of conclusions**

A sizeable minority - one third of projects - have addressed multiple objectives (economic, social or environmental). In the case of urban development, social and economic objectives lead and are fairly balanced, with environmental objectives behind.

In this field the main change that the projects are attempting to achieve or contribute to concern 'urban regeneration', 'better living conditions' and 'social cohesion', and quite often a combination of these and other changes.

In the case of social infrastructure, social objectives predominate, followed well behind by economic and environments objectives. In this field the main change that the projects are attempting to achieve or contribute to concern 'social cohesion', 'better living
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<td>the support to specific projects?</td>
<td>conditions’ and ‘better skills / greater employability’ and quite often a combination of these and other changes. The matter of results achieved is addressed in EQ-3.5.</td>
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<tr>
<td>EQ3-2</td>
<td>What is the socio economic objective focus of the project and the logic of intervention at the basis of the interventions carried out? Which are the identifiable targets groups (e.g. deprived or marginalised groups)? The socio economic objective focus of the projects is addressed in EQ-3.1 Regarding target groups of urban development projects, ‘all population in local area’ and ‘all population city-wide’ are the most common answers of responses. However, a large proportion of projects have provided multiple responses combining these two answers with more specific ones, such as ‘small businesses’, ‘visitors’, marginalised groups’, ‘young people’ or ‘women’. In the case of social infrastructure ‘all population’ type of definitions are less common than in the case of urban development and, again, a significant proportion of respondents have provided multiple responses combining a general target group answer with more specific ones, such as ‘young people’ or ‘children’.</td>
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<tr>
<td>EQ3-3</td>
<td>Do projects in the areas of urban development and social infrastructures address identified market failures? Project implementation bodies in the fields of urban development and social infrastructure do not associate their projects with market failures. They have stated overwhelmingly that funding for these types of investment normally comes from EU funds or national/regional/local public budgets or a combination of them.</td>
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<tr>
<td>EQ3-4</td>
<td>Do projects in the areas of urban development and social infrastructures benefit from simultaneous ERDF and ESF co-financing. What is the nature of the linkage between ERDF and ESF in these cases? ESF involvement is uncommon. Less than one third of the projects have benefited from ESF. This has mostly taken the form of ESF-type actions being included in the project and as planned from the beginning.</td>
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| EQ3-5 | In each of the sub sectors what are the most common measures of project output used by the projects? In the field of urban development, the main clusters of outputs reported are:  
- Development of strategies, plans, etc.  
- Building works or repairs (improvements to housing, school buildings/playing fields, construction of museum/ media centre/ social centre, etc.)  
- Creation of business space  
- (Re)construction of streets, cycle paths, etc.  
- Public spaces and facilities, enhancement of riverfront, etc.  
- Revitalisation of former wasteland/ reuse of brownfield sites  
- Town centre/ historic area improvements  
- Waste water/ drinking water treatment  
- Energy efficiency measures |
### Ex-post evaluation Urban Development (WP 10)

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<td>EQ3-6</td>
<td>Is financial sustainability addressed? What are the measures put in place to ensure financial sustainability of projects? According to the project implementation bodies, sustainability is a matter that has received attention. The majority of the respondents in the survey have stated that the financial sustainability of the project has been addressed, mostly at project design and implementation stages. (This majority is nominally very large but it is drastically reduced if the large number of non-responses is taken into account). Furthermore, the majority consider that the financial sustainability of their project is fully secure. This is largely attributed to the necessary budget for the operation, maintenance, etc. of the project being available and to a much lesser extent to the project generating significant own revenues. However, this implies a widespread reliance on public budgets which are normally beyond the control of individual projects and have been are under considerable pressure in most countries.</td>
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<tr>
<td>EQ -7</td>
<td>Are the supported projects contributing to economic growth and creating jobs? And in what ways? Can beneficiaries point to objective evidence in this regard? There are indications of a largely minor and indirect contribution. Nearly three quarters of project implementation bodies report that their projects have contributed, albeit in small way, to economic growth and the creation of jobs. This has been achieved through improved skills, expansion of local businesses, improved health outcomes, etc. However, only in one-half of the projects this is supported by programme or project evaluation studies or research by independent bodies.</td>
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<td>EQ4-1</td>
<td>To what extent was the ERDF allocated to urban development investments through integrated strategies for urban development? As for the Structural Funds, ERDF and to a lesser extend ESF are the main sources of financial support for integrated urban development. The analysis of the OPs and AIRs revealed that out of the total sum of EUR 9,776 million allocated to code 61 in the 115 OPs, EUR 4,924 million can be linked to integrated urban development strategies. This amount is generated by those OPs with an allocation to code 61 (103 OPs) minus those with no integrated approach mentioned in the programmes (48 OPs). This leaves 55 programmes with a reference to integrated urban development and a total allocation to code 61 amounting to EUR 4,924 million.</td>
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<td>EQ4-2</td>
<td>How was integrated urban development organized in the Viewed from a narrow OP perspective, there is a lack of a coherent ‘thread’ running throughout the programmes, notwithstanding the definitions of needs and objectives (and in some cases also activities) used, intending to demonstrate an integrated approach.</td>
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<td>Summary of conclusions</td>
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<tr>
<td><strong>EQ4-4</strong>&lt;br&gt;How was ‘social infrastructure’ organized in Operational Programmes – and within strategies for urban development? Is it concentrated on identifiable target groups?</td>
<td>Even those OPs where the OP systematically supports integrated approaches, the actual implementation does not appear to be integrated and individual projects seem to follow, in most cases, a rather sectoral approach. This shows that a key limitation in assessing the strategy of the OP in relation to urban development is the fact that the integrated urban development approach refers to external local strategies which are not part of the OPs. Nevertheless, the feedback from the interviews with the MAs and the stakeholder seminar has highlighted a number of important points, which are summarised below.&lt;br&gt;First, the degree of integration of social infrastructure investments and generally the adherence to an integrated approach is to a large extent influenced by the ‘architecture’ of the OP, i.e. whether the priority axes etc. have been designed in a way that facilitates an integrated approach.&lt;br&gt;Second, the way in which an OP can promote and support an integrated approach takes the form of an ‘enabling framework’ rather than the actual incorporation of specific integrated development strategies per se in the OP. This is clearly illustrated in the examples of the Czech and French OPs. However, not all such frameworks have facilitated or led to integrated projects.&lt;br&gt;Third, specific integrated development strategies tend to be realised at agglomeration or city level – with or without ERDF support - and this has become the norm in EU-15. This incurs less in EU-13, although examples from Estonia and Latvia show a clear move in that direction.</td>
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<td><strong>EQ4-4</strong>&lt;br&gt;What are the main rationales to justify public investment in integrated urban strategies and social infrastructures?</td>
<td>Regarding the social infrastructure interventions the strategy involves either an integrated approach as part of integrated urban development or a purely sectoral approach. However even in the first case the actual implementation of measures stays sectoral and is rarely embedded in any integrated strategy rather than in national or regional strategies external from the OP. In cases where social infrastructure interventions are combined with integrated urban development the OPs justify the interventions by reference to the need for the physical improvement: first, to better serve the population in the area; and, second, to improve the physical appearance of the urban area in order to attract business, tourism, etc. Regarding the demand side for social infrastructure this is either addressing local communities when embedded in integrated urban development concepts (concerning mainly childcare infrastructure, housing and other social infrastructure) or it is implemented by national and regional authorities managing education and health infrastructure. The latter is used to improve the conditions of schools, training centres, hospitals and health centres. Social infrastructure related interventions fall mostly under standard calls, where the project implementation bodies might either be involved directly or through their national umbrella organisation or higher authority (e.g. Ministry of Health rather than individual hospitals).&lt;br&gt;The strategic rationale of ERDF intervention in social infrastructure is dominated by making funds available to address infrastructure deficits and general improvement of the existing national systems. This is mostly the case in the education and health sectors, especially in programmes with substantial financial allocations and dedicated priority axes. The rationale for integrated urban development is manifold and cannot be easily generalised. The main trigger for integrated urban development is the fact that many urban areas face multiple problems that need complex and longer-term solutions. In other cases, programmes aspire to an integrated approach while effectively seeking to fill gaps in infrastructure and – mostly in EU-13 – to catch up with EU-15.</td>
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**Evaluation question** | **Summary of conclusions**
--- | ---
EQ4-5 What evidence is there of achievements of investments in sustainable urban development and social infrastructures? | Overall the evidence of achievement, even in its most narrow sense – meeting or exceeding quantitative targets of OPs – is ‘shaky’ largely due to the widespread vagueness in the strategies and lack of internal consistency in the intervention logic(s) of the majority of programmes, as well as the shortcomings of the indicators systems used by the programmes. This is particularly the case in urban development, where these limitations are compounded by relatively low absolute financial allocations in some programmes. The visibility of results and effects depends on the importance accorded by the OPs to the thematic fields addressed by the study. From the evidence we have, we can conclude the following on results and achievement:
- In some Member States, investment in social infrastructures contributes to a more or less fundamental reform of the whole system. This is specifically relevant for health and education infrastructure. Examples are the focused investment in the renovation of schools in Portugal or the development towards a more needs-oriented system in Estonia.
- Furthermore, some programmes contribute in tackling specific problems of EU-wide interest. The investment in Italy in facilities to deal with the large numbers of refugees are an example for this type of programme, the PEACE programme in Northern Ireland and the Border Region of Ireland or the URBACT programme are others.
- For integrated urban development, results and effects are often not directly accessible from the programme’s perspective as the local focus is much smaller (even on a specific neighbourhood) and/or there are large numbers of cities and neighbourhoods participating.
- Generally, the tendency is for EU-13 Member States to invest more in infrastructure and for EU-15 to focus more on integrated strategies in the way they are defined by the Commission (involvement of local actors, covering several policies). In some Member States and/or programmes, the potential effects are in doubt due to a serious delay in expenditure. Romania and Italy are generally lagging behind, but also single programmes from other countries. To disburse the funds is a precondition for achieving the intended effects.
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